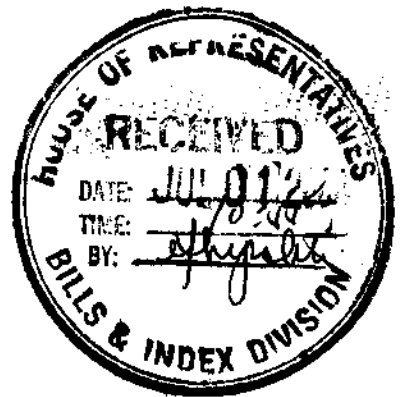


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
1st Regular Session

House Bill No. **244**



Introduced by **RODRIGUEZ D. DADIVAS**

Explanatory Note

In the long political history of our country, many political parties have come and gone. On the other hand, new parties usually surface during election time and the winning political parties whether local or national usually remain intact after the elections.

Losing parties suddenly have gone or just remained sidelined until new opportunity knocks or depending on the rise and fall of the tide of opportunity. This is so because most if not all politicians use it for political convenience and narrow superficial considerations rather than of sacrifice, honor, dignity, and conviction. Political turncoatism is but normal and the general public has no choice but to accept this situation hook, line and sinker while the country's progress is eternally in question.

On the other hand, the cost of running in any national or local election is too costly and the moneyed politicians especially the incumbents certainly have the edge over the new set of aspiring politicians.

It is in this light that the Political Party System Act should be enacted. Indeed, the need to stave off political turncoatism and prevent the proliferation of chameleons is imperative if we are to achieve genuine political development and democracy.

This bill seeks also the establishment of a State Subsidy Fund to be used solely for campaign expenditures and the program operations and party development of the accredited national political parties. This would level the playing and the need for the candidates especially the poor ones to seek alliance with big business and lobbyist groups, or even syndicates to ask for logistic support would be prevented. Hence, massive political corruption is nipped in the bud before it could create a malady.

By and large, the proposed bill hopes to transform the Philippine political parties from personality-oriented to issue oriented political organizations to provide our constituents with better brand of party politics.

In view of the foregoing, approval of this bill is earnestly sought. This bill was also filed in both houses of Congress during the last congress.

RODRIGUEZ D. DADIVAS
Representative
1st District, Capiz

Republic of the Philippines
HOUSE OF REPRESENTATIVES
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House Bill No. _____

Introduced by **RODRIGUEZ D. DADIVAS**

AN ACT
STRENGTHENING THE POLITICAL PARTY SYSTEM, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

Chapter 1
Declaration of Policy, Purposes and Coverage

Section 1. Title. – This Act shall be known as “The Political Party Development Act of 2004.”

Sec. 2. Declaration of Policy. – It is hereby declared a policy of the State to institutionalize and strengthen political parties as vital pillars of the country's democratic system. Towards this end, the State shall institute reforms in campaign financing through effective and transparent mechanisms designed to level the playing field among all candidates and political parties during elections, and reduce opportunities for graft and corruption. As part of the State's thrust to strengthen the political party system, it shall uphold party loyalty and adherence to the party's ideological principles, platforms and programs. The State shall also institute measures to professionalize political parties, and make them viable instruments of development and good governance.

Sec. 3. Purposes. – This Act aims to:

- a) Institutionalize reforms in the financing of electoral campaigns, so as to promote accountability and transparency;
- b) Provide financial subsidies to political parties, to augment their expenditures for campaign purposes and for party development;
- c) Promote party loyalty and discipline; and
- d) Encourage and support continuing voters' education and civic literacy programs through the political parties.

Sec. 4. Coverage. – This Act shall apply to national political parties duly registered with, and certified to as such by the Commission on Elections.

Sec. 5. Definition of Terms. – The following terms as used in this Act shall mean—

