

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF MANILA, PLAINTIFF AND APPELLANT, VS. THE COLLECTOR OF INTERNAL REVENUE, DEFENDANT AND APPELLEE.

G.R. No. 7988. January 19, 1916

Ponente: MORELAND, J.

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MORELAND, J.:

The question at issue in this case is whether or not the building and grounds of the Young Men's Christian Association of Manila are subject to taxation, under section 48 of the charter of the city of Manila quoted in the footnote [syllabus].

The city of Manila, contending that the property is taxable, assessed it and levied a tax thereon. It was paid under protest and this action begun to recover it on the ground that the property was exempt from taxation under the charter of the city of Manila. The decision was for the city and the association appealed.

The Young Men's Christian Association came to the Philippines with the army of occupation in 1898. When the large body of troops in Manila was removed to permanent quarters at Fort William McKinley in February, 1905, an independent association for Manila was organized under the direction of the Army and Navy departments. Shortly after the organization of the association the directors made a formal request to the international committee of the Young Men's Christian Association in New York City for the assistance and cooperation of its foreign department. In response to this request Mr. John R. Mott, general secretary of the foreign department, visited Manila in January 1907. After a conference with the directors and interested friends it was decided to conduct a campaign to secure funds for an adequate and permanent association. In the name of the international committee and friends in America Mr. Mott guaranteed P170,000 for the construction of a building on condition that friends in the Philippines secure the site and adequately furnish the building. The campaign for funds was begun here on February 15, 1907, and, by the 15th of March following, P83,000 was subscribed, nearly one thousand different persons contributing. Thereupon the Young Men's Christian Association of Manila was incorporated under the law of the Philippine Islands and received its charter in June, 1907.

A site for the new building was selected on Calle Concepcion, Ermita, and the building contract was let on the 8th of January following. The cornerstone was laid with appropriate ceremonies on July 10, 1908, and the building was formally dedicated on October 20, 1909.

The building is composed of three parts. The main structure, located in the center, is three stories high and includes a reception hall, social hall and game rooms, lecture room, library, reading room and rooming apartments. The small building lying to the left of the principal structure, as one faces the front from Calle Concepcion, is the kitchen and servants' quarters. The large wing to the right is known as the athletic building, where the bowling alleys, swimming pool, locker rooms and gymnasium-auditorium are located. The construction is of reinforced concrete with steel trussed roof covered with interlocking red tiles.

The main or central portion of the building is 150 by 45 feet and stands 20 meters back from the sidewalk. An

iron canopy, suspended by brackets, projects over the driveway which lies in front and shelters the main entrance. A wide arched doorway opens into a large reception room, on the left of which is the public office and the secretary's private office, while on the right is the reading and writing room, and beyond that the library, each about 30 feet square. From the reception room, on the left, a broad concrete stairway leads to the second floor.

Passing out of the rear of the reception hall one enters upon a veranda some 15 feet in width running the full length of the main structure which looks out on the tennis courts and affords an excellent place for lounging, games and general social purposes. To the left of the entrance hall and also opening upon the veranda are two large rooms of about the same size as those on the right of the reception hall, the first being the billiard room and the other the restaurant. The athletic building is entered from the rear veranda. It is a two story wing 68 by 85 feet. Passing from the veranda into the athletic hall one finds first, on the left, the toilet room, and beyond this, to the rear, the shower baths and locker rooms. The swimming pool is in the center of the athletic wing and is 60 by 19 feet in size, lined with cement. To the right of the swimming-pool are the bowling alleys. A wide stairway leads to the second floor. Above the swimming-pool and bowling alleys is a large room 50 by 85 feet, which is the gymnasium and also the auditorium when occasion requires. About one-third of the roof covering the athletic wing is used as a roof garden.

The second and third floors of the main building are given over almost wholly to rooming apartments and baths. On the second floor over the entrance hall is a members' parlor, from which a small balcony projects over the main entrance. The remainder of the second floor and all of the third are composed of living rooms. These apartments, of which there are 14 on the second and 20 on the third floor, are approximately 18 by 14 feet each. They provide accommodations for 64 men.

