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NOTES AND COMMENTS

MUNICIPAL FINANCE IN OPERATION: THE CASE OF PASAY CITY

The activities and services of municipal corporations are so numerous and varied that it would make quite a catalogue merely to list them. They begin at the cradle and end at the grave. A citizen who was born in a city hospital may eventually rest in a city cemetery. The organized municipal community will be concerned with his safety, health and morals throughout his years. It will also provide him cultural advantages, recreational facilities and protected home situation conducive to the well-being and happiness of the family.¹ Municipal corporations, like any other corporation, must have a sound financial foundation in order to serve its purpose of local self-government. To accomplish its objectives such as the main-

¹ FORDHAM, LOCAL GOVERNMENT LAW, p. 22.

tenance of peace and order, regulation of traffic, the safeguard of health, etc., the municipal corporation must have the authority and power to raise funds and control its disbursements. Recognizing this need, the Congress of the Philippines granted to the municipal corporations it created such necessary powers. To understand the consequent structure of municipal finance it is best to study one municipal corporation where it is exemplified. We take Pasay City.

The power to tax and fix license fees.

When a municipal corporation is created, the power to tax is vested in it as an essential attribute for all the purposes of its existence, unless its exercise be in express terms prohibited.² The taxing power is not inherent in municipal corporations but must be granted to it by statute either expressly or by necessary implication.³ Public finance is too practical a matter to rest on the implication of power. Under Republic Act No. 183⁴ the power to tax and fix license fees were expressly granted to Pasay City.⁵ The power is

² *U. S. v. New Orleans*, 98 U. S. 381.

³ FERNANDO AND QUISUMBING-FERNANDO, HANDBOOK ON MUNICIPAL CORPORATIONS, p. 72.

⁴ Said Act is known as the Charter of Rizal City. Subsequently, Congress passed Republic Act. No. 437, changing the corporate name to Pasay City.

⁵ Section 16. General powers and duties of the Municipal Board.—Except as otherwise provided by law, and subject to the conditions and limitations thereof, the Municipal Board shall have the following legislative powers:

(a) To provide for the levy and collection of taxes for general and special purposes in accordance with law including specifically the power to levy real property tax not to exceed two *per centum ad valorem*.

(c) To fix the tariff of fees and charges for all services rendered by the city or any of its department, branches or officials.

(g) To establish and maintain schools as provided by law and with the approval of the Director of Education to fix reasonable tuition fees for instruction therein.

(h) . . . ; and, with the approval of the Director of Education, to fix reasonable tuition fees for instruction in the vocational schools and in those of higher institutions supported by the city.

(k) . . . and fix the fees for permits for the construction, repair, demolition of buildings and structures.

(l) To regulate the use of lights in stables, shops, and other buildings and places, and to regulate and restrict the issuance of permits for the building of bonfires and the use of firecrackers, fireworks, skyrockets, and other pyrotechnic display, and to fix fees for such permit

(n) To regulate and fix the amount of the license fees for the following: Hawkers, peddlers and hucksters or peddlers who sell only native vegetables, fruits, or foods, personally carried by hucksters or peddlers; auctioners, plumbers, barbers, collecting agencies, mercantile agencies, shipping and intelligence offices, private detective agencies, advertising agencies, beauty parlors, massagists, tatoopers, jugglers, acrobats, hotels, clubs, restaurants, cafes, lodging houses, boarding houses, livery garages, livery stables, boarding stables, dealers in large cattle, public billiard tables, laundries, cleaning and dyeing establishments, public warehouses, circuses, and other similar parades, public vehicles, race tracks, horse tracks, bowling alleys, shooting galleries, slot machines, merry-go-rounds, pawnshops, dealers in second-hand merchandise, junk dealers,

extensive in character.

brewers, distillers, rectifiers, money changers and brokers, public ferries, theatres, theatrical performances and places of amusements, and keeping, preparation, and sale of meat, poultry, fish, game, butter, cheese, lard, vegetables, bread and other provisions.