- a) **"Accredited National Political Party"** refers to a political party of national character qualified to receive subsidy for campaign purposes and party development, accredited for the purpose by the Commission based on a set of criteria provided under this Act.
- b) **"Candidate"** refers to any person aspiring for, or seeking an elective public office, duly nominated by a political party, aggrupation, or coalition of parties, and who has filed a certificate of candidacy with the Commission.
- c) **"Commission"** refers to the Commission on Elections.
- d) **"Campaign Contributions"** shall mean all forms of donations to any candidate, political party, aggrupation or coalition, regardless of the source, given before, during and after the holding of elections. It shall also include any gift, donation, subscription, loan advance or deposit of money or anything of value, or those arising from a contract, pledge or agreement to contribute, whether or not legally enforceable, made for the purpose of influencing the results of the elections, but shall not include services rendered without compensation by individuals volunteering a portion or all of their time in behalf of a candidate or political party. It shall also include the use of office, space, facilities, equipment, office supplies and other materials and fixtures voluntarily donated by other persons, or allowed their use for free, the monetary value of which shall be assessed based on market rates prevailing in a particular area.
- e) **"Campaign Expenditures"** shall include all types of expenses incurred, regardless of source, amount and purpose that relates, directly or indirectly, to the conduct of an electoral campaign. It involves all payments of money or anything of value, or a contract, promise of agreement to spend, for the purpose of influencing the results of the election. It shall include the use of space and facilities personally owned by the candidate, the monetary value of the use of which shall be assessed based on the market rates prevailing in a particular are.
- f) **"COA"** refers to the Commission on Audit.
- g) **"Disclosure Requirements"** refers to the duty of all candidates and political parties, aggrupations or coalition to reveal the details of campaign contributions received by them, and the expenditures made on account thereof. For the accredited national parties, "disclosure requirements" shall include expenditures and destinations of campaign and party development monies given to them as their share in the State Subsidy Fund established under this Act.
- h) **"Donor"** refers to any person, natural or juridical, who contributes money, property or any other form of material contribution to a candidate, political party, aggrupation or coalition.
- i) **"Donee"** refers to any candidate, political party, aggrupation or coalition, or any representative acting in their behalf or interest, to whom money, property or any other form of contribution is made.
- j) **"Fund"** refers to the State Subsidy Fund established under this Act.
- k) **"National Political Party"** refers to a political party registered with the Commission whose constituency is effectively spread across the geographical territory of all or a majority of the administrative regions of the Philippines.

- l) **"Political Party"** refers to an organized group of persons duly registered with the Commission, pursuing or advocating a platform, principles and policies for the general conduct of government and which, as the most immediate means of securing their adoption and implementation, regularly nominates and supports its members as candidates for public office.
- m) **"Political Turncoatism"** refers to the change of political party affiliation by any elective public official under which he was elected from the time of the election up to the last six (6) months before the succeeding election; *Provided*, That political turncoatism shall apply in any of the following instances:
 - i. Merger or coalition of political parties where a candidate is a registered member thereof;
 - ii. Abolition of political parties where a candidate is a registered member thereof;
 - iii. Expulsion in writing, of the registered member from his/her political party; and
 - iv. Resignation of any elective public official from a political party; *Provided*, That the elective public official remains independent during his term of office up to six (6) months before the succeeding election; *Provided, further*, That the basis of determining his/her party membership is the party of his/her choice appearing in the certificate of nomination from his/her party filed with the Commission.
- n) **"State Subsidy Fund"** refers to the fund for party development and campaign activities of accredited national political parties established under this Act.
- o) **"Voluntary Contributions"** refers to the contributions to candidates and/or political parties, aggrupations or coalitions, from persons, natural or juridical, allowed under existing laws.

Chapter 2 Institutionalization of Political Parties

Sec. 6. Registration as a national political party. – Any organized group of persons seeking registration as a national political party may file with the Commission a verified petition attaching thereto its constitution and by-laws platform, principles, policies and general program of government, a verified list of its national officials, members of the executive board, or its equivalent, and the head of its regional, provincial and city branches and such other relevant information as may be required by the Commission. The Commission shall, after due notice and hearing, resolve the petition with twenty (20) days from the date it is submitted for decision.

Those who are already registered as a national political party may not register anew.

Sec. 7. Definition of policy agenda and program of governance. – National political parties are mandated to adopt a clear policy agenda and program of governance consistent with their party philosophy and ideals. The members of the national political party shall endeavor to act in accordance with the defined party platform and pursue programs to fulfill party commitments.

Sec. 8. Selection of Candidates. – The selection process of candidates of national political parties shall be democratized through the adoption of a process that is fair, open and transparent, and which promote the widest possible participation of the members of the party.

Sec. 9. Limits on Voluntary Contributions. – Voluntary contributions to any national political party shall be limited to the following amounts:

- a) A contribution from any individual shall not exceed the amount of One Hundred Thousand Pesos (P100,000.00); and
- b) A juridical entity can contribute up to a maximum amount of One Million Pesos (P1,000,000.00).

Sec. 10. Changing Political Party Affiliation. – Any member of a national party who changes party affiliation after being elected on the ticket of that party shall be deemed to have committed political turncoatism.

Sec. 11. Penalties for Political Turncoatism. – The elected public officials who have committed political turncoatism shall be:

- a) Prohibited from running for any elective position in the next succeeding election immediately following the act of changing political party affiliation;
- b) Prohibited from being appointed or from holding any position in any public or government office for three (3) years after the expiration of his/her current term;
- c) Prohibited from assuming any executive or administrative position in his/her new political party; and
- d) Directed to refund any and all amounts he/she received from his/her political party, plus a twenty-five (25%) surcharge thereon.