The purposes of the association, as set forth in its charter and constitution, are:

"To develop the Christian character and usefulness of its members, to improve the spiritual, intellectual, social and physical condition of young men, and to acquire, hold, mortgage, and dispose of the necessary lands, buildings and personal property for the use of said corporation exclusively for religious, charitable and educational purposes, and not for investment or profit.

"The purposes of this association shall be exclusively religious, charitable and educational, in developing the Christian character and usefulness of its members and in improving the spiritual, mental, social and physical condition of young men."

Speaking generally, the association claims exemption from taxation on the ground that it is a religious, charitable and educational institution combined. That it has an educational department is not denied. It is undisputed that the aim of this department is to furnish, at much less than cost, instruction in subjects that will greatly increase the mental efficiency and wage-earning capacity of young men, prepare them in special lines of business and offer them special lines of study. Attention is given to subjects included in civil service and consular examinations both here and in the United States. The courses offer commercial subjects, as well as many others, and include stenography and typewriting, bookkeeping, arithmetic, English composition, foreign languages, including elementary and advanced Spanish and Tagalog, special courses in Philippine history, public speaking, surveying, horticulture, tropical dependencies, and the group of subjects required for entrance into the consular services, such as political economy, American and modern history. Courses are also offered in law, social ethics, political economy, and other subjects.

The institution has also its religious department. In that department there are, generally speaking, three main lines of work—Bible study, religious meetings and special classes. Course are offered in the Life of Christ and the Old Testament and in the larger social significance of the teachings of Jesus. Meetings are held on Sunday afternoons

and several times during the week and courses are offered in the study of missions, in the method of teaching the Bible and kindred subjects.

The atmosphere of the Young Men's Christian Association is distinctly religious and there is constant effort on the part of the officials to create a religious spirit; and to that end there is continuous pressure to induce members to attend not only the religious services of the association but also those of one or another of the churches of Manila. While the association is nonsectarian, it is preeminently religious; and the fundamental basis and groundwork is the Christian religion. All of the officials of the association are devoted Christians, members of a church, and have dedicated their lives to the spread of the Christian principles and the building of Christian character.

The institution also has charitable features. It makes no profit on any of its activities. The professors and instructors in all departments serve without pay and freely give of their time and ability to further the purposes of the institution. The chief secretary and his assistant receive no salary from the institution. Whatever they are paid comes from the United States. In estimating the cost of instruction in the various departments, or of the other things for which pay is received, no account is taken of the interest on the money invested in the grounds and building, of deterioration in value resulting from the lapse of time, or of the fact that the professors and instructors and certain officials receive no pay. We have, then, a building and grounds, professors and instructors, and certain institution officials, furnished free of charge, and which makes no profit even on that basis. This, it would seem, would lend some color to the claim that the association takes on some of the aspect of a charitable institution. While it appears that the association is not exclusively religious or charitable or educational, it is demonstrated that it is a happy combination of all three, giving to its membership the religious opportunities of the church, the educational opportunities of the school, and the blessings of charity where needed without the recipient feeling or even knowing that he is the object of charity.

It is claimed, however, that the institution is run as a business in that it keeps a lodging and boarding house. It may be admitted that there are 64 persons occupying rooms in the main building as lodgers or roomers and that they take their meals at the restaurant below. These facts, however, are far from constituting a business in the ordinary acceptance of the word. In the first place, no profit is realized by the association in any sense. In the second place, it is undoubted, as it is undisputed, that the purpose of the association is not, primarily, to obtain the money which comes from the lodgers and boarders. The real purpose is to keep the membership continually within the sphere of influence of the institution; and thereby to prevent, as far as possible, the opportunities which vice presents to young men in foreign countries who lack home or other similar influences. We regard this feature of the institution not as a business or means of making money, but, rather, as a very efficient means of maintaining the influence of the institution over its membership. As we held in the case of the Columbia Club, religious and moral teachings do not always stop with the spoken word; but to be effective in the highest degree they must follow the young man through as many moments of his life as possible. To this end the feature of the Young Men's Christian Association to which objection is made lends itself with great effect; and we are, accordingly, forced to regard this activity of the institution not as a business but as a method by which the institution maintains its influence and conserves the benefits which its organization was designed to confer.