(o) To tax and fix license fees on dealers in new automobiles or accessories or both, and retail dealers in new merchandise, which dealers are not yet subject to the payment of any municipal tax. For the purpose of taxation, those retail dealers shall be classified as (a) retail dealers in general merchandise, and (b) retail dealers exclusively engaged in the sale of (a) textiles including knitting wares, (b) hardwares including glasswares, cooking utensils, electrical goods and construction materials, (c) groceries including toilet articles except perfumery, (d) drugs including medicines and perfumeries, (e) books including stationary, paper and office supplies, (f) jewelry, (g) slippers, (h) arms, ammunitions, and sporting goods.

(p) To tax, fix the license fee for, regulate the business and fix the location of, match factories, blacksmith shops, foundries, steam boilers, lumber yards, shipyards, the storage and sale of gunpowder, tar pitch, resin coal, oil, gasoline, benzine, turpentine, hemp, cotton, nitro-glycerine, petroleum, or any of the products thereof, and of all other highly combustible or explosive materials, and other establishments likely to endanger the public safety or give rise to conflagrations or explosions, and subject to the rules and regulations issued by the Director of Health in accordance with law, tanneries, renderies, tallow chandleries, embalmers, and funeral parlors, bone factories and soap factories.

(q) To impose tax on motor and other vehicles, and draft animals not paying any national tax: Provided, That all automobiles and trucks belonging to the National Government or to any provincial or municipal governments and automobiles and trucks not regularly kept in the city shall be exempt from such tax.

(r) To regulate the method of using steam engines and boilers, and all other motive powers other than marine or those belonging to the Government of the Philippines; to reasonable fee for such exception, and to regulate and fix the fees for the licenses of the engineers engaged in operating the same.

(t) To regulate and fix the license fees for the keeping of dogs, to authorize their impounding and destructing when running at large, contrary to ordinances, and to tax and regulate the keeping and training of fighting cocks.

(y) Subject to the provisions of subsection (f) of section 1901 of the Administrative Code, to provide for the laying out, construction, and improvement, and to regulate the use of streets, avenues, alleys, sidewalks, wharves, parks, cemeteries, and other public places; to provide for lighting, cleaning and sprinkling of streets and public places; to regulate, fix license fees for, and prohibit the use of the same . . . ; to provide for the inspection of, fix license fees for, and regulate the openings in the same . . .

(aa) Subject to the provisions of the Public Service Law to fix the charges to be paid by all watercraft landing at or using public wharves, dock, levees, or landing places owned, operated, managed or controlled by the city.

(bb) To provide for the maintenance of waterworks for the purpose of supplying water to the inhabitants of the city, and for the purification of the sources of supply and the places throughout which the same passes, and to regulate the consumption and use of the water; to fix subject to the provisions of the Public Service Law, and provide for the collection of rents therefor; and regulate the construction, repair, and use of hydrants, pumps, cisterns, and reservoirs.

It is also vested with the power to levy special assessments.⁶

This latter power is a familiar method of financing local improvements. It is usually and properly classified as a form of taxation and like general taxes may be levied only for public purposes. This device dates back in English law and practice in the Sixteenth Century improvement commissioners and in colonial America.⁷

Generally speaking, a special assessment is held to be justified and authorized where a special benefit results to the property assessed from a special or local public improvement, the assessment being regarded as compensation for such special benefit. The range of such improvements for which special or local assessments may be made or have been sought to be made is wide, covering a great variety of work such as bridges, viaducts, roads, sewers, pools, water-

(dd) Subject to the rules and regulations issued by the Director of Health in accordance with law, to provide for the establishment, maintenance and regulation and fix the fees for the use of public stables, laundries and baths, and public market and prohibit the establishment or operation within the city limits of public markets by any person, entity, association, or corporation other than the city.

(ee) To establish or authorize the establishment of slaughterhouses, to provide for their veterinary or sanitary inspection, to regulate the use of the same, and to charge reasonable slaughter fees. No fees shall be charged for veterinary or sanitary inspection of meat from large cattle or other domestic animals slaughtered outside the city, when such inspection was had at the place where the animals were slaughtered.