Sec. 12. Petition for Disqualification. – Any citizen of voting age, or any candidate, political party, aggrupation or coalition, may file with the Commission, upon the filing of the certificate of candidacy and before proclamation, a petition to disqualify a candidate on the ground of political turncoatism as defined in this Act.

Sec. 13. Authorized Expenses of National Political Parties. – The amount that a national political party may spend for every election campaign shall be Eleven Pesos (P11.00) for every voter currently registered in the constituency or constituencies where it has official candidates. The Commission shall adjust the authorized expenditure as well as the authorized contributions under Section 9 based on the Consumer Price Index every three (3) years following the effectivity of this Act.

Chapter 3 **State Subsidy Fund**

Sec. 14. Establishment of a State Subsidy Fund. – There is hereby established a State Subsidy Fund, which shall be exclusive used to augment the

operating funds of the accredited national political parties. The Fund shall be used equally for two major purposes, as follows:

- a) Campaign expenditures; and
- b) Program operations and party development.

Sec. 15. Application for Subsidy. – A registered national political party, which desires to be entitled to the rights and privileges as recipient of the subsidy provided for under this Act, may apply for the subsidy with the Commission, under such rules and regulations as the Commission shall prescribe consistent with the eligibility criteria laid down under this Act.

Sec. 16. Criteria for Eligibility. – The Commission shall approve the application for subsidy of a registered national political party based on the following criteria:

- a) Political representation, which may include the number of seats gained in the national legislature in the most recent national elections;
- b) Organizational strength and mobilization capability, which may include the number of political chapters, organizations nationwide, and number of active and permanent members of the party;
- c) Performance and track record of the party, which may include the number of years of existence of the party as well as the ability of the party to field a complete slate of candidates in the past three (3) national elections; and
- d) Capability to implement developmental programs for their constituency, which may include the number of projects and programs of the national political parties related to voters' education, information campaigns on national issues, trainings and other constituency-building activities.

Sec. 17. Effects of Approval of Acceptance of State Subsidy. – A registered national political party whose application for subsidy has been approved shall be entitled to the rights and privileges accorded under this Act. Likewise, said national political party shall be subject to the regulations set forth in this Act and its implementing rules as prescribed by the Commission.

Sec. 18. Distribution of the Fund. – The total amount of subsidy released annually shall be distributed as follows:

- a) Up to 20% of the fund shall be distributed equally between the accredited dominant majority and the accredited dominant minority party: *Provided*, That the share of said party shall only be released upon actual showing that said party has raised from voluntary contributions and amount equal to its share of the subsidy;
- b) Up to 10% of the fund may be used by the Commission exclusively for information campaign, voters education and comprehensive monitoring of this Act; and
- c) The balance of 70% shall be equitably and proportionately apportioned among the registered national political parties in accordance with the eligibility criteria under Section 16 and in compliance with the party ethical and disciplinary code under Section 24 hereof.

Sec. 19. Schedule of Releases from the Fund. – For the purposes of this Act, all releases from the Fund during a non-election year shall be used exclusively for party development activities. The funds for campaign subsidy shall be released only during an election year.

The Commission shall inform the accredited national political parties of the schedule of releases as well as the amount of the subsidy allocated at the start of every fiscal year.

Sec. 20. Accounting of the Subsidy. – The accredited national political parties availing of the subsidy shall maintain a separate financial accounts for the funds used to finance campaign activities and party development, respectively.

Every accredited national political party shall submit to the Commission a detailed program of activities as well as the breakdown of expenditures drawn from the Fund by the end of December of every fiscal year.

No accredited national political party shall be allowed to use the subsidy for the purposes other than those indicated in this Act.

Sec. 21. Allowable Party Development Activities. – Due to the vital role played by the national political parties in the country's political development, and in order to promote professionalism and accountability among members of the parties, only the following party development activities shall be allowed to be funded out of the subsidy:

- a) Party administrative staff, recruitment and training of personnel, and headquarters operations;
- b) Research and policy development, including hiring of experts;
- c) Education and training of party members;
- d) Constituency outreach program, workshop and seminar; and
- e) Other reasonable logistical expenses essential to the necessary operation of the party.

Sect. 22. Allowable Campaign Expenditures. – The accredited national political parties are authorized to use the subsidy given to them only for the following campaign activities:

- a) Operating expenses of the party, which may include hiring of campaign personnel, setting up of headquarters, and other relevant electoral expenditures;
- b) Traveling and accommodation expenses of the candidates and support personnel in the course of the campaign;
- c) Information dissemination and advocacy campaigns of the political party;
- d) Production and distribution of electoral paraphernalia and other campaign materials; and
- e) Other expenditures stipulated under Section 102 of the Omnibus Election Code.

