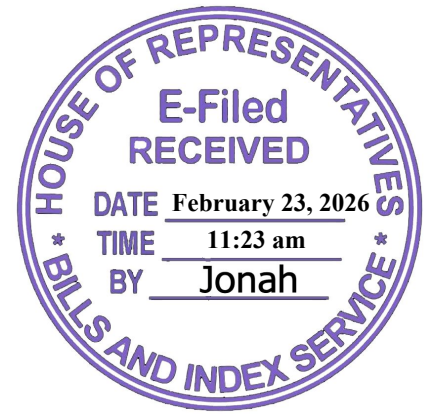


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **7914**



Introduced by Representatives
LEILA M. DE LIMA
ADRIAN MICHAEL A. AMATONG
ARLENE "KAKA" J. BAG-AO
JAIME R. FRESNEDI
CIELO KRISEL B. LAGMAN
ALFONSO V. UMALI, JR.

AN ACT
STRENGTHENING THE POLITICAL PARTY SYSTEM OF THE PHILIPPINES,
CREATING THE STATE SUBSIDY FUND FOR POLITICAL PARTIES, AND FOR
OTHER PURPOSES

EXPLANATORY NOTE

Political parties are the cornerstone of a functioning and robust democracy, yet in the Philippines, they have long remained among its weakest and least institutionalized actors.

A political party is an organized group committed to the promotion and defense of a defined set of political ideals in government. Political parties play a crucial role in a democratic system. They aggregate diverse and competing citizen interests into coherent policy platforms through negotiation and compromise, allowing voters to make informed choices among alternative governance agenda. By structuring electoral competition around programs rather than isolated preferences, parties enable collective political participation, accountability, and meaningful influence over public policy. They formulate and refine policy proposals, mobilize and integrate citizens into the political process, and recruit, train, and support leaders for public office¹.

¹ Bulmer, W. E & Choudhry, S. (2025) Political Parties: Constitutional Roles, Recognition, Rights and Regulations. Retrieved from: <https://www.idea.int/publications/catalogue/html/political-parties-constitutional-roles-recognition-rights-and>

In the Philippines, however, political parties have historically fallen short of this ideal. Rather than being programmatic and ideology-driven formations, they have largely evolved into patronage-based, personality-oriented organizations, often utilized merely as convenient vehicles to mount electoral campaigns during election periods.² The political party landscape in the Philippines has remained weakly institutionalized, characterized by persistent intra-party factionalism that reflects structural fragmentation rather than coherent ideological alignment.³ Empirical studies indicate that factional splits and multi-factional competition have been enduring features across different eras of Philippine party politics, contributing to instability and low levels of party institutionalization.⁴

Another manifestation of this institutional instability is the prevalence of so-called “political butterflies” or turncoats, politicians who frequently switch party affiliations with little to no regard for ideology or party programs. Empirical studies show that major parties such as the Liberal Party (LP), Lakas-Christian Muslim Democrats (CMD), and Partido Demokratiko Pilipino-Lakas ng Bayan (PDP-Laban) experience sharp membership shifts tied to the political fortunes of their leaders, particularly the incumbent President. This bandwagoning behavior weakens checks and balances, concentrates power within the ruling party, and undermines democratic accountability.⁵ Political opportunism and turncoatism should never be encouraged, much less tolerated, as they sully the values of honor, integrity, and accountability essential to public service.

Despite numerous attempts throughout the country’s history to reform the orientation and behavior of political parties, these initiatives have failed to produce transformative and sustained change. A principal reason for this failure is the absence of a comprehensive and institutionalized legal framework to govern, regulate, and support the Philippine political party system. Without such framework, political parties remain structurally weak, excessively dependent on private financing, and vulnerable to undue influence and corruption.

Thus, this proposed measure.