(gg) . . . ; and to regulate or prohibit and fix the license fees for the use of the property on or near public ways, grounds or places, or elsewhere within the city, for a display of electric signs or the erection and maintenance of billboards or structures of whatever material erected, maintained or used for the display of posters, signs, or other pictorial or reading matter, except signs displayed at the place or places where the profession or business advertised thereby is in whole or in part conducted.

(jj) To fix the license fee for, and regulate the sale, trading in or disposal of, alcoholic or malt beverages, wines, and mixed or fermented liquor including tuba, basi, or tapuy, offered for retail sale.

(kk) To regulate any other business or occupation not specifically mentioned in the preceding paragraphs, and to impose a license fee upon all persons engaged in the same or who enjoy privileges in the city.

(ll) To grant fishing and fishery privileges subject to the provisions of the Fisheries Act.

⁶ Section 60. Power to levy special assessments for certain purposes.—The Municipal Board may, by ordinance, provide for the levying and collection, by special assessment of the land comprised within the district or section of the city specially benefited, of a part not to exceed sixty *per centum* of the cost of laying out, opening, constructing, straightening, widening, extending, grading, paving, curbing, walling, deepening, or otherwise establishing, repairing, enlarging, or improving public avenues, roads, streets, alleys, sidewalks, parks, plazas, bridges, landing places, wharves, piers, docks, levees, reservoirs, water works, water mains, water courses, esteros, canals, drains, and sewers, including the cost of acquiring the necessary land and public improvements thereon, as hereinafter provided.

⁷ FORDHAM, *op. cit.*, p. 451. "These early instances of legislation on the subject are noted in the leading case of *People ex rel. Griffin v. Brooklyn*, 4 N. Y. 419, 438 (1938)."

works, and railroad stations.⁸ Property exempted from tax under the Constitution may even be held liable for special assessment.⁹

City Ordinances on taxation and license fees.

A taxing ordinance stands on the same basis as a taxing statute. The authority of a city to impose a license tax depends solely upon its charter and the test is whether the charter contains the grant of power sought to be exercised. If it does contain such grant, an ordinance passed in pursuance of it occupies the same plane with an act of the Legislature.¹⁰

One of the earliest ordinances passed by the Municipal Board was Ordinance No. 12-B, series 1947. This fixes real property tax in the city at one per cent *ad valorem* to be levied on the assessed value of all taxable real estate. This is payable in two installments, the first fifty per cent due on May 31 of each calendar year and second October 30 of the same calendar year.

By authority of subsections (g) and (h), section 16 of the city charter, the Board enacted Ordinances Nos. 11 and 16, series of 1950. The former charges the sum of fifty (P50) pesos from each non-bonafide resident student seeking enrollment in the intermediate grades of Pasay City public schools. The latter provides for the rates of high school tuition fees—sixty-five (P65) pesos for every bonafide resident student and ninety (P90) pesos for every non-bonafide resident student. The proceeds derived from these ordinances form the main source of city's school fund.

The power of a city to license any occupation or enterprise, or to exact a license fee or tax from any person, must be expressly given by its charter or be a necessary incident to the carrying out of power granted.¹¹ Under such general power to impose and collect license fees and occupation taxes, the city has the right to classify and graduate such fees according to the estimated value of the privilege conferred, provided such classification is reasonable and does not contravene the provisions of the charter.¹² The city possesses the discretion to fix the amount of license taxes. It also has the exclusive right to decide what occupation should be taxed, what shall not be taxed, and what the rate of taxation shall be in these particulars.¹³

Ordinance No. 14, series of 1950,¹⁴ fixes the rates of fees on business, trades or occupations conducted or operated within the jurisdiction of Pasay City. No person or entity could conduct or engage in any of the business, trades or occupations enumerated in

⁸ Annotation, 153 A.L. R. 961.

