



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

MUNICIPALITY OF SAN MATEO, G.R. No. 219506
ISABELA, represented by Municipal
Mayor Crispina R. Agcaoili, M.D.,
and Atty. Alfredo S. Remigio, in his
capacity as the Municipal Legal Present:
Officer,

Petitioners,

GESMUNDO, *CJ., Chairperson,*
CAGUIOA,
CARANDANG,
ZALAMEDA, and
GAERLAN, *JJ.*

- versus -

Smart Communications, Inc.,
Respondent.

Promulgated:

JUN 23 2021

X-----X

DECISION

ZALAMEDA, J.:

This Court, despite its vast powers, will not review the wisdom or propriety of governmental policies, but will strike them down only on either of these two (2) grounds: (1) unconstitutionality or illegality and/or (2) grave abuse of discretion. The courts accord the presumption of constitutionality to legislative enactments, including municipal ordinances. This presumption may be set aside only when invalidity or unreasonableness appears on the face of the ordinance, or is established by proper evidence. Through this case, the Court reiterates that the burden to establish the law's invalidity rests upon the party challenging the same. Without dismantling

the presumption of validity, the Court will not interfere with legislative acts and will respect the judgment of the local authorities as regards their ordinances.

The Case

This Petition for Review on *Certiorari*¹ (Petition) seeks to reverse and set aside the Decision dated 13 February 2015² and the Resolution dated 18 June 2015³ of the Court of Appeals (CA) in CA-G.R. SP No. 136173. The CA in its Decision affirmed the Order dated 08 May 2014⁴ of Branch 19, Regional Trial Court (RTC) of Cauayan City, Isabela in SCA Case No. 20-541.

Antecedents

On 27 June 2005, petitioner Municipality of San Mateo, Isabela (petitioner) enacted Ordinance No. 2005-491 (subject Ordinance) entitled, "*An Ordinance Imposing Regulatory Fee known as Annual Antenna/Tower Fee for the Operation of All Citizens Band (CB), Very High Frequency (VHF), Ultra High Frequency (UHF) and Cellular Sites/Relay Stations Within the Municipality*" pursuant to its power under Section 186 of Republic Act No. (RA) 7160⁵ or the Local Government Code of 1991(LGC) to levy other taxes, fees or charges within its jurisdiction.⁶

Pursuant to the subject Ordinance, an annual fee is imposed for the operation of antenna cell sites/relay stations, which include: (1) antenna tower base for citizen's band radio (Php10,000.00); (2) antenna mast base/tower for ultra high frequency/very high frequency discs for transmitters and receivers (Php50,000.000); and (3) tower sites for cell site/relay station (Php200,000.00).⁷

Petitioner conducted public and committee hearings in relation to the subject ordinance on 09 May 2005, for which the Santiago City Branch of respondent Smart Communications, Inc. (SCI) was duly notified. Upon conclusion of the hearing, the Committee on Rules and Amendments and Ways and Means recommended the adoption of the subject Ordinance in its Report addressed to the Sangguniang Bayan of petitioner.⁸

The subject ordinance was then adopted and published in the 18-24 July 2005 issue of City Star, a newspaper of local circulation within Region 2, in accordance with Section 188 of the LGC. The same was thereafter

¹ *Rollo*, pp. 10-32.

² *Id.* at 35-50; penned by Associate Justice Stephen C. Cruz, and concurred in by Associate Justices Fernanda Lampas Peralta and Ramon Paul L. Hernando (who is now a Member of this Court) of the Seventh (7th) Division, Court of Appeals, Manila.

³ *Id.* at 52-54.

⁴ *Id.* at 222-226; penned by Judge Raul V. Babaran.

⁵ Entitled "AN ACT PROVIDING FOR A LOCAL GOVERNMENT CODE OF 1991," approved on 10 October 1991.

⁶ *Id.* at 35-36.

⁷ *Id.* at 116-117.