This bill seeks to address these systemic deficiencies by introducing comprehensive reforms to the political party system. It establishes clear standards for the registration and accreditation of national political parties, mandates internal democracy and ethical governance, and institutionalizes transparent, encouragement of establishing political think-tanks, merit-based processes for the nomination and selection of candidates. It likewise introduces firm measures to discourage political

² Hutchcroft, P. D., & Rocamora, J. (2012). Patronage-based parties and the democratic deficit in the Philippines: Origins, evolution, and the imperatives of reform. In *Routledge Handbook of Southeast Asian Politics* (pp. 97-119). Taylor and Francis. <https://doi.org/10.4324/9780203155011-16>

³ Teehankee, J.C (11 May 2020). *Factional Dynamics in Philippine Party Politics, 1900–2019*. Retrieved from: <https://doi.org/10.1177/186810342091340>

⁴ *ibid*

⁵ Mangulabnan, J (17 April 2024). *Planting Roots in Shifting Sands: Weak Parties and the Quest for Democratic Consolidation in the Philippines*. Retrieved from: <https://democratic-erosion.org/2024/04/17/planting-roots-in-shifting-sands-weak-parties-and-the-quest-for-democratic-consolidation-in-the-philippines/>

turncoatism and promote party loyalty, discipline, and adherence to party ideology and platforms.

Central to this measure is the creation of a State Subsidy Fund to augment the operating budgets of qualified and accredited national political parties. Moreover, this bill integrates robust reporting, auditing, and performance monitoring requirements to ensure accountability in the use of public funds.

Ultimately, this proposed measure seeks to professionalize political parties and transform them into stable, programmatic, and accountable institutions that serve as genuine instruments of development and good governance. By strengthening political parties as pillars of democracy, this measure advances constitutional principles of transparency, accountability, and meaningful political participation, and reinforces public trust in the political and electoral process.

A similar measure seeking to strengthen political parties and address political turncoatism was filed by this Representation in the 18th Congress as Senate Bill No. 620. In the 20th Congress, similar bills were filed by Representatives Gloria Macapagal Arroyo, Edgar Erice, and Raymond Adrian Salceda.

Early approval of this important measure is urged.



LEILA M. DE LIMA

Representative
Mamamayang Liberal (ML)



ADRIAN MICHAEL A. AMATONG
Representative
3rd District, Zamboanga del Norte



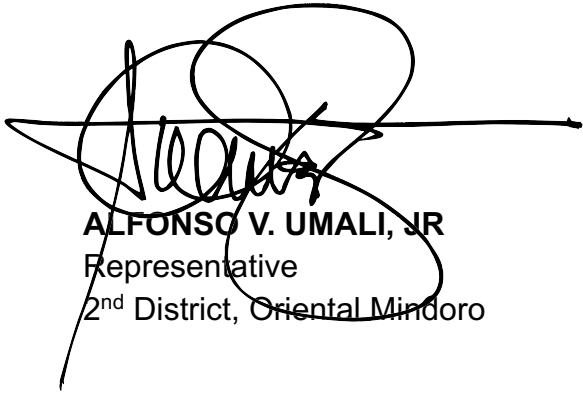
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Republic of the Philippines
HOUSE OF REPRESENTATIVES
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TWENTIETH CONGRESS
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HOUSE BILL NO. **7914**

Introduced by Representatives
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AN ACT
STRENGTHENING THE POLITICAL PARTY SYSTEM OF THE PHILIPPINES,
CREATING THE STATE SUBSIDY FUND FOR POLITICAL PARTIES, AND FOR
OTHER PURPOSES

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

1 SECTION. 1. *Short Title.* – This Act shall be known as the “Political Party
2 System Reform Act.”
3

4 SEC. 2. *Declaration of Policy.* – It is hereby declared a policy of the State to
5 institutionalize and strengthen political parties as pillars of the country’s democratic
6 system. Toward this end, the State shall:
7

- 8 a) Institute reforms in campaign financing to promote accountability and
9 transparency and reduce opportunities for graft and corruption;
10 b) Foster the development of strong political parties through financial
11 subsidies for party development and campaign expenditures;
12 c) Promote party loyalty, discipline, and adherence to ideological
13 principles, platforms, and programs;
14 d) Institute measures to professionalize political parties and make them
15 viable instruments of development, good governance, and accountable

- 1 public service, and democratic maturity characterized by an
2 ideologically-based political culture to counter political patronage; and
3 e) Encourage and support continuing voters' education through the political
4 parties.
5