⁹ *Apostolic Prefect v. City Treasurer*, 71 Phil. 547.

¹⁰ *Williams v. Richmond*, 134 A.L.R. 833, 836.

¹¹ *Fowle v. Alexandria*, 3 Pet. (U.S.) 398; 7 L. ed 719; *Barnard and Miller v. Chicago*, 38 A.L.R. 1533; *U. S. v. Toribio*, 15 Phil. 85; *U. S. v. Ten Yu*, 24 Phil. 1; *U.S. v. Chan Tienco*, 25 Phil. 89.

¹² *U.S. v. Sumulong*, 13 Phil. 381; *Terre Haute v. Kerscy*, 64 N. E. 469.

¹³ *Bradley v. Richmond*, 227 U.S. 477.

¹⁴ Said Ordinance was passed by authority of subsections (n), (o), (p), (gg), (jj) and (kk) of section 16 of the City Charter, Rep. Act No. 183.

the ordinance without first having obtained a permit from the City Mayor and the necessary licenses from the City Treasurer. Section five gives a schedule for the payment of the annual permit fees. Eighty-five items are enumerated. Factories—candle or soap factories, factories for the manufacture of paste, ink, kitchen utensils, paint, steel furniture, coconut oil, lard, coffee, candies and other foods, toiletries, batteries, engines and other machinery and repair shops—are classified as with or without machinery, the former paying higher fees. Establishments as restaurants, panciterias and other public eating places, hotels, lodging houses and boarding houses pay annual permit fees in proportion to their size and service capacity.

Section 6 of the same ordinance provides for the rates of license fees, either quarterly or annually. Quarterly fees are based on gross sales or receipts realized during the preceding quarter. Dealers in jewelry, radio receiving sets or accessories, phonographs and records, arms or ammunition, retail dealers in general merchandise, drugs and medicine, toiletries, manufacturers of embroideries, ropes, papers, etc., printers, milliners and dress-makers, tailor shops, dealers in large cattle, beef and pork, bakeries, public eating places and nickel and chromium plating shops, food caterers, food contractors, establishments for the construction and repair of bodies of motor vehicles, animal-drawn vehicles, undertakers, lumber yards, hotels, taverns, lodging houses and boarding houses, peddlers, hucksters or hawkers pay the annual license fees.

Section 6 also gives a schedule of payments of quarterly or annual license fees to be paid by persons engaged in certain businesses and occupations. The wilful neglect to file the return (on sales if fees are based on gross sales) within the period prescribed or in case of fraudulent returns made, there shall be added to the deficiency tax a surcharge of 50% of its amount.¹⁵

This ordinance had been amended by subsequent ordinances reclassifying sari-sari stores,¹⁶ night clubs and bars,¹⁷ increasing their permit fees and municipal license fees.

The Municipal Board enacted Ordinance No. 2,¹⁸ series of 1950 imposing license fees for the keeping of dogs and providing for impounding fees and charges on stray animals if redeemed by their owners or keepers.

Ordinance No. 3, series of 1945, governing slaughter fees was passed by the Municipal Council of Pasay, Rizal. The Municipal Board has not enacted any ordinance repealing the same, and so it continues to be in force. It has remained one of the most substantial and regular source of city revenue.

¹⁵ Section 8, Ordinance No. 14, series of 1950.

¹⁶ Ordinance No. 2, series of 1950, reclassifying sari-sari stores and imposing an annual fee on the issuance of Mayor's permit for sari-sari stores.

¹⁷ Ordinance No. 2, series of 1952, later amended by Ordinance No. 12, series of 1952, reclassifying bars and night clubs, and increasing Mayor's permit fee and municipal license fee.

¹⁸ Said Ordinance was passed by authority of subsection (t), section 16 of Rep. Act. No. 183.