⁸ *Id.* at 36.

forwarded to the Office of the Sangguniang Panlalawigan of Isabela for validation and was thus validated on 21 November 2006.⁹

After the subject Ordinance came into effect, Notices of Assessment were sent to SCI and other affected businesses in the municipality. SCI was required to pay the tower fee of Php200,000.00 per year. Despite the receipt of said notices, SCI failed to pay the assessed fees. SCI was then sent demand letters dated 14 July 2010, 31 July 2010 and 23 February 2011 for the collection of the unpaid fees.¹⁰ The SCI, however, filed a Petition for *Certiorari* with application for Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction before the RTC-Branch 19 on 13 July 2011 assailing the validity of the subject ordinance. The case was thereafter raffled to RTC-Branch 20.¹¹

On 16 October 2012, the RTC-Branch 20 issued a TRO, but eventually, it dismissed the petition in its Order dated 14 June 2013 for SCI's failure to exhaust the administrative remedies provided by law.¹² SCI filed a Motion for Reconsideration and a Motion to Inhibit on 22 July 2013 which was granted. Thereafter, the petition was transferred to RTC-Branch 19.¹³

An Order was issued by RTC-Branch 19 on 08 May 2014 granting SCI's petition and declaring the subject Ordinance as null and void.¹⁴ It ruled that exhaustion of administrative remedies may be dispensed with since the only issue to be resolved is a purely legal one. However, while petitioner may indeed impose the instant regulatory fee, the RTC-Branch 19 pronounced the amount as arbitrary because there was no explanation as to its composition.¹⁵

Dissatisfied, petitioner filed an appeal with the CA.

Ruling of the CA

On 13 February 2015,¹⁶ the CA denied the appeal, viz:

WHEREFORE, in view of the foregoing, the instant appeal is hereby **DENIED**. The Order of the Regional Trial Court of Cauayan City, Isabela, Branch 20, dated May 8, 2014 in SCA Case No. 20-541 which declared as null and void Municipal Ordinance No. 2005-491 is hereby **AFFIRMED**.

SO ORDERED.¹⁷

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.* at 36-37, 192-194.

¹³ *Id.* at 37.

¹⁴ *Id.*

¹⁵ *Id.* at 222-226.

¹⁶ *Id.* at 35-50.

¹⁷ *Id.* at 50.

In denying the appeal, the CA held that: (1) the subject Ordinance is a tax measure and not a regulatory fee; (2) non-exhaustion of administrative remedies is excused since the issues pertain exclusively to legal questions, and (3) the tax which petitioner seeks to impose is unjust, excessive and confiscatory.¹⁸

The CA ruled that the rates provided in the subject ordinance do not correspond to the proviso under Section 143 of the LGC which requires the schedule of the graduated tax rates to be within the confines of the rates prescribed therein. Neither was there any justification to the amount required by the subject Ordinance.¹⁹

SCI's Motion for Reconsideration was denied by the CA in its Resolution dated 18 June 2015.²⁰ Hence, this Petition.

Issues

Aggrieved by the CA's Decision, petitioner is now before the Court raising the following issues: (1) whether or not the CA erred in entertaining SCI's appeal considering its failure to exhaust administrative remedies and (2) whether or not the CA erred in ruling that Municipal Ordinance No. 2005-491 is unjust, excessive and confiscatory.²¹

Ruling of the Court

Petitioner insists that SCI should have questioned the validity of the subject Ordinance through an appeal filed with the Secretary of Justice and not with the courts.²² Petitioner likewise claims that SCI failed to prove its bare allegations that the subject Ordinance is unjust and excessive. Further, the amount imposed, *i.e.*, Php200,000.00, is only 2% of SCI's gross sales (Php10,000,000.00) in the preceding calendar year, in line with Section 143 (h) of the LGC. At any rate, SCI should have presented evidence that its gross sales does not exceed Php10,000,000.00 so as to prove that the Php200,000.00-fee does not comply with the LGC.²³

On the other hand, SCI maintains that the imposition of tower fees, being a regulatory measure, is legally infirm as it involves excessive fees. SCI is likewise adamant that there is no need to exhaust administrative remedies since the issue involved is purely a legal question.²⁴

The Court ultimately rules for petitioner, albeit for different reasons. The findings of the Court shall be discussed *in seriatim*.

¹⁸ *Id.* at 43-49.

¹⁹ *Id.* at 49.

²⁰ *Id.* at 52-54.

²¹ *Id.* at 15.

²² *Id.* at 15-26.

²³ *Id.* at 25-26.

²⁴ *Id.* at 299-300.



