

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

House Bill No. **7088**



Introduced by **MAGDALO Party-List Representative**
HON. GARY C. ALEJANO

EXPLANATORY NOTE

An issue paper released by the Friedrich Ebert Stiftung aptly enumerates the inherent flaws of the country's political party system, to wit: the lack of accountability and transparency in party financing and expenditures; political turncoatism; and patronage culture of political parties based on financial contributions. In furtherance of said observations, a separate study by the same Institute warns that: "[I]f the political party system (mal-)functions in such a way, apathy, mistrust or even frustration among citizens may spread, thus endangering the gains of a democratization process. It is clear that this is a serious danger to a democratic system – making it one of the major challenges of Philippine politics today."

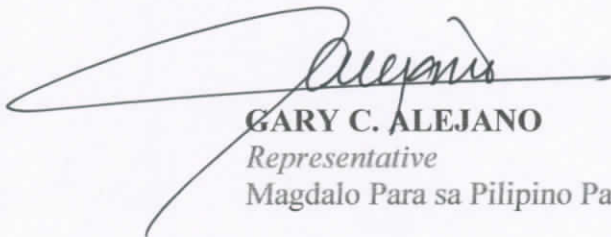
Cognizant of the aforesaid political situation, this measure seeks to enhance the quality of our democratic system by reforming our current political party system.

This bill seeks to:

- Institutionalize and strengthen political parties in the country by introducing reforms in campaign financing and providing financial subsidies to political parties to augment their expenditures for campaign;
- Provide sanctions against any member of a national political party who changes party affiliation after being nominated by the political party otherwise known as political turncoats;
- Exempt voluntary contributions from any person, subject to a certain cap, from the payment of donor's tax, and punish the giving of voluntary contributions beyond the allowable limits set by law;
- Create a State Subsidy Fund to augment the operating funds of accredited national parties.

It is hoped that the enactment of this measure shall institutionalize and strengthen political parties as vital pillars of the country's democratic system.

In view of the foregoing, passage of this measure is earnestly sought.


GARY C. ALEJANO
Representative
Magdalo Para sa Pilipino Party-List

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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 I

DECLARATION OF POLICY, PURPOSES AND COVERAGE

SECTION 1. Title. - This Act shall be known as *“The Political Party Development Act of 2018”*.

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, platform 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 part development;
- (c) Promote party loyalty and discipline; and
- (d) Encourage and support continuing voter's education and civic literacy programs through the political parties.

SEC. 4. Coverage. – This Act shall apply to political parties duly registered with and certified to as such by the Commissions on Elections (COMELEC).

SEC. 5. Definition of terms. – The following terms as used in this Act shall be defined as follows:

- (a) “*Accredited political party*” refers to a political party qualified to receive subsidy for party development and campaign purposes and accredited for this purpose by the COMELEC based on a set of criteria provided for 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 thereof, and who has filed a certificate of candidacy with the COMELEC.
- (c) “*Commission*” refers to the COMELEC.
- (d) “*Campaign contribution*” refers to any form of donation to any candidate, political party, aggrupation or coalition thereof given before, during or after the holding of elections. It includes 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, 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 also includes the use of office space, facilities, equipment, office supplies and other materials and fixtures voluntarily donated by other persons or who allowed their use for free, the monetary value of which shall be assessed based on market rates prevailing in a particular area.

- (e) “*Campaign expenditure*” refers to any type of expense incurred, regardless of source, amount and purpose, that relates, directly or indirectly, to the conduct of an electoral campaign. It includes all payments of money or anything of value, or a contract, promise or agreement to spend, for the purpose of influencing the results of the elections. It includes the use of office space and facilities personally owned by the candidate, the monetary value of which shall be assessed based on market rates prevailing in a particular area.
- (f) “*COA*” refers to the Commission on Audit.
- (g) “*Disclosure requirement*” refers to the duty of all candidates and political parties, aggrupations or coalitions thereof to reveal the details of campaign contributions received by them and the expenditures made on account thereof. For accredited political parties, it includes expenditures and disposition of party development and campaign monies given to them as their share in the State Subsidy fund established under this Act.
- (h) “*Donor*” refers to any candidate, political party, aggrupation or coalition thereof or any representative acting on their behalf or interest, to whom money, property or any other form of contributions were made.
- (i) “*Donee*” refers to any candidate, political party, aggrupation or coalition thereof or any representative acting on their behalf or interest, to whom money, property or any other form of contributions were made.
- (j) “*Fund*” refers to the State Subsidy Fund established under this Act.
- (k) “*Member of a party*” refers to a natural person of good standing in a political party who complied with the requirements of party membership, including the payment of membership dues.
- (l) “*Political party*” refers to a political party, party-list or an organized group of persons duly registered with the Commission, pursuing or advocating platform, principles and policies for the general conduct of government and which nominates and supports its members as candidates for public office.