As we have seen in the description already given of the association building and grounds, no part is occupied for any but institutional purposes. From end to end the building and grounds are devoted exclusively to the purposes stated in the constitution of the association. The library and reading rooms, the game and lounging halls, the lecture rooms, the auditorium, the baths, pools, devices for physical development, and the grounds, are all dedicated exclusively to the objects and purpose of the association—the building of Christian character and the creation of moral sentiment and fiber in men. It is the belief of the Young Men's Christian Association that a Christian man, a man of moral sentiment and firm moral fiber, is yet a better man for being also an all-round

man—one who is sound not only according to Christian principles and the highest moral conceptions, but physically and mentally; whose body and mind act in harmony and within the limits which the rights of others set; who are gentleman in physical and mental struggles, as well as in religious service; who have self-respect and self-restraint; who can hit hard and still kindly; who can lose without envy; who can congratulate his conqueror with sincerity; who can vie without temper, contend without malice, concede without regret; who can win and still be generous,—in short, one who fights hard but square. To the production of such men the association lends all its efforts, husbands all its resources.

We are aware that there are many decisions holding that institutions of this character are not exempt from taxation; but, on investigation, we find that the majority of them are based on statutes much narrower than the one under consideration and that in all probability the decisions would have been otherwise if the court had been passing on a statute similar to ours. On the other hand, there are many decisions of the courts in the United States founded on statutes like the Philippine statute which hold that associations of this class are exempt from taxation. We have examined all of the decisions, both for and against, with care and deliberation, and we are convinced that the weight of authority sustains the position we take in this case.

There is no doubt about the correctness of the contention that an institution must devote itself exclusively to one or the other of the purposes mentioned in the statute before it can be exempt from taxation; but the statute does not say that it must be devoted exclusively to any one of the purposes therein mentioned. It may be a combination of two or three or more of those purposes and still be entitled to exemption. The Young Men's Christian Association of Manila cannot be said to be an institution used exclusively for religious purposes, or an institution used exclusively for charitable purposes, or an institution devoted exclusively to educational purposes; but we believe it can be truthfully said that it is an institution used exclusively for all three purposes, and that, as such, it is entitled to be exempted from taxation.

The judgment appealed from is reversed and the cause remanded with instructions to enter a judgment against the city of Manila and in favor of the Young Men's Christian Association of Manila in the sum of P6,221.35. Without costs in this instance. So ordered.

Arellano, C. J., Torres, Johnson, and Araullo, JJ., concur.
Carson, J., see dissenting opinion

DISSENTING OPINION

CARSON, J.:

I dissent.

I base my dissent on substantially identical grounds with those upon which I dissented in the Columbia Club case (No. 5336, Domestic, etc., Missionary Society vs. City of Manila, March 16, 1910, unpublished) ; and in explanation of my dissent in this case, I set out here my dissenting opinion in the former case. With the substitution of the name of the Young Men's Christian Association of Manila for that of the Columbia Club, that opinion sets forth very summarily the grounds of my dissent in this case.

"Firmly convinced as I am that statutory exemptions from taxation should be strictly constructed, I am constrained to dissent.

"This cardinal rule of American jurisprudence is based on the strongest reasons of public policy and is supported by abundant authority. As stated by Mr. Justice Johnson in his dissenting opinion in *Roman Catholic Church vs.*

Hastings and City of Manila (5 Phil. Rep., 701, 708). 'It is the theory of the Government that all property within the State held by individuals or corporations should contribute equally, in proportion to its value, to the support of the Government, in return for the protection which such property receives at the hands of the Government. This being the policy of the Government, a law which relieves any property from this burden should be strictly construed, to the end that no individual or corporation shall be relieved from bearing his or its full share of the burdens of taxation unless the law expressly so provides. This exemption should not be allowed by any strained or unnatural interpretation of the law,'

"I am not a whit less satisfied than my brethren that, in the language of appellee's brief, 'To have lived in the city of Manila is to know the, immeasurable benefit accomplished by the Young Men's Christian Association, a benefit so extensive as to call forth gratitude and appreciation, not only from those personally interested in the purity of life led by Manila's young manhood, but from the foremost administrators of America's benign mission in these Islands;' but I am wholly unable to agree, that the lands or buildings occupied by it are 'used exclusively for religions, charitable, scientific or educational purposes, and not for profit,' the only ground upon which the exemption from taxation in question in these proceedings can be sustained."

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