The fees imposed under Ordinance No. 2005-491 are not taxes; exhaustion of administrative remedies is unnecessary

Section 5, Article X of the 1987 Constitution provides that "[e]ach local government unit shall have the power to create its own sources of revenues and to levy taxes, fees, and charges subject to such guidelines and limitations as the Congress may provide, consistent with the basic policy of local autonomy. Such taxes, fees, and charges shall accrue exclusively to the local government." Consistent with this constitutional mandate, the LGC grants the taxing powers to each local government unit. Specifically, Section 142 of the LGC grants municipalities the power to levy taxes, fees, and charges not otherwise levied by provinces. Section 143 of the LGC provides for the scale of taxes on business that may be imposed by municipalities²⁵

²⁵ Section 143. *Tax on Business.* — The municipality may impose taxes on the following businesses:

(a) On manufacturers, assemblers, repackers, processors, brewers, distillers, rectifiers, and compounders of liquors, distilled spirits, and wines or manufacturers of any article of commerce of whatever kind or nature, in accordance with the following schedule: xxx xxx xxx

(b) On wholesalers, distributors, or dealers in any article of commerce of whatever kind or nature in accordance with the following schedule: xxx xxx xxx

(c) On exporters, and on manufacturers, millers, producers, wholesalers, distributors, dealers or retailers of essential commodities enumerated hereunder at a rate not exceeding one-half (1/2) of the rates prescribed under subsection (a), (b) and (d) of this Section:

(1) Rice and corn;

(2) Wheat or cassava flour, meat, dairy products, locally manufactured, processed or preserved food, sugar, salt and other agricultural, marine, and fresh water products, whether in their original state or not;

(3) Cooking oil and cooking gas;

(4) Laundry soap, detergents, and medicine;

(5) Agricultural implements, equipment and post-harvest facilities, fertilizers, pesticides, insecticides, herbicides and other farm inputs;

(6) Poultry feeds and other animal feeds;

(7) School supplies; and

(8) Cement.

(d) On retailers.

xxx xxx xxx

Provided, however, That *barangays* shall have the exclusive power to levy taxes, as provided under Section 152 hereof, on gross sales or receipts of the preceding calendar year of Fifty thousand pesos (P50,000.00) or less, in the case of cities, and Thirty thousand pesos (P30,000.00) or less, in the case of municipalities.

(e) On contractors and other independent contractors, in accordance with the following schedule: xxx xxx xxx

(f) On banks and other financial institutions, at a rate not exceeding fifty percent (50%) of one percent (1%) on the gross receipts of the preceding calendar year derived from interest, commissions and discounts from lending activities, income from financial leasing, dividends, rentals on property and profit from exchange or sale of property, insurance premium.

g) On peddlers engaged in the sale of any merchandise or article of commerce, at a rate not exceeding Fifty pesos (P50.00) per peddler annually.

while Section 147²⁶ of the same law provides for the fees and charges that may be imposed by municipalities on business and occupation.²⁷

The term "taxes" has been defined by case law as "the enforced proportional contributions from persons and property levied by the state for the support of government and for all public needs." While, under the LGC, a "fee" is defined as "any charge fixed by law or ordinance for the regulation or inspection of a business or activity."²⁸

From the foregoing jurisprudential and statutory definitions, it can be gleaned that the purpose of an imposition will determine its nature as either a tax or a fee. If the purpose is primarily revenue, or if revenue is at least one of the real and substantial purposes, then the exaction is properly classified as an exercise of the power to tax. On the other hand, if the purpose is primarily to regulate, then it is deemed an exercise of police power in the form of a fee, even though revenue is incidentally generated. Simply stated, if generation of revenue is the primary purpose, the imposition is a tax, but if regulation is the primary purpose, the imposition is properly categorized as a regulatory fee.²⁹

The Court *En Banc* in *Smart Communications, Inc. v. Municipality of Malvar*³⁰ determined the nature of Ordinance No. 18 assailed therein after a reading of the ordinance's whereas clauses which revealed that the primary purpose of the ordinance was to regulate cell sites or telecommunications towers. Since the whereas clauses showed that the ordinance served a regulatory purpose, it was ruled that the case involved a fee and not a tax. The Court also underlined in said case that while the fees in issue may contribute to the revenues of therein respondent, this is merely incidental. As such, the assailed fees are not taxes.³¹

In the case at bar, a cursory reading of the whereas clauses makes it apparent that the primary purpose of Ordinance No. 2005-491 is "to **regulate** the proliferation of these CB [Citizens Band], VHF/UHF [Very High Frequency/ Ultra High Frequency], parabolic discs and towers" erected within petitioner's municipality "to **ensure the safety** of their operations."