6 SEC. 3. *Definition of Terms.* – As used in this Act, the following terms shall
7 mean:

- 8 a) *Accredited National Political Party* – refers to a national political party
9 qualified to receive subsidy for party development and campaign
10 purposes, and accredited for this purpose by the Commission on
11 Elections (COMELEC) based on the criteria provided under this Act.
12
13 b) *Candidate* – refers to any person aspiring for or seeking an elective
14 public office, who by themselves or duly nominated by an accredited
15 political party, aggroupment, or coalition of parties, has filed a certificate
16 of candidacy with the COMELEC.
17
18 c) *Campaign Contribution* – refers to any form of donation to any
19 candidate, political party, aggrupation, or coalition thereof. It includes
20 any gift, donation subscription, loan, advance or deposit of money, or
21 anything of value, or those arising from contract, pledge, or agreement
22 to contribute, made for the purpose of influencing the results of the
23 elections, but shall not include services rendered without compensation
24 by individuals volunteering a portion or all of their time in behalf of a
25 candidate or political party. It also includes the use of office space,
26 facilities, equipment, office supplies, and other materials and fixtures
27 voluntarily donated by other persons, or allowed their use for free, the
28 monetary value of which shall be assessed based on market rates
29 prevailing in a particular area.
30
31 d) *Campaign Expenditure* – refers to any type of expense incurred,
32 regardless of source, amount, and purpose, that relates, directly or
33 indirectly, to the conduct of an electoral campaign. It includes all
34 payments of money or anything of value, or a contract, promise, or
35 agreement to spend, for the purpose of influencing the results of the
36 election. It includes the use of office space and facilities personally
37 owned by the candidate, the monetary value of the use of which shall
38 be assessed based on the market rates prevailing in a particular area.
39
40 e) *Coalition Agreement* – refers to an agreement between different political
41 parties who are cooperating to achieve a particular aim.
42
43 f) *Disclosure Requirement* – refers to the duty of all candidates and
44 political parties, aggroupment, or coalitions thereof to reveal the details

1 of campaign contributions received by them, and the expenditures
2 made on account thereof. For accredited national political parties, it
3 includes expenditures and destinations of party development and
4 campaign monies given to them as their share in the State Subsidy
5 Fund established under this Act.

6
7 g) *COMELEC* – refers to the Commission on Elections.

8
9 h) *Donor* – refers to any person not prohibited by law to contribute or
10 donate money, property, or any form of material contribution to a
11 candidate, political party, aggroupment, or coalition thereof.

12
13 i) *Donee* – refers to any political party duly accredited with the COMELEC
14 or any authorized representative acting in behalf of, or in the interest of
15 the party to whom money, property, or any other form of contribution is
16 made.

17
18 j) *Person* – includes an individual, partnership, committee, association,
19 corporation, and any other organization or group of persons.

20
21 k) *National Political Party* – refers to a political party duly registered with
22 the COMELEC, whose constituency is effectively spread across a
23 geographical territory of all or a majority of the administrative regions of
24 the Philippines, pursuing or advocating a particular ideology, platform of
25 government, values, principles, and policies for the general conduct of
26 government and which, as the most immediate means of securing their
27 adoption and implementation, regularly nominates and supports its
28 members as candidates for public office.

29
30 l) *Political Opportunism* – refers to any act of a party member constituting
31 disloyalty to the party, or regular non-adherence to the party's
32 ideological principles, platforms, policies, and programs, as determined
33 by the party in accordance with its constitution and by-laws.

34
35 m) *Political Turncoatism* – refers to the change of political party affiliation
36 by any candidate, whether or not elected, within one (1) year prior to the
37 next election and within one (1) year after the immediately preceding
38 election. Political turncoatism shall not apply in any of the following
39 instances:

- 40 1) Change in party affiliation before the effectivity of this Act;
41 2) Abolition, merger, or coalition of political parties where a
42 candidate is a registered member thereof;

1 3) Expulsion in writing of a registered member from the political
2 party: *Provided*, That the cause for such does not constitute
3 political opportunism.
4

5 n) *State Subsidy Fund* – refers to the fund established under this Act for
6 party development and campaign activities of national political parties
7 duly accredited by the COMELEC.
8

9 **NATIONAL POLITICAL PARTY / CANDIDATES**

10

11 SEC. 4. *Registration as a National Political Party.* – Any organized group of
12 persons seeking registration as a national political party may file with the COMELEC
13 a verified petition, attaching thereto its constitution and by-laws, platform, principles,
14 policies, and general program of government, a verified list of its national officials,
15 members of the executive board, or its equivalent, and the heads of its regional,
16 provincial, and city chapters, annual statement of accounts, and such other relevant
17 information as may be required by the COMELEC.
18

19 The COMELEC shall, after due notice and hearing, resolve the petition within
20 ten (10) days from the date it is submitted for decision. National Political Parties
21 already registered as such with the COMELEC prior to the effectivity of this Act are
22 not required to register anew, but are required to submit their intent to continue
23 participating in elections within a period of six (6) months after the effectivity of this
24 Act.
25

26 SEC. 5. *Policy Agenda and Program of Governance.* – National Political Parties
27 are mandated to craft a clear policy agenda and program of governance consistent
28 with their party philosophy and ideals. The members of the National Political Party
29 shall endeavor to act in accordance with the defined party platform and pursue
30 programs to fulfill party commitments.
31

32 SEC. 6. *Party Ethics.* – Accredited National Political Parties, as provided for in
33 Section 21 of this Act, shall institute internal control mechanisms to promote
34 accountability and transparency within the party. Accredited National Political Parties
35 shall likewise develop and enforce an internal code of conduct and ethical standards
36 that will guide party members in upholding the values and standards of public life, and
37 toward this end shall formulate and implement disciplinary procedures for party
38 members: *Provided*, That said program for internal controls, ethical standards, and
39 disciplinary procedures shall be duly submitted to the COMELEC and made available
40 to the public.
41

42 SEC. 7. *Selection of Candidates.* – The selection process for candidates of
43 National Political Parties shall be democratized through the adoption of a process that
44 is fair, open, and transparent, and which promotes optimal participation from the

1 members of the party. Toward this end, every National Political Party is mandated to
2 formulate and adopt a merit system for nomination and selection of candidates who
3 must be members of the party. Every National Political Party shall submit to the
4 COMELEC its rules governing the merit system on nomination and selection of
5 candidates not later than one hundred and eighty (180) days before the election day
6 following the effectivity of this Act.

7
8 Any aggrieved member of an accredited National Political Party may file a
9 verified complaint with its Grievance and Arbitration Committee, not later than ten (10)
10 days after the party convention, for violation of the rules governing the merit system
11 on the nomination and selection of candidates. Every National Political Party shall hold
12 conventions or meetings to nominate their official candidates not earlier than fifteen
13 (15) days before the start of the election period and shall submit to the COMELEC not
14 later than the start of the election period the names of the officials of the party
15 authorized to nominate their official candidates.

16
17 No political party shall nominate more candidates than the number of persons
18 required to be voted for in an elective position, nor shall any candidate be allowed to
19 accept nominations from more than one registered political party, except in cases of
20 aggrupation or coalitions thereof. Nominations made in violation hereof shall be denied
21 due course by the COMELEC, and the candidates concerned shall be considered
22 independent candidates. The nominations of candidates of political parties shall be
23 filed not later than the last day for filing of the certificates of candidacy as determined
24 by the COMELEC.

25
26 SEC. 8. *Certificate of Nomination and Acceptance.* – The certificate of
27 nomination and acceptance shall state that the person issuing the nomination is the
28 duly authorized representative of the political party as provided for in its constitution
29 and by-laws, that the person named therein is the official candidate of the party for the
30 elective position stated, and that they have accepted said nomination. The certificate
31 of nomination and acceptance shall be subscribed under oath by the duly authorized
32 representative of the political party.

33 34 **POLITICAL TURNCOATISM**

35
36 SEC. 9. *Changing Political Party Affiliation.* – Any member of a National Political
37 Party who changes party affiliation after being nominated by the party shall be deemed
38 to have committed Political Turncoatism.

39
40 SEC. 10. *Penalties for Political Turncoatism.* – Political Turncoats shall be:

- 41
42 a) Deemed to have forfeited their elective office if they change their
43 political party affiliation within one (1) year prior to the next election or
44 within one (1) year after the immediately preceding election;

- b) Prohibited from being appointed or from holding any position in any public or government office for three (3) years after the expiration of the current term or office;
- c) Prohibited from assuming any executive or administrative position in the new political party; and
- d) Directed to refund any and all amounts from the political party which were received by, or utilized for the beneficial use of the political turncoat, plus a fifty percent (50%) surcharge thereon.

SEC. 11. *Petition for Disqualification.* – Any citizen of voting age, or any candidate, political party, aggroupment, or coalition thereof, may file with the COMELEC, upon the filing of the certificate of candidacy and before proclamation, a verified petition to disqualify a candidate on the ground of political turncoatism as defined in this Act.

SEC. 12. *Disqualification of National Political Party.* – Any National Political Party that accommodates a political turncoat in its fold shall result in its immediate disqualification from availing of the benefits of the State Subsidy Fund. Such disqualification shall continue until such time that the political turncoat shall be removed from the party after providing the COMELEC with facts to the contrary.

VOLUNTARY CONTRIBUTIONS AND AUTHORIZED EXPENSES

SEC. 13. *Voluntary Contributions; Who May Contribute.* – Persons not prohibited by law may contribute to any National Political Party.

SEC. 14. *Limits and Prohibitions on Voluntary Contribution.* – Contributions to any National Political Party shall be limited to up to Ten Million Pesos (P10,000,000.00) from a natural person allowed to make contributions under existing laws.

Any contribution, in cash or in kind, to any National Political Party for campaign purposes, duly reported to the COMELEC in accordance with Section 13 of Republic Act No. 7166, shall be exempt from donor's tax.

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

The following natural and juridical persons shall also be prohibited from giving contributions to any political party:

- a) Any person who holds contracts or sub-contracts to supply the government or any of its units, subdivisions, or instrumentalities,

1 including government-owned or controlled corporations (GOCCs) with
2 goods or services or to perform construction or other works;

3 b) Any person who serves as a partner, director, officer, member, or
4 stockholder of any corporation, partnership, or entity that holds any such
5 contract or sub-contract as in the immediately preceding paragraph; or

6 c) Any person who possesses any beneficial ownership, pecuniary
7 interest, or financial stake in any such contract or sub-contract in the
8 preceding paragraphs or in any partnership, corporation, or entity
9 holding such contract or sub-contract:

10 *Provided*, that non-stock, non-profit corporations are excluded from this
11 prohibition.

12
13 SEC. 15. *Voluntary Contributions to Party; How Made; Reportorial*
14 *Requirement.* – Contributions to a political party shall be deposited by the contributor
15 to the account of the party with any reputable bank accredited by the COMELEC. The
16 accredited banks shall issue a corresponding receipt to the contributor on the amount
17 deposited, and shall submit to the COMELEC, annually and within six (6) months prior
18 to the campaign period, a statement of account of every political party with deposits.
19 The COMELEC shall cause the publication of the account of all political parties in any
20 newspaper of general circulation within five (5) days before the elections.

21
22 SEC. 16. *Authorized Expenses of National Political Parties.* – The amount that
23 a National Political Party may spend for every election campaign shall be Thirty Pesos
24 (P30.00) for every voter currently registered in the constituency or constituencies
25 where it has an official candidate.

26 27 **STATE SUBSIDY FUND**

28
29 SEC. 17. *Establishment of a State Subsidy Fund.* – There is hereby established
30 a State Subsidy Fund, hereafter referred to as the Fund, which shall be used to
31 augment the operating funds of Accredited National Political Parties. The funds shall
32 be used directly and exclusively for party development and campaign expenditures.

33
34 SEC. 18. *Allowable Party Development Activities.* – Due to the vital role played
35 by the National Political Parties in the country's political development, and in order to
36 promote professionalism and accountability among members of the parties, the
37 following party development activities shall be allowed to be funded out of the Fund:

- 38
39 a) Party administration, recruitment, and civic education;
40 b) Research and policy development, including the establishment and
41 maintenance of a party think tank and/or research institute;
42 c) Education and training of members;
43 d) Institution building and constituent outreach program;
44 e) Chapter building, expansion, and alliance work; and

- 1 f) Other reasonable logistical and operational expenses that are essential
2 in strengthening the party.
3

4 SEC. 19. *Allowable Campaign Expenditures.* – The Accredited National
5 Political Parties are authorized to use the subsidy given to them, only for the following
6 campaign activities:
7

- 8 a) Operating expenses of the party, which may include hiring of personnel,
9 including technical and administrative staff, professional secretariat,
10 setting up of national headquarters, including regional or local ones if
11 necessary, setting up a party think tank, and other relevant electoral
12 expenditures;
13 b) Traveling expenses of the candidates and support personnel in the
14 course of the campaign, as well as incidental expenses;
15 c) Information dissemination and advocacy campaigns of the political
16 party;
17 d) Production and distribution of electoral paraphernalia and other
18 propaganda materials; and
19 e) Other expenditures authorized under Section 102 of the Omnibus
20 Election Code.
21