Chapter 4

Disclosures and Performance Monitoring

Sec. 23. Audit of the Fund. – The COA shall examine the financial reports of the accredited national political parties on their utilization of the Fund.

Voluntary contributions to any accredited national political party shall be accounted for separately under a different set of books of accounts, which shall be open to inspection by the COA.

Sec. 24. Party Ethics. – Accredited national political parties shall institute internal control mechanisms to promote accountability and transparency.

Accredited national political parties shall likewise develop and enforce an internal code of conduct and ethical standard for its party members to uphold the values and standards of public life, and to formulate and implement disciplinary procedures for party members: *Provided*, That said program for internal controls, ethical standards and disciplinary procedures shall all be duly filed with the Commission and made available to the public.

In addition, no accredited national political party shall sponsor and select a candidate who has been convicted of any criminal offense involving moral turpitude, electoral fraud or violence against persons.

Sec. 25. Full Disclosure. – The national officials of every registered national political party shall submit a sworn statement of their assets and liabilities to the Commission. Said documents shall be open to public inspection.

All accredited national political parties shall also be required to make a similar public disclosure of all contributions as well as expenditures from the subsidy out of the fund.

All these disclosures shall be made through the official website of the Commission and in a newspaper of general circulation.

Sec. 26. Other Reports. – The following shall be reported by the national political parties:

- a) A full report of expenditures and receipts incurred during the campaign, including those which were drawn from the Fund, if any;
- b) Detailed breakdown of expenditures of the party development activities charged against the Fund. The financial report covering the party development activities shall be submitted annually, at the end of every fiscal year. The subsidy for the succeeding year will not be released without the submission of the said report covering the preceding year.

Sec. 27. Publication and Dissemination of Annual Reports. – The COA shall, based on the audit of the various disclosure reports, publish and disseminate annual reports on the development of political parties which shall receive subsidies

and on the distribution, use and results of the campaign subsidies provided to political parties.

Sec. 28. Publication and Dissemination of the Political Party Development and Campaign Subsidy Performance Reports. – The COA shall submit to Congress said performance report not later than June 30 of every year, and shall be made available to the public via the internet and mass media as a guide for the citizenry in evaluating political parties for the purpose of participating in their program of activities, and in supporting, affiliating with, or joining them.

Chapter 5 Miscellaneous Provisions

Sec. 29. Punishable Acts. – The following acts shall be considered election offenses and be punishable:

- a) Misuse of funds received by the national political parties both from the State Subsidy Fund and from voluntary contributions;
- b) The giving of voluntary contributions which go beyond the allowable limits set under this Act and other existing laws;
- c) Inability without justifiable reason to account for all incoming contributions from whatever source;
- d) Failure to submit disclosure statements to the Commission; and
- e) False reporting or any misrepresentation in the financial statement reports.

Sec. 30. Penalties. – a) Any candidate or official of any national political party who commits any of the acts mentioned in Section 29 hereof shall be liable for an election offense, and shall be imposed the corresponding penalty prescribed under the Omnibus Election Code, without prejudice to the imposition of other penalties under other existing laws;

b) Any national political party which fails to comply with any of the documentary requirements set forth in this Act shall be subject to administrative sanctions by the Commission, which shall include temporary or permanent cancellation of the party's registration, as well as payment of fines consistent with existing laws and regulations.

Sec. 31. Appropriations. – The amount of Three Hundred Fifty Million Pesos (P350,000,000.00) is hereby appropriated out of the funds of the National Treasury not other appropriated for every fiscal year when national elections will be held and the amount of Two Hundred Fifty Million Pesos (P250,000,000.00) for every year when no national elections will be conducted. All such amounts appropriated pursuant to this Act shall go to the State Subsidy Fund, which shall be administered by the Commission.

Sec. 32. Lead Agency. – The Commission on Elections is hereby mandated as the independent regulatory agency charged with administering and enforcing the provisions of the Act.

Sec. 33. Applicability. – The provisions of Batas Pambansa Blg. 881, as amended, otherwise known as the "Omnibus Election Code of the Philippines," and other election laws not inconsistent with this Act shall apply suppletorily.

Sec. 34. Rules and Regulations. – The Commission, in consultation with the registered national political parties within one hundred twenty (120) days from approval shall promulgate the necessary rules and regulations to effectively implement the provisions of this Act.

Sec. 35. Repealing Clause. – All laws, orders, issuances, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed, modified or amended accordingly.

Sec. 36. Separability Clause. – If any part of this Act is held invalid or unconstitutional, the other parts or provisions thereof not affected thereby shall remain valid and effective.

Sec. 37. Effectivity. This Act shall take effect fifteen (15) days from its publication in at least two (2) national newspapers of general circulation.

Approved,