(h) On any business, not otherwise specified in the preceding paragraphs, which the *sanggunian* concerned may deem proper to tax: Provided, That on any business subject to the excise, value-added or percentage tax under the National Internal Revenue Code, as amended, the rate of tax shall not exceed two percent (2%) of gross sales or receipts of the preceding calendar year.

The *sanggunian* concerned may prescribe a schedule of graduated tax rates but in no case to exceed the rates prescribed herein.

²⁶ Section 147. *Fees and Charges*. — The municipality may impose and collect such reasonable fees and charges on business and occupation and, except as reserved to the province in Section 139 of this Code, on the practice of any profession or calling, commensurate with the cost of regulation, inspection and licensing before any person may engage in such business or occupation, or practice such profession or calling.

²⁷ *Smart Communications, Inc. v. Municipality of Malvar, Batangas*, 727 Phil. 430-447 (2014), G.R. No. 204429, 18 February 2014 [Per J. Carpio].

²⁸ *City of Cagayan De Oro v. Cagayan Electric Power & Light Co., Inc.*, G.R. No. 224825, 17 October 2018 [Per J. A.B. Reyes].

²⁹ *Id.*

³⁰ *Supra* at note 27.

³¹ *Id.*

The subject ordinance underlines that: (1) "due to its location, San Mateo is considered as strategic place for the installation and operation of repeater / transmitter facilities of communication companies"; (2) "communication facilities such as cellular sites, towers and parabolic discs intended for commercial and private uses start to proliferate" and that (3) "these facilities, directly or indirectly, affect the populace."³² Evidently, the Ordinance was issued to address the concerns grounded on the proliferation of the enumerated facilities which affect petitioner's populace.

Considering the above, the main purpose of the assailed ordinance is clearly to regulate the installation and maintenance of the enumerated communication facilities erected within the Municipality of San Mateo, Isabela. Consequently, the fees imposed in Ordinance No. 2005-491 are primarily regulatory in nature and not primarily revenue-raising. While the fees contribute to the revenues of petitioner, this effect is merely incidental. Thus, the fees imposed in Ordinance No. 2005-491 are not taxes.³³

In this regard, Section 187 of the LGC, which outlines the procedure for questioning the constitutionality of a tax ordinance, is inapplicable, rendering unnecessary the resolution of the issue on non-exhaustion of administrative remedies.³⁴ Ordinances that impose regulatory fees do not need to be challenged before the Secretary of Justice. To stress, the procedure found in Section 187 must be followed when an ordinance imposes a tax; the institution of an action in court without complying with the requirements of the provision will lead to the dismissal of the case on the ground of non-exhaustion of administrative remedies. However, when an ordinance imposes a fee, as in this case, direct recourse to the courts may be had without prior protest before the Secretary of Justice.³⁵ At any rate, this Court has previously relaxed the application of the rules in view of the more substantive matters.³⁶

SCI failed to establish that Ordinance No. 2005-491 is unjust, excessive and confiscatory

The Court has consistently ruled that in order for an ordinance to be valid, it must not only be within the corporate powers of the concerned local government unit to enact, but must also be passed in accordance with the procedure prescribed by law. Moreover, substantively, the ordinance: (1) must not contravene the Constitution or any statute; (2) must not be unfair or oppressive; (3) must not be partial or discriminatory; (4) must not prohibit, but may regulate trade; (5) must be general and consistent with public

³² *Rollo*, pp. 116-117.

³³ *City of Cagayan De Oro v. Cagayan Electric Power & Light Co., Inc.*, *supra* at note 28; *Smart Communications, Inc. v. Municipality of Malvar, Batangas*, *supra* at note 27.

³⁴ *Supra* at note 27.

³⁵ *Supra* at note 28.