22 SEC. 20. *Exemption.* – The National Political Parties shall be exempt from the
23 coverage of Republic Act No. 12009, otherwise known as the New Government
24 Procurement Act, in their use of monies from the Fund. In lieu thereof, the Commission
25 on Audit (COA) and the Department of Budget and Management (DBM), in
26 consultation with the COMELEC and the Accredited National Political Parties, are
27 hereby mandated to set up an alternative mechanism that shall govern the use of
28 funds by the National Political Parties.
29

30 SEC. 21. *Accreditation.* – A National Political Party eligible in accordance with
31 Section 22 hereof, and which seeks to avail of the rights and privileges as a recipient
32 of the subsidy provided for under this Act, may apply for accreditation by the
33 COMELEC, under such rules and regulations as the COMELEC shall prescribe
34 consistent with the provisions of this Act.
35

36 SEC. 22. *Criteria for Eligibility.* – COMELEC shall accredit National Political
37 Parties eligible to receive subsidy from the Fund, based on the following general
38 criteria:
39

- 40 a) Submission of constitution and by-laws as a National Political Party
41 seeking registration; platform or program of government; list of all its
42 officers and members (national, regional, provincial, city/municipal);
43 Articles of Incorporation, By-Laws, and Certificate of Registration issued
44 by the Securities and Exchange Commission (SEC), if registered
therewith;

- 1 b) Political representation, consisting of the incumbent president, vice
2 president, members of Congress, governors, vice-governors, members
3 of *sangguniang panlalawigan*, city mayors, city vice-mayors, members
4 of *sangguniang panlungsod*, municipal mayors, municipal vice-mayors,
5 and members of *sangguniang bayan*;
- 6 c) Organizational strength and mobilization capability, which may include
7 the identifiable political organizations and strengths as evidenced by
8 their organized chapters; the number of political chapters and
9 organizations nationwide; the number of active and permanent
10 members of the party; and the number of incumbent elective officials
11 belonging to them ninety (90) days before the date of elections; sworn
12 statement as a political party of its existence in the areas where the
13 organization is claiming representation;
- 14 d) Performance and track record of the party, taking into account, among
15 other things, the number of years of existence of the party, their showing
16 in the past elections as well as the ability of the party to field a slate of
17 candidates from the municipal level to the position of senator in the
18 immediately preceding national elections;
- 19 e) Coalition agreement, if any, and the detailed list of affiliates comprising
20 the coalition, including the signed coalition agreement;
- 21 f) Membership and participation of women in the national political party;
22 and
- 23 g) Other information required by the COMELEC.
- 24

25 SEC. 23. *Effects of Accreditation.* – An accredited National Political Party shall
26 be entitled to the rights and privileges accorded under this Act. Likewise, the
27 accredited National Political Party shall be subject to the regulations set forth in this
28 Act and its implementing rules and regulations as prescribed by the COMELEC.

29

30 SEC. 24. *Distribution of the Fund.* – The total amount of State Subsidy Fund
31 released annually shall be distributed, as follows:

32

- 33 a) Ten percent (10%) of the Fund shall accrue to the COMELEC, to be
34 used exclusively for monitoring purposes and the conduct of information
35 dissemination campaigns and voters' education.
- 36 b) Thirty percent (30%) of the Fund shall be proportionately distributed to
37 accredited National Political Parties represented in the Senate based
38 on the number of seats obtained in the most recent general elections.
- 39 c) Thirty percent (30%) of the Fund shall be proportionately distributed to
40 accredited National Political Parties represented in the House of
41 Representatives based on the number of seats obtained in the most
42 recent general elections.
- 43 d) Thirty percent (30%) of the Fund shall be proportionately distributed to
44 accredited National Political Parties based on the number of seats

1 obtained in local elective positions for governor, *sangguniang*
2 *panlalawigan*, city mayor, city vice-mayor, *sangguniang panlungsod*,
3 municipal mayor, municipal vice-mayor, and *sangguniang bayan* in the
4 most recent general elections.
5

6 *Provided*, That notwithstanding the above percentages of fund allocation, all
7 National Political Parties shall, upon accreditation by the COMELEC, be automatically
8 entitled to subsidy from the Fund, the total amount for all the accredited parties of
9 which shall be determined by the COMELEC: *Provided further*, That the COMELEC
10 shall determine whether accredited National Political Parties shall continue to be
11 entitled to subsidy based on their performance in the next general elections following
12 their accreditation by the COMELEC: *Provided finally*, That the accredited National
13 Political Parties shall submit to the COMELEC the requirements of eligibility under
14 Section 22 of this Act immediately after each general election to assist the COMELEC
15 in determining their qualifications as recipients of the Fund.
16