(m) “*Political turncoatism*” refers to the change of political party affiliation by an elected official during one’s term, except within six (6) months prior to the end of the term: *Provided, That* political turncoatism shall not apply in any of the following instances:

(1) Abolition, merger or coalition of political parties where a candidate is a registered member thereof; and

(2) Expulsion of the elected official in writing from one’s political party: *Provided, That* the cause for such does not constitute political opportunism. Political opportunism includes any act of a party member constituting disloyalty to the party or regular non-adherence to the party’s ideological principles, platform and programs, as determined by the party in accordance with its constitution and bylaws.

“*State Subsidy Fund*” refers to the fund for party development and campaign activities of accredited political parties under this Act.

(n) “*Voluntary contributions*” refer to the contributions to candidates or political parties, aggrupation or coalitions thereof from persons, natural or juridical, allowed under existing laws.

CHAPTER II

INSTITUTIONALIZATION OF POLITICAL PARTIES

SEC. 6. *Registration as a Political Party.* – Any organized group of persons seeking registration as a political party may file with the Commission a verified petition attaching thereto its constitution and bylaws, 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 heads of its regional, provincial and city chapters, and such other relevant information as may be required by the Commission.

The Commission shall, after due notice and hearing, resolve the petition within ten (10) days from the date it is submitted for decision.

1 Political parties already registered as such with the Commission prior to the effectivity of
2 this Act are not required to register anew but are required to submit their intent to continue
3 participating in elections within a period of six (6) months after the enactment of this law.

4
5 **SEC. 7. Policy Agenda and Program of Governance.** – Political parties are mandated to
6 craft a clear policy agenda and program of governance consistent with their party philosophy and
7 ideals. The members of the political party shall endeavor to act in accordance with the defined
8 party platform and pursue programs to fulfill party commitments.

9
10 **SEC. 8. Membership in a Political Party.** – A person becomes a member of a political
11 party upon application duly signed, filed and accepted by the party, and upon compliance with
12 the basic membership requirements of the party, including the regular payment of membership
13 dues.

14
15 **SEC. 9. Selection of Candidates.** – The selection process for candidates of political
16 parties shall be democratized through the adoption of a process that is fair, open and transparent.

17 Every political party is mandated to formulate a system on the nomination and selection
18 of candidates, in which all party members are involved. Every political party shall submit to the
19 Commission its rules in governing the system on the nomination and selection of candidates not
20 later than one hundred eighty (180) days before the election day following the effectivity of this
21 Act.

22 Any aggrieved member of an accredited political party may file a verified complaint
23 before its Grievance and Arbitration Committee not later than ten (10) days after the party
24 convention, for violation of the rules governing the system on the nomination and selection of
25 candidates. The aggrieved party has the right to appeal to the Commission. Upon finding
26 violation of the system, the Commission shall revert the grievance to the concerned political
27 party. If the political party does not comply with the order of the Commission, the said party
28 shall be disqualified from participating in the elections.

1 Every political party shall hold conventions to nominate their official candidates not
2 earlier than sixty (60) days before the start of the campaign period and shall not submit to the
3 Commission not later than the start of the election period the names of the officials of the party
4 authorized to nominate their official candidates.

5 No political party shall nominate more candidates than the number of persons required to
6 be voted for in an elective position nor shall any candidate be allowed to accept nominations
7 from more than one (1) registered politician party, except in cases of aggrupations or coalitions
8 thereof. Nominations made in violations hereof shall be denied due course by the Commission
9 and the candidates concerned shall be considered independent candidates. The nominations of
10 candidates of political parties shall be filed not later than the last day for filing of the certificates
11 of candidacy as determined by the Commission.

12
13 **SEC. 10. Contents of Certificate of Nomination.** – The certificate of nomination shall
14 state that the person issuing the nomination is the duly authorized representative of the political
15 party as provided for in its constitution or bylaws; that the person named therein is the official
16 candidate of the party for the elective position stated; and that he has accepted the said
17 nomination. The certificate of nomination shall be subscribed under oath by the duly authorized
18 representative of the political party.