³⁶ *See Alliance of Quezon City Homeowners' Association, Inc. v. Quezon City Government*, G.R. No. 230651, 18 September 2018 [Per J. Perlas-Bernabe]; *see also Ferrer v. Bautista*, 762 Phil. 233-295 (2015), G.R. No. 210551, 30 June 2015 [Per J. Peralta]; *Alta Vista Golf and Country Club v. City of Cebu*, 778 Phil. 685-709 (2016), G.R. No. 180235, 20 January 2016 [Per J. Leonardo- De Castro].

policy; and (6) must not be unreasonable.³⁷ On the other hand, settled is the rule that every law, including ordinances, is presumed valid.³⁸ This presumption may be set aside when invalidity or unreasonableness: (1) appears on the face of the ordinance, or (2) is established by proper evidence.³⁹

SCI insists that Ordinance No. 2005-491 is null and void for being unjust, excessive and confiscatory. Specifically, SCI ascribes the following reasons to invalidate the ordinance: (1) the amount imposed has no reasonable justification, (2) the wisdom of its imposition is left for SCI to figure out, and (3) the imposition is disruptive to SCI's business operations.⁴⁰

Given the foregoing, the alleged invalidity of the subject ordinance is not apparent on its face. SCI has not shown that the subject Ordinance contravenes any constitutional or statutory provision or settled public policy, or is *per se* unreasonable, oppressive, discriminatory or in restraint of trade.⁴¹ As such, the Court must adhere to the methodology used in *Morcoin Co., Ltd. v. City of Manila*, as explained in *City of Cagayan De Oro v. Cagayan Electric Power & Light Co., Inc.*,⁴² and thus evaluate the ordinance in the light of the evidence presented by SCI to reach a conclusive determination of the fee's excessiveness.

At any rate, SCI had the burden to prove that Sections 130,⁴³ 147,⁴⁴ and 186⁴⁵ of the LGC. Based on these aforementioned provisions, if a regulatory fee produces revenue in excess of the cost of the regulation, inspection and licensing, it will be considered excessive, and hence, fail the test of judicial scrutiny.⁴⁶ Thus, the Court is faced with the question of whether or not the tower fee in the amount of Php200,000.00 collected

³⁷ *City of Batangas v. Philippine Shell Petroleum Corp.*, 801 Phil. 566-590 (2017), G.R. No. 195003, 07 June 2017 [Per J. Caguioa], citing *Social Justice Society v. Atienza, Jr.*, 568 Phil. 658, 699-700 (2008), G.R. No. 156052, 13 February 2008 [Per J. Corona].

³⁸ *Supra* at note 27.

³⁹ *Supra* at note 28.

⁴⁰ *Rollo*, pp. 302-303.

⁴¹ *Supra* at note 28.

⁴² *Id.*, citing *Morcoin Co., Ltd. v. City of Manila*, 110 Phil. 920-927 (1961), G.R. No. L-15351, 28 January 1961 [Per J. Gutierrez David].

⁴³ Section 130. *Fundamental Principles*. — The following fundamental principles shall govern the exercise of the taxing and other revenue-raising powers of local government units:

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(b) Taxes, fees, charges and other impositions shall:

- (1) be equitable and based as far as practicable on the taxpayer's ability to pay;
- (2) be levied and collected only for public purposes;
- (3) **not be unjust, excessive, oppressive, or confiscatory;**
- (4) not be contrary to law, public policy, national economic policy, or in the restraint of trade;

(Emphasis supplied)

⁴⁴ Section 147. *Fees and Charges*. — The municipality may impose and collect such reasonable fees and charges on business and occupation and, except as reserved to the province in Section 139 of this Code, on the practice of any profession or calling, **commensurate with the cost of regulation, inspection and licensing** before any person may engage in such business or occupation, or practice such profession or calling. (Emphasis supplied.)

⁴⁵ Section 186. *Power to Levy Other Taxes, Fees or Charges*. — Local government units may exercise the power to levy taxes, fees or charges on it any base or subject not otherwise specifically enumerated herein or taxed under the provisions of the National Internal Revenue Code, as amended, or other applicable laws: *Provided*, That the taxes, fees, or charges shall not be unjust, excessive, oppressive, confiscatory or contrary to declared national policy x x x. (Emphasis supplied.)

⁴⁶ *Supra* at note 27.

annually violated Section 147 of the LGC which provides that fees must be commensurate with the cost of regulation, inspection and licensing.

For SCT's failure to establish excessiveness, We rule in the negative. A judicious perusal of the records fails to reveal anything definitively showing the ordinance's unreasonable, excessive, oppressive, or confiscatory nature; therefore, because it enjoys the presumption of validity, this Court is constrained to reverse the decision of the CA.⁴⁷

The presumption of validity is a corollary of the presumption of constitutionality, a legal theory of common-law origin developed by courts to deal with cases challenging the constitutionality of statutes. The presumption of constitutionality, in its most basic sense, only means that courts, in passing upon the validity of a law, will afford some deference to the statute and charge the party assailing it with the burden of showing that the act is incompatible with the constitution. The doctrine comes into operation when a party comes to court praying that a law be set aside for being unconstitutional. In effect, it places a heavy burden on the act's assailant to prove invalidity beyond reasonable doubt; it commands the clearest showing of a constitutional infraction. Accordingly, before a law may be struck down as unconstitutional, courts must be certain that there exists a clear and unequivocal breach of the constitution, and not one that is speculative or argumentative. To doubt, it has been said, is to sustain.⁴⁸

In the instant case, the CA annulled the subject Ordinance for being unjust, excessive and confiscatory.⁴⁹ The CA ruled that the ordinance was legally infirm because the amount imposed lacked reasonable justification. It emphasized that the parameters and computations employed to set the fees at the amount prescribed were not explained nor divulged.⁵⁰ Additionally, the RTC held that the regulatory fee imposed would have been valid if the amount required had been explained or broken down.⁵¹

By pronouncing the above, the lower courts effectively reversed the presumption of validity. Essentially, the lower courts shifted the burden to petitioner to show that the ordinance was reasonable and that the amount of the fee was not excessive. To be sure, no law requires that local governments justify the ordinances they pass by setting forth the grounds for their enactment. Thus, the lower courts' nullification of the ordinance was done in a manner contrary to principles established in jurisprudence.⁵²

After a meticulous scrutiny of the records, We find that, in the proceedings *a quo*, the ordinance was never shown to be violative of the rule that fees must be commensurate with the cost of regulation, inspection and licensing.⁵³ Indeed, basic is the rule that one who alleges a fact has the

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ *Rollo*, pp. 43-49.

⁵⁰ *Id.* at 49.

⁵¹ *Id.* at 225.

⁵² *Supra* at note 28.

⁵³ *Id.*

burden of proving it by means other than mere allegations.⁵⁴ Besides the self-serving statement that the amount was excessive since there was no substantial comparison between the sum assessed and the cost to operate the tower,⁵⁵ SCI showed nothing tending to prove the fee was indeed excessive and unreasonable. While it stated that the ordinance did not consider the cost to operate the tower,⁵⁶ SCI never bothered to allege, much less prove, the cost of such operation.⁵⁷

Being a domestic corporation engaged in providing telecommunication services to the general public,⁵⁸ SCI could have certainly adduced evidence on the regulation, inspection and licensing expenses it incurs yearly. It could have even compared the fee with the annual costs it incurs on the preservation and inventory of its towers or, as in *Morcoin Co., Ltd. v. City of Manila*, showed that the annual fee imposed on a tower was greater than the same tower's yearly income. This would have readily shown the fee's alleged excessiveness. The record, nonetheless, fails to reveal that the imposition was not commensurate with the actual cost of regulation and inspection. Besides SCI's bare and unsubstantiated allegations, nothing remotely denotes the fee's excessiveness.⁵⁹

Without evidence indicating that the amount of the regulatory fee is disproportionate to the cost of regulation, inspection and licensing of towers located in the Municipality of San Mateo, this Court cannot agree with the CA's invalidation of the ordinance. Local governments are allowed wide discretion in determining the rates of imposable fees. In the absence of proof of unreasonableness, courts are bound to respect the judgment of the local authorities. Any undue interference with their sound discretion will imperatively warrant review and correction.⁶⁰

In *City of Cagayan De Oro v. Cagayan Electric Power & Light Co., Inc.*, the Court upheld the validity of the ordinance imposing Php500.00 annually for every electric or telecommunications post belonging to public utility companies operating in the city, which amounted to a total of Php8,500,000.00 fee due from therein respondent.⁶¹ Considering that said ordinance was pronounced valid and such amount was considered reasonable despite therein respondent's allegation that the fee was unjust and excessive, We do not see why the same standard may not be applied in this case.