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

25 SEC. 26. *Management of the Subsidy.* – The accredited National Political
26 Parties availing of the subsidy shall maintain separate financial accounts for the funds
27 used to finance campaign activities and party development, respectively.
28

29 SEC. 27. *Audit of the Fund.* – The Commission on Audit (COA) shall examine
30 the financial reports of the accredited National Political Parties on their use of the Fund.
31 Campaign contributions to any accredited National Political Party shall be accounted
32 for separately under a different set of books of accounts, which shall be open to
33 inspection by the COA.
34

35 SEC. 28. *Full Disclosure.* – The officials of every accredited National Political
36 Party shall submit a sworn statement of their assets and liabilities to the COMELEC,
37 which shall be made available to the public at least six (6) months before the election.
38 All accredited National Political Parties and their candidates shall also be required to
39 make a public disclosure of all contributions as well as expenditures incurred for the
40 use of the Fund.
41

42 The disclosures shall be made through the official website of the COMELEC
43 and in a newspaper of general circulation within thirty (30) days after the election.
44

1 SEC. 29. *Other Reports.* – The following shall be reported by the accredited
2 National Political Parties and their candidates:

- 3
- 4 a) The amount of campaign contribution, the date of receipt by the bank,
5 and the full name and exact address of the person from whom the
6 contribution was received;
- 7 b) A full report of expenditures and receipts incurred during the campaign,
8 including those which were drawn from the Fund, if any;
- 9 c) Post-election disclosure statements as required under existing laws
10 must be submitted to the COMELEC within thirty (30) days after election
11 day. Submission made after the deadline provided by law will be subject
12 to a fine in such amount as may be determined by the COMELEC; and
- 13 d) Detailed breakdown of expenditures for the party development activities
14 charged against the Fund. The financial report covering the party
15 development activities shall be submitted annually at the end of every
16 fiscal year. The subsidy for the succeeding year shall not be released
17 without the submission of the said report covering the preceding year.
- 18

19 These reports are required of every accredited National Political Party and its
20 candidates, regardless of the results of the elections.

21

22 SEC. 30. *Failure to Comply with Disclosure and Reporting Requirements.* –
23 Failure of the Accredited National Political Party to comply with the provisions of this
24 Act shall result in its disqualification from receiving its share in the Fund, which shall
25 revert to the general funds of the Government, and forfeiture of all the rights and
26 privileges to which it would have been entitled under this Act.

27

28 SEC. 31. *Performance Monitoring and Reporting System.* – The COMELEC
29 and the COA shall jointly design and implement, in consultation with political parties,
30 aggroupment, or coalitions thereof, accredited citizens' arms, the private sector, non-
31 governmental organizations, and government agencies, an integrated political party
32 development and campaign subsidy performance monitoring and reporting system.
33 The performance and monitoring system shall identify, define, and operationalize a
34 system of performance indicators and measures for party development and campaign
35 subsidy deployment.

36

37 The COMELEC and the COA shall, based on the results of the system, publish
38 and disseminate annual reports on the development of political parties that have
39 received subsidies and on the distribution, use, and results of the campaign subsidies
40 provided to political parties.

41

42 SEC. 32. *Publication and Dissemination of the Political Party Development and*
43 *Campaign Subsidy Performance Reports.* – The political party development and
44 campaign subsidy performance reports shall be submitted to both Houses of the

1 Congress of the Philippines and to the COMELEC not later than June 30 of every year.
2 The COMELEC shall cause the posting of the reports on its official website to serve
3 as a guide for the public in evaluating political parties for the purpose of participating
4 in their program of activities, and in supporting, affiliating with, or joining them.

5
6 SEC. 33. *Punishable Acts.* – The following acts shall be punishable:
7

- 8 a) Misuse of funds received by National Political Parties, both from the
9 Fund and from campaign contributions;
10 b) Giving and/or receiving of campaign contributions which go beyond the
11 allowable limits and violate the prohibitions set under Section 14 of this
12 Act and other existing laws;
13 c) Inability to account for all incoming contributions from whatever source;
14 d) Failure to submit pre-election as well as post-election disclosure
15 statements to the COMELEC. Any submission past the late submission
16 period set in Section 29(c) will be deemed as a failure to submit, hence,
17 punishable under existing laws;
18 e) Failure to submit expenditure reports related to campaigns, and
19 financial reports on party development activities, under Section 29 (b)
20 and (d), respectively; and
21 f) False reporting or any misrepresentation in the financial statement
22 reports.

23
24 SEC. 34. *Penalties.* –
25

- 26 a) Any candidate or official of any National Political Party who violates
27 Section 33 (a), (c), and (e) of this Act shall be punished with
28 imprisonment of not less than six (6) years but not more than twelve
29 (12) years, or a fine ranging from One Hundred Thousand Pesos
30 (P100,000.00) to Five Hundred Thousand Pesos (P500,000.00), or
31 both. The said candidate or official shall likewise be disqualified to hold
32 public office. Any National Political Party that violates Section 33(a), (c),
33 and (e) of this Act shall pay a fine of not less than Five Hundred
34 Thousand Pesos (P500,000.00) but not more than Five Million Pesos
35 (P5,000,000.00);
36 b) A donor who violates Section 33(b) of this Act shall be punished with
37 imprisonment of not less than six (6) years but not more than twelve
38 (12) years, or a fine ranging from Five Hundred Thousand Pesos
39 (P500,000.00) to Five Million Pesos (P5,000,000.00), or both;
40 c) A donee, or any candidate or official of any National Political Party, who
41 violates Section 33 (b) of this Act shall be punished with imprisonment
42 of not less than six (6) years but not more than twelve (12) years, or a
43 fine ranging from Five Hundred Thousand Pesos (P500,000.00) to Five

1 Million Pesos (P5,000,000.00), or both. The said candidate or official
2 shall likewise be disqualified to hold public office.

3 d) Any National Political Party that fails to comply with any of the
4 documentary requirements set forth in this Act shall be subject to
5 administrative sanctions by the COMELEC, which shall include
6 disqualification from receiving state subsidy, temporary or permanent
7 cancellation of the party's registration, as well as payment of fines
8 consistent with existing laws and regulations; and

9 e) Any bank that fails to comply with the submission of the statement of
10 account of every political party with deposits under Section 15 of this
11 Act shall be punished with a fine ranging from One Hundred Thousand
12 Pesos (P100,000.00) to One Million Pesos (P1,000,000.00).
13

14 SEC. 35. *Appropriations.* – The amount of Three Hundred Fifty Million Pesos
15 (P350,000,000.00) is hereby appropriated out of the funds of the National Treasury,
16 effective immediately upon the approval of this Act. Every year thereafter, there shall
17 be appropriated in the annual General Appropriations Act the amount of Three
18 Hundred Fifty Million Pesos (P350,000,000.00) for the implementation of this Act. All
19 such amounts appropriated pursuant to this Act shall go to the State Subsidy Fund,
20 which shall be administered by the COMELEC.
21

22 The COMELEC and the DBM shall promulgate guidelines to facilitate the
23 release of the funds to every accredited national political party.
24

25 SEC. 36. *Lead Agency.* – The COMELEC shall administer and enforce the
26 provisions of this Act and for this purpose, a Political Party Affairs and Campaign
27 Finance Department is hereby created in the COMELEC, subject to Civil Service
28 Commission rules and regulations, which shall monitor and regulate political affairs
29 and campaign finance, including but not limited to the accreditation of national political
30 parties for purposes of availment of the State Subsidy Fund.
31

32 SEC. 37. *Applicability.* – The provisions of Batas Pambansa Blg. 881, otherwise
33 known as the "Omnibus Election Code of the Philippines," as amended, and other
34 election laws not inconsistent with this Act shall apply suppletorily.
35

36 SEC. 38. *Implementing Rules and Regulations.* – Within sixty (60) days after
37 the effectivity of this Act, the COMELEC shall promulgate the necessary rules and
38 regulations for the effective implementation of this Act.
39

40 SEC. 39. *Separability Clause.* – If any provision of this Act is declared invalid
41 or unconstitutional, the provisions not affected thereby shall continue to be in full force
42 and effect.
43

1 SEC. 40. *Repealing Clause.* – All laws, executive orders, presidential decrees,
2 presidential proclamations, letters of instruction, rules and regulations, or parts thereof
3 inconsistent with the provisions of this Act are hereby repealed, modified, or amended
4 accordingly.

5
6 SEC. 41. *Effectivity.* – This Act shall take effect fifteen (15) days following its
7 publication in the Official Gazette or in two (2) newspapers of general circulation in the
8 Philippines.

Approved,