Ordinance No. 33, series of 1949 governs the payment of market fees—pursuant to the capacity and/or volume of merchandise unloaded and sold in the city market.¹⁹

The "Building Code," Ordinance No. 31, series of 1948 was enacted by the Municipal Board by authority of subsection (k), section 16 of the city charter. This Code regulates all types of construction to be made or repairs to be done in the city—charging fees for building permits and repairs and fees for establishing street lines and grades.²⁰

Other Laws under which the City derives revenue.

Under other sections of Republic Act No. 183, Pasay City is able to collect a few thousands more as fees. Section 11 provides that the Secretary of the Mayor shall charge twenty centavos per one hundred words for every certified copy of all city records and documents he furnishes. Section 14 provides likewise that the Secretary of the Municipal Board shall charge the same rate for every copy of city records of public character he furnishes.

Section 59, provides for the allotment of internal revenue and other taxes from the National Fund to the City Fund.

Section 59. Allotment of internal revenue and other taxes.—Of the internal revenue accruing to the National Treasury under Chapter II, Title XII, of Commonwealth Act Numbered Four hundred and sixty-six and other taxes as collected by the National Government and allotted to the various provinces, as well as the National aid for schools, Rizal City shall receive a share equal to what it would receive if it were a regularly organized province.

Section 81, provides for costs, fees, fines and forfeitures in the Municipal Court. ". . . All costs, fees, fines and forfeitures shall be collected by the clerk of court, who shall keep a docket of those imposed and of those collected, and shall pay collections of the same to the City Treasurer, for the benefit of the city, on the next business day after the collection . . ."

Commonwealth Act No. 465, "imposing residence taxes" grants one per cent of total collected to the provinces and cities.²¹ The "Weight and Measure Law" provides for the payment of fees for sealing and licensing of weights and measures to the provinces and municipalities wherein they are collected.²² Chapter 22 of the Revised Administrative Code, dealing in registration, branding, conveyance and slaughter of cattle is made applicable to Pasay City.²³ The registration and transfer certificates fees are paid into the city treasury. The city is also granted sweepstakes allotment.

¹⁹ Said Ordinance was passed by authority of subsection (dd), section 16 of Rep. Act No. 183.

²⁰ Articles 24 and 25, Ordinance No. 31, series of 1948.

²¹ Section 8, Com. Act No. 465.

²² Section 357, Com. Act No. 466, as amended; sections 274-289.

²³ Section 511.—"Municipality" as used in this chapter * * * ; includes cities organized under special charters.

City Revenue and Appropriation.

The appropriation of money from the general funds and the authorization of its expenditures are functions which inhere solely in the Municipal Board.²⁴ Only the Municipal Board could enact the appropriation ordinance for any fiscal year. To it belongs the exclusive right to appropriate Pasay City's few millions.

Pasay City has an income of more than two million pesos,²⁵ more than quadruple the necessary minimum revenue of a First Class—A province. The greater portion of this revenue is realized from real property taxes, municipal license fees and receipts from markets and slaughterhouse. The greatest portion of these funds go for administrative expenses (salaries, wages and sundry expenses), public improvements (such as market buildings, city hall annex, motor vehicles and office equipment), transfers to the school fund and improvements of city streets.²⁶

The last four years has shown a yearly increase in revenue and at the same time a comparative increase in expenditures.²⁷

²⁴ Subsection (b), section 16, Rep. Act 183; see *Reynard v. Caldwell*, 21 P (2d) 527, 90 A.L.R. 1124.

²⁵ Provincial Form No. 203—Monthly Administrative Analysis of the Provincial (City) Finances for the Year 1952 as of June 30, 1952—Pasay City. A copy of this report is sent to the Secretary of Finance.

²⁶ City Treasurer's certified statement to the Municipal Board pursuant to section 73 of the City Charter, dated July 20, 1950.

²⁷ A comparative statement of the income and expenditure of the last four fiscal years make this trend clearer.