Here, as the party assailing the ordinance, it was SCI's responsibility to prove the amount's excessiveness; it had the burden to show that the fee was not commensurate with the cost of regulation, inspection and licensing. Be that as it may, for the reasons discussed above, SCI failed to dismantle

⁵⁴ *Social Security System v. Commission on Audit*, G.R. No. 243278, 03 November 2020 [Per J. Caguioa], citing *Republic v. Catubag*, G.R. No. 210580, 18 April 2018, 861 SCRA 687, 709 [Per J. Reyes, Jr.].

⁵⁵ *Rollo*, p. 303.

⁵⁶ *Id.* at 258-260.

⁵⁷ *Supra* at note 28.

⁵⁸ *Rollo*, p. 11.

⁵⁹ *Supra* at note 28, citing *Morcoin Co., Ltd. v. City of Manila*, *supra* at note 42.

⁶⁰ *Id.*

⁶¹ *Id.*

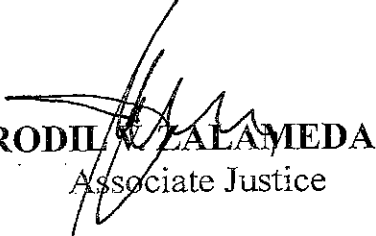
the presumption of validity because it never established that the city council abused its discretion in setting the amount of the fee at P200,000.00.⁶²

Thus, the CA erred in declaring the ordinance invalid. Courts, as a rule, must refrain from interfering with legislative acts, lest they stray into the realm of policy decision-making. The public interest is best served by allowing the political processes to operate without undue interference.⁶³ Indeed, the courts accord the presumption of constitutionality to legislative enactments, not only because the legislature is presumed to abide by the Constitution, but also because the judiciary, in the determination of actual cases and controversies, must reflect the wisdom and justice of the people as expressed through their representatives in the government's executive and legislative departments. This Court, despite its vast powers, will not review the wisdom, merits, or propriety of governmental policies, but will strike them down only on either of two grounds: (1) unconstitutionality or illegality and/or (2) grave abuse of discretion. For having failed to show any of the above in the passage of the assailed ordinance, SCI's remedy consequently lies not with the Court, but with the executive and legislative branches of the government.⁶⁴

It is also worthy to note that the subject Ordinance does not encroach on the regulatory powers of the National Telecommunications Commission (NTC), contrary to what the RTC has mentioned in its Order. The fees are not imposed to regulate the administrative, technical, financial, or marketing operations of telecommunications entities, such as SCI's. Rather, to regulate the installation and maintenance of communication facilities and physical structures — SCI's cell sites or telecommunications tower, an exercise of petitioner's police power.⁶⁵

WHEREFORE, the petition is hereby **GRANTED**. The Decision dated 13 February 2015 and the Resolution dated 18 June 2015 of the Court of Appeals in CA-G.R. SP No. 136173 are **REVERSED** and **SET ASIDE**. Municipal Ordinance No. 2005-491 is hereby declared valid and constitutional.

SO ORDERED.


RODIL ZALAMEDA
Associate Justice

⁶² *Id.*

⁶³ *Id.*

⁶⁴ *Council of Teachers and Staff of Colleges and Universities of the Philippines v. Secretary of Education*, G.R. Nos. 216930, 217451, 217752, 218045, 218098, 218123 & 218465, 09 October 2018 [Per J. Caguioa], citing *Saguisag v. Ochoa, Jr.*, 791 Phil. 277, 299 (2016), G.R. No. 212426, 12 January 2016 [Per J. Sereno].


⁶⁵ *Supra* at note 27.

WE CONCUR:


ALEXANDER G. GESMUNDO
Chairperson

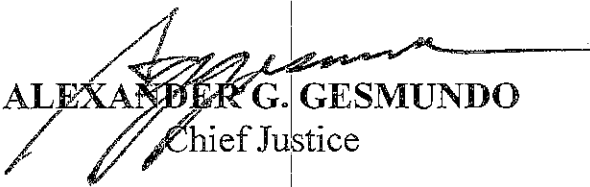

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice


ROSMARI D. CARANDANG
Associate Justice


SAMUEL H. GAERLAN
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ALEXANDER G. GESMUNDO
Chief Justice