19
20 **SEC. 11. Limits on Voluntary Contributions.** – Voluntary contributions to any political
21 party shall be limited to the following maximum amounts:

22 (a) Up to One million pesos (P1,000,000.00) from a natural person and up to Ten
23 million pesos (P10,000,000.00) from a juridical person who/which allowed to make a voluntary
24 contribution under existing laws; and

25 (b) Any contribution in cash or in kind to any political party for campaign purposes,
26 duly reported to the Commission in accordance with Section 13 of Republic Act No. 7166, shall
27 be exempt from the donor's tax.

28 No foreign national or entity shall be allowed to give contributions to any political party.
29

1 **SEC. 12. *Voluntary Contributions to Party; How Made.*** – Voluntary contributions to a
2 political party shall be deposited by the contributor to the account of the party with any reputable
3 bank accredited by the Commission at any time but not later than fifteen (15) days before the day
4 of election. The accredited banks shall issue a corresponding receipt to the contributor on the
5 amount deposited, and shall submit to the Commission a statement of account of all political
6 parties in any newspaper of general circulation within five (5) days before the elections.

7
8 **SEC. 13. *Political Turncoatism.*** – Any elected official of a political party who changes
9 party affiliation, after being nominated by the party, shall be deemed to have committed political
10 turncoatism except within six months prior to elections.

11
12 **SEC. 14. *Penalties for Political Turncoatism.*** – Political turncoats shall be:

13 (a) Deemed to have forfeited their elective office, if they change their political party
14 affiliation, except within six (6) months prior to elections;

15 (b) Disqualified from running for any elective position in the succeeding election
16 immediately following the act of changing political party affiliation;

17 (c) Prohibited from being appointed or from holding any position in any public or
18 government office for three (3) years after the expiration of the current term/office;

19 (d) Prohibited from assuming any executive or administrative position in the new
20 political party; and

21 (e) Directed to refund any and all amounts received from his former political party,
22 plus a twenty-five (25%) surcharge thereon.

23
24 **SEC. 15. *Petition for Disqualification.*** – Any citizen of voting age, or any candidate,
25 political party, aggrupation or coalition thereof, may file with the Commission, within fifteen
26 (15) days from the filing of the certificate of candidacy and before proclamation, a petition to
27 disqualify a candidate on the ground of political turncoatism as defined in this Act.

SEC. 16. *Authorized Expenses of National Political Parties and Candidates.* – The amount that a political party and a candidate may spend for every election campaign shall be Twenty pesos (P20.00) for every voter currently registered in the constituency or constituencies of candidacy. The Commission shall adjust the authorized amount based on the consumer price index (CPI) every three (3) years following the effectivity of this Act.

CHAPTER III

STATE SUBSIDY FUND

SEC. 17. *Establishment of a State Subsidy Fund.* – There is hereby established a State Subsidy Fund which shall be used to augment the operating funds of the accredited national political parties. The fund shall be used directly and exclusively for the following purposes:

- (a) Party development; and
- (b) Campaign expenditures.

SEC. 18. Allowable Party Development Activities. – Due to the vital role played by the political parties in the country's political development and in order to promote professionalism and accountability among members of the parties, the following party development activities shall be allowed to be funded out of the State Subsidy Fund:

- (a) Party administration, recruitment and civic education;
- (b) Research and policy development;
- (c) Education and training of members;
- (d) Institution building and constituent outreach program; and
- (e) Other reasonable logistical and operational expenses that are essential in strengthening the party.

SEC. 19. Allowable Campaign Expenditures. – The accredited authorized 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 the hiring of personnel, professional secretariat, setting up of headquarters and other relevant electoral expenditures;

(b) Travelling expenses of the candidates and support personnel in the course of the campaigns, and for personal expenses incident thereto;

(c) Information dissemination and advocacy campaigns of the political party;

(d) Production and distribution of electoral paraphernalia and other propaganda materials; and

(e) Other expenditures as allowed under Section 102 on Lawful Expenditures of the Omnibus Election Code.

SEC. 20. Accreditation. – A political party eligible in accordance with Section 21 hereof, and which desires to be entitled to the rights and privileges as recipients of the subsidy provided for under this Act, may apply for accreditation by the Commission, under such rules and regulations as the Commission shall prescribe consistent with the provisions of this Act.

