

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 802



Introduced by **MAGDALO Party-List Representative**
HON. MANUEL DG. CABOCHAN III

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.


MANUEL DG. CABOCHAN III
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 2019*".

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.

1 **SEC. 3. *Purposes.*** – This Act aims to:

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

9

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

12

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

- 15 (a) “*Accredited political party*” refers to a political party qualified to receive
16 subsidy for party development and campaign purposes and accredited for this
17 purpose by the COMELEC based on a set of criteria provided for under this
18 Act.
- 19 (b) “*Candidate*” refers to any person aspiring for or seeking an elective public
20 office, duly nominated by a political party, aggrupation or coalition thereof,
21 and who has filed a certificate of candidacy with the COMELEC.
- 22 (c) “*Commission*” refers to the COMELEC.
- 23 (d) “*Campaign contribution*” refers to any form of donation to any candidate,
24 political party, aggrupation or coalition thereof given before, during or after
25 the holding of elections. It includes any gift, donation, subscription, loan,

1 advance or deposit of money or anything of value, or those arising from a
2 contract, pledge or agreement to contribute, made for the purpose of
3 influencing the results of the elections, but shall not include services rendered
4 without compensation by individuals volunteering a portion or all of their time
5 in behalf of a candidate or political party. It also includes the use of office
6 space, facilities, equipment, office supplies and other materials and fixtures
7 voluntarily donated by other persons or who allowed their use for free, the
8 monetary value of which shall be assessed based on market rates prevailing in
9 a particular area.

10 (e) "*Campaign expenditure*" refers to any type of expense incurred, regardless of
11 source, amount and purpose, that relates, directly or indirectly, to the conduct
12 of an electoral campaign. It includes all payments of money or anything of
13 value, or a contract, promise or agreement to spend, for the purpose of
14 influencing the results of the elections. It includes the use of office space and
15 facilities personally owned by the candidate, the monetary value of which
16 shall be assessed based on market rates prevailing in a particular area.

17 (f) "*COA*" refers to the Commission on Audit.

18 (g) "*Disclosure requirement*" refers to the duty of all candidates and political
19 parties, aggrupations or coalitions thereof to reveal the details of campaign
20 contributions received by them and the expenditures made on account thereof.
21 For accredited political parties, it includes expenditures and disposition of
22 party development and campaign monies given to them as their share in the
23 State Subsidy fund established under this Act.

- 1 (h) “*Donor*” refers to any candidate, political party, aggrupation or coalition
2 thereof or any representative acting on their behalf or interest, to whom
3 money, property or any other form of contributions were made.
- 4 (i) “*Donee*” refers to any candidate, political party, aggrupation or coalition
5 thereof or any representative acting on their behalf or interest, to whom
6 money, property or any other form of contributions were made.
- 7 (j) “*Fund*” refers to the State Subsidy Fund established under this Act.
- 8 (k) “*Member of a party*” refers to a natural person of good standing in a political
9 party who complied with the requirements of party membership, including the
10 payment of membership dues.
- 11 (l) “*Political party*” refers to a political party, party-list or an organized group of
12 persons duly registered with the Commission, pursuing or advocating
13 platform, principles and policies for the general conduct of government and
14 which nominates and supports its members as candidates for public office.
- 15 (m) “*Political turncoatism*” refers to the change of political party affiliation by an
16 elected official during one’s term, except within six (6) months prior to the
17 end of the term: *Provided, That* political turncoatism shall not apply in any of
18 the following instances:
- 19 (1) Abolition, merger or coalition of political parties where a candidate is a
20 registered member thereof; and
- 21 (2) Expulsion of the elected official in writing from one’s political party:
22 *Provided, That* the cause for such does not constitute political
23 opportunism. Political opportunism includes any act of a party member
24 constituting disloyalty to the party or regular non-adherence to the

1 party's ideological principles, platform and programs, as determined
2 by the party in accordance with its constitution and bylaws.

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

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

8 CHAPTER II

9 INSTITUTIONALIZATION OF POLITICAL PARTIES

10 **SEC. 6. *Registration as a Political Party.*** – Any organized group of persons seeking
11 registration as a political party may file with the Commission a verified petition attaching
12 thereto its constitution and bylaws, platform, principles, policies and general program of
13 government, a verified list of its national officials, members of the executive board, or its
14 equivalent, and the heads of its regional, provincial and city chapters, and such other relevant
15 information as may be required by the Commission.

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

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

22
23 **SEC. 7. *Policy Agenda and Program of Governance.***– Political parties are mandated
24 to craft a clear policy agenda and program of governance consistent with their party

1 philosophy and ideals. The members of the political party shall endeavor to act in accordance
2 with the defined party platform and pursue programs to fulfill party commitments.

3

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

8

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

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

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

24 Every political party shall hold conventions to nominate their official candidates not
25 earlier than sixty (60) days before the start of the campaign period and shall not submit to the

Commission not later than the start of the election period the names of the officials of the party authorized to nominate their official candidates.

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

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

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

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

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

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

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

10

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

14

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

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

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

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

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

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

SEC. 15. *Petition for Disqualification.* – Any citizen of voting age, or any candidate, political party, aggregation or coalition thereof, may file with the Commission, within fifteen (15) days from 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. 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;

- 1 (b) Research and policy development;
- 2 (c) Education and training of members;
- 3 (d) Institution building and constituent outreach program; and
- 4 (e) Other reasonable logistical and operational expenses that are essential in
- 5 strengthening the party.

6

7 **SEC. 19. Allowable Campaign Expenditures.** – The accredited authorized parties are

8 authorized to use the subsidy given to them only for the following campaign activities:

- 9 (a) Operating expenses of the party which may include the hiring of personnel,
- 10 professional secretariat, setting up of headquarters and other relevant electoral expenditures;
- 11 (b) Travelling expenses of the candidates and support personnel in the course of
- 12 the campaigns, and for personal expenses incident thereto;
- 13 (c) Information dissemination and advocacy campaigns of the political party;
- 14 (d) Production and distribution of electoral paraphernalia and other propaganda
- 15 materials; and
- 16 (e) Other expenditures as allowed under Section 102 on Lawful Expenditures of
- 17 the Omnibus Election Code.

18

19 **SEC. 20. Accreditation.** – A political party eligible in accordance with Section

20 21hereof, and which desires to be entitled to the rights and privileges as recipients of the

21 subsidy provided for under this Act, may apply for accreditation by the Commission, under

22 such rules and regulations as the Commission shall prescribe consistent with the provisions of

23 this Act.

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

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

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

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

11
12 **SEC. 22. *Effects of Accreditation.*** – A duly accredited political party shall be entitled
13 to the rights and privileges accorded under this Act. Likewise, the accredited national
14 political party shall be subject to the regulations set forth in this Act and its implementing
15 rules as prescribed by the Commission.

16
17 **SEC. 23. *Distribution of the Fund.*** – The total amount of the State Subsidy Fund
18 released annually shall be distributed as follows:

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

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

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

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

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

1 December of every fiscal year. No accredited political party shall be allowed to use the
2 subsidy for purