

**BASIC : LETTER DATED FEBRUARY 12, 2009, FROM MR. RICARDO L. TABLANTE, ASST. VICE PRESIDENT & PLANT MANAGER OF SAN MIGUEL BREWERY INC. – MANDAUE BREWERY**

**2<sup>nd</sup> Indorsement**  
February 18, 2009

Respectfully returned to Ms. Loisell Lucino, City Director, DILG Mandaue City Office, the herein basic communication from Mr. Ricardo L. Tablante, AVP & Plant Manager of San Miguel Brewery Inc. – Mandaue Brewery, requesting clarification on whether a barangay can impose royalties on the extraction of water by their company from deep wells located within its territorial jurisdiction.

The answer to the issue raised is in the negative. DILG Legal Opinion No. 181 dated December 17, 2002, issued by then SILG Jose D. Lina, Jr. squarely covers the matter at hand. Underground waters are owned by the State. Accordingly, no local government unit can impose any fee or royalty or payment for the use of such State waters. It is the State, as owner of the natural resource, that has the right to collect a fee or royalty or payment for the use of its waters. It is from the proceeds or money collected by the State from the utilization and development of the national wealth (such as water) that a local government unit can share.

Moreover, under Section 132 of the Local Government Code of 1991, the power to impose a tax, fee, or charge or to generate revenue shall be exercised by the sanggunian of the local government unit concerned through an appropriate ordinance; and not by way of a resolution.

PEDRO A. NOVAL, JR.  
Regional Director