SEC. 21. Criteria for Eligibility. – The Commission shall accredit political parties eligible to receive subsidy from the State Subsidy Fund based on the following general criteria:

(a) Political representation, consisting of the incumbent President, Vice President, Members of Congress, Governors and City Mayors;

(b) Organizational strength and mobilization capability, which may include the number of political chapters, organizations nationwide and number of permanent members of the party paying their dues; and

(c) Performance and track record of the party, which may include its performance in the past elections and its ability to field candidates in the coming elections.

SEC. 22. Effects of Accreditation. – A duly accredited political party shall be entitled to the rights and privileges accorded under this Act. Likewise, the accredited national political party shall be subject to the regulations set forth in this Act and its implementing rules as prescribed by the Commission.

1 **SEC. 23. *Distribution of the Fund.*** – The total amount of the State Subsidy Fund
2 released annually shall be distributed as follows:

3 (a) Five percent (5%) of the fund shall accrue to the Commission, to be used
4 exclusively for monitoring purposes and the conduct of information dissemination campaigns
5 and voter's education;

6 (b) Thirty percent (30%) of the fund shall be proportionately and ratably distributed
7 to accredited political parties represented in the Senate based on the number of seats obtained in
8 the most recent general elections; and

9 (c) Sixty-five (65%) percent of the fund shall be proportionately and ratably
10 distributed to accredited political parties represented in the House of Representatives based on
11 the number of seats obtained in the most recent general elections.

12 The share of each of the accredited political parties in the State Subsidy Fund shall be
13 released only upon proof that the concerned party has raised an amount equal to its share in the
14 fund from membership dues and voluntary contributions: *Provided*, That the party concerned
15 that fails to raise an amount equal to its share in the fund shall only receive an amount equal to
16 the amount raised from membership dues and voluntary contributions: *Provide further*, That the
17 balance, if any, from the share in the fund of the party concerned shall be forfeited and reverted
18 to the general fund of the government.

19
20 **SEC. 24. *Schedule of Releases from the Fund.*** – For purposes of this Act, all releases
21 from the State Subsidy Fund during a nonelection year shall be used exclusively for party
22 development activities. Funds released during an election year shall be divided as follows:
23 seventy-five percent (75%) shall be used for campaign expenditures, and twenty-five percent
24 (25%) for party development activities. The Commission shall inform the accredited political
25 parties of the schedule of releases as well as the amount of the subsidy allocated at the start of
26 every fiscal year.

SEC. 25. *Management of the Subsidy.* – The accredited political parties availing of the subsidy shall maintain a separate financial account for the funds used to finance campaign activities and party development, respectively.

Every accredited 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 political party shall be allowed to use the subsidy for purposes other than those indicated in this Act.

CHAPTER IV

DISCLOSURE AND PERFORMANCE MONITORING

SEC.26. *Audit of the State Subsidy Fund.* – The COA shall examine the financial reports of the accredited political parties on their use of the State Subsidy Fund. Membership dues and voluntary contributions to any accredited 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. 27. *Party Ethics.* – Accredited political parties shall institute internal control mechanisms to promote accountability and transparency. Accredited political parties shall likewise develop and enforce an internal code of conduct and ethical standards of its party members to uphold the values and standards of public life, and to formulate and implement disciplinary procedures for party members: *Provided*, That the said program for internal controls, ethical standards and disciplinary procedures shall be duly submitted to the Commission and made available to the public. No political party shall select and nominate a candidate who has been convicted by final judgment for any criminal offense.

SEC. 28. *Full Disclosure.* – The officials of every accredited political party shall submit a sworn statement of their assets and liabilities to the Commission which shall be made available to the public at least six (6) months before elections, All accredited political parties and their candidates shall also be required to submit with the Commission and make a public disclosure of all contributions as well as expenditures incurred for the use of State Subsidy fund thirty (30)

1 days after the elections. All these disclosures shall be made through the official website of the
2 Commission and published in a newspaper of general circulation.

3
4 **SEC. 29. *Other Reports.*** – The following shall be reported by the accredited political
5 parties and their candidates:

6 (j) The amount of contributions for the elections, the date of receipt by the bank or
7 by the duly authorized representative of the party and the full name and exact address of the
8 person, whether natural or juridical, from whom the contribution was received;

9 (b) A full report of expenditures and receipts incurred during the campaign, including
10 those which were drawn from the State Subsidy Fund, if any;

11 (c) Post-election disclosure statements as required under existing laws, which must
12 be submitted to the Commission within thirty (30) days after election day. Late submission shall
13 be penalized with a fine in such amounts as may be determined by the Commission; and

14 (d) Detailed breakdown of expenditures for the party development activities shall be
15 submitted annually, at the end of every fiscal year. The subsidy for the succeeding year will not
16 be released without the submission of the said report covering the preceding year.