	1948-1949	1949-1950
Unexpended balance, previous years	P 242,789.17	P 207,014.60
Revenue	<u>1,190,257.30</u>	<u>1,352,013.95</u>
Total	P1,433,046.47	P1,559,028.55
Less continuing appropriation	<u>116,616.30</u>	<u>112,718.02</u>
Amount available for appropriation	P1,316,430.17	P1,446,310.53
	1950-1951	1951-1952
Unexpended balance, previous years	P 167,505.00	P 101,222.13
Revenue	<u>1,484,330.81</u>	<u>2,110,372.82</u>
Total	P1,651,835.81	P2,211,594.95
Less continuing appropriation	<u>112,440.49</u>	<u>85,437.08</u>
Amount available for appropriation	P1,539,395.32	P2,126,157.87

Statement of Expenditures

	1948-1949	1949-1950
Salaries and wages	P 554,123.19	P 638,516.81
Sundry expenses and mandatory obligations and transfers	485,370.34	669,171.13
Outlay and equipment	<u>210,000.00</u>	<u>83,837.41</u>
Total	P1,249,493.53	P1,391,525.35

City Budget.

A budget is a plan of proposed expenditures for a given period or purpose and the means of financing them.²⁸ At a minimum, a modern local budget must contain in tabular form a general summary, detailed estimates of all anticipated revenues applicable to proposed expenditures and the proposed expenditures.²⁹ Under the city charter, the City Treasurer shall present to the Mayor a detailed statement by department of all receipts and expenditures of the city pertaining to the preceding fiscal year, and to the first seven months of the current fiscal year together with an estimate of the receipts and expenditures for the remainder of the current fiscal year. He also submits with this statement a detailed estimate of the revenues and receipts of the city from all sources for the ensuing fiscal year. The Mayor then formulates and submits a detailed budget for the ensuing fiscal year, which shall be the basis of the annual appropriation ordinance.³⁰

The complex structure of city finances is evident from a study of the budget of Pasay City for the year 1950-1951.³¹ Items form-

	1951-1952
Salaries and wages	795,363.15
Sundry expenses	290,750.00
Outlays and equipment	34,600.00
Transfer	498,000.00
Total	P1,618,713.15

The above statements for the year 1948-1949, 1949-1950 were taken from the City Treasurer's certified statement to the Municipal Board dated July 20, 1950; for the year 1950-1951, from Provincial Form No. 203—Monthly Administrative Analysis of the Provincial (City) Finances for the Year 1950-1951 as of June 30, 1951; for the year 1951-1952, from Provincial Form No. 203—Monthly Administrative Analysis of the Provincial (City) Finances for the Year 1951-1952 as of June 30, 1952.

²⁸ FORDHAM, *op. cit.*, p. 427, citing CHATTERS AND TENNER, MUNICIPAL AND GOVERNMENTAL ACCOUNTING, p. 194 (1941).

²⁹ FORDHAM, *op. cit.*, p. 428.

³⁰ Section 73, Rep. Act No. 183.

³¹ Revenues and other income—General Fund (Pasay City).
(City Budget for fiscal year 1950-1951)

<i>Sources</i>	<i>Actual collections</i>
Balance, July 1, 1951	P 167,505.00
Internal revenue allotment	84,617.62
	(482,157.15)
Real property tax—current year	444,898.96
	(103,848.01)
Real property tax—preceding years	92,327.24
Residence tax	12,185.04
Taxes on agricultural products	15,344.07
Franchise tax	39,883.23
Weights and measures	367.15

ing the sources of the general funds are as follows: real property taxes, residence taxes, taxes on agricultural products, franchise taxes, weights and measures fees, municipal licenses, taxes on income, inheritance and gifts, penalties on realty taxes, weights and measures and municipal licenses, building permit fees, secretary's fees, burial fees, cattle registration fees, electrician's fees, marriage license fees, impounding of stray animals, court collections, sheriff's fees, incidental revenues, receipts from operations of markets, slaughter house and niche cemetery, sales of fixed assets, prior years' adjustments, sweepstakes allotments and donations. The total from the above sources is ₱1,651,845.81 including the aggregate balance of continuing appropriations.