17
18 **SEC. 30. *Failure to Comply with Disclosure and Reporting Requirements.*** - Failure of
19 the accredited political party to comply with the provisions of this Act will result in its
20 disqualification from receiving its share in the State Subsidy Fund. The said unused funds shall
21 revert to the General Fund of the National Treasury, and all the rights and privileges to which the
22 party would have been entitled under this Act shall be forfeited.

23 **SEC. 31. *Performance Monitoring and Reporting System.*** - The Commission and the
24 COA shall jointly design and implement, in consultation with political parties, aggrupations or
25 coalitions thereof, accredited citizens' arms, the private sector and nongovernmental
26 organizations, and other government agencies, an integrated political party development and
27 campaign subsidy performance monitoring and reporting system. The performance and

1 monitoring system shall identify, define and operationalize a system of performance indicators
2 and measures for party development and campaign subsidy deployment.

3 The Commission and the COA shall, based on the results of the system, publish and
4 disseminate annual reports on the development of political parties that have received subsidies
5 and on the distribution, use and results of the campaign subsidies provided to political parties.
6

7 **SEC. 32. *Publication and Dissemination of the Political Party Development and***
8 ***Campaign Subsidy Performance Reports*** - The political party development and campaign
9 subsidy performance reports shall be submitted to both the Senate and the House of
10 Representatives of the Congress of the Philippines not later than June 30 of every year, and shall
11 be made available to the public via the internet and mass media as a guide for the citizenry in
12 evaluating political parties for the purpose of participating in their program of activities, and in
13 supporting, affiliating with, or joining them.
14

15 CHAPTER V

16 MISCELLANEOUS PROVISIONS

17 **SEC. 33. *Punishable Acts.*** - The following acts shall be punishable:

18 (a) Misuse of funds received by political parties, both from the State Subsidy Fund
19 and from voluntary contributions;

20 (b) Giving of voluntary contributions that goes beyond the allowable limits set under
21 this Act and other existing laws;

22 (c) Inability to account for all incoming contributions from whatever source;

23 (d) Failure to submit pre-election as well as post-election disclosure statements to the
24 Commission; and

25 (e) False reporting or any misrepresentation in the financial statement reports.
26

27 **SEC. 34. *Penalties.*** -

28 (a) Any candidate or official of any political party who violates any provision of this
29 Act shall be punished with imprisonment of not less than six (6) years but not more than twelve

1 (12) years or a fine ranging from One hundred thousand pesos (P100,000.00) to Five hundred
2 thousand pesos (P500,000.00), or both, at the discretion of the court. He shall likewise be
3 disqualified to hold public office. Any political party that violates any provision of this Act shall
4 pay a fine of not less than Five hundred thousand pesos (P500, 000.00) but not more than Five
5 million pesos (P5, 000,000.00).

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

10 **SEC. 35. Appropriations.** - The amount necessary for the implementation of the
11 provisions of this Act shall be included in the annual General Appropriations Act.

12
13 **SEC. 36. Lead Agency.** - The Commission is hereby mandated as the independent
14 regulatory agency charged with administering and enforcing the provisions of this Act.

15
16 **SEC. 37. Applicability** - The provisions of Batas Pambansa BIg. 881, as amended,
17 otherwise known as the "*Omnibus Election Code of the Philippines*", and other election laws not
18 inconsistent with this Act shall apply suppletorily.

19
20 **SEC. 38. Rules and Regulations.** - The Commission shall promulgate the necessary rules
21 and regulations to effectively implement the provisions of this Act.

22
23 **SEC. 39. Separability Clause.** - If any part of this Act is held invalid or unconstitutional,
24 the other parts or provisions hereof which are not affected thereby shall remain valid and
25 effective.

26
27 **SEC. 40. Repealing Clause.** -- All laws, orders, issuances, rules and regulations or parts
28 thereof inconsistent with the provisions of this Act are hereby repealed, modified or amended
29 accordingly.

1
2 **SEC. 41. *Effectivity Clause.*** - This Act shall take effect fifteen (15) days after its
3 publication in at least two (2) national newspapers of general circulation.

Approved,