Appropriations from the general funds amount to ₱1,550,613.68.³² These are distributed among the city offices—mayor's office, municipal board, auditor's office, treasurer's office, assessor's office, board of tax appeal; office of the city attorney, municipal court; for protective services—police, fire and city health departments; special improvements—maintenance of prisoners, maintenance of public libraries and the office of the city engineer; operations of economic enterprises as market, slaughterhouse and municipal cemetery; and outlays and equipment. These items are further subdivided for payments of salaries and wages, insurance, travel and transportation,

Municipal licenses	190,859.09
Taxes on income, inheritance and gifts	7,878.57
	(21,621.09)
Penalties—Realty taxes	19,327.17
Penalties—Weights and measures	974.24
Penalties—Municipal license	1,979.53
Building permit fees	24,094.75
Secretary's fees	2,501.80
Burial fees	443.00
Cattle registration fees	7,575.00
Electrician's fees	6,289.30
Marriage license fees	2,610.00
Impounding of stray animals	220.20
Court collections	8,123.46
Sheriff's fees	1,510.22
Incidental revenues	2,973.43
Receipts from operation:	
Markets and slaughterhouse	477,476.29
Niche cemetery	3,984.80
Sales of fixed assets	9,902.67
Prior years adjustments	11,207.51
Sweepstakes allotment	13,776.47
Donations	1,000.00
Total	₱1,651,845.81
Aggregate balance of continuing appropriations ..	112,440.49
Balance available for appropriation	₱1,539,395.32

³² City Budget for the fiscal year 1950-1951.

supplies and materials, repair services of buildings and other miscellaneous services.

As regards the school fund, its sources are tuition fees and transfers from the general fund, amounting to ₱41,610.57 for the high school and ₱350,975.21 for the intermediate school excluding the aggregate balance of continuing appropriation. These are spent for salaries and wages, insurance, travel and transportation, supplies and materials, rental of school buildings and other services.

The street and bridge fund amounting to ₱244,925.84, are derived from the manufactured oil, motor vehicle and internal revenue allotments, residence taxes, taxes for agricultural products, donations and transfers from the general funds. These finances the maintenance and asphaltting of city streets, wages, insurance, supplies and materials, street signs, and other miscellaneous services.

In charge of the Finance Department is the City Treasurer, who acts as the chief fiscal officer and financial adviser of the city and custodian of its funds.³³ He plays an important part in the maintenance of sound financial organization and efficient administration in the city finance. "The vital relationship of financial planning and management to good public service is widely appreciated today, although preoccupation with the mechanics of fiscal operations may have the effect of honoring form and procedure at the expense of considerations of social utility in the distribution of public funds."³⁴

We may say that this is true of Pasay City, in the sense that its sound financial condition is due to efficient financial planning and management. During the few years of its existence, the city had not incurred overdrafts at the end of the current fiscal years. The estimated incomes for the year as compared with actual collections rated one-hundred percent. The yearly reports of its financial condition always end with the remarks "sound in all funds."³⁵

REMEDIOS C. BALDERRAMA.

THE AVELINO-ROSALES CASE: RESIDENCE QUALIFICATION FOR PUBLIC OFFICERS

Under Philippine statutes, candidates for elective provincial¹ and municipal² offices are required to possess, among other things,

³³ Section 22, Rep. Act No. 183.

³⁴ FORDHAM, *op. cit.*, p. 427, citing Perkins, *Preparation of the Local Budget*, 40 Am. Pol. Sc. Rev. 949 (1946).

³⁵ Monthly Administrative Analysis of the Provincial (City) Finances for the Years 1950-1951, 1951-1952, reports sent to the Secretary of Finance.

¹ Section 2071 of the Revised Administrative Code provides: No person shall be eligible to a provincial office unless at the time of the election he is a qualified voter of the province, has been a bona fide resident therein for at least one year prior to the election, and is not less than thirty years of age.

² Section 2174 of the Rev. Adm. Code provides for the qualifications of elective municipal officers: An elective municipal officer must, at the time of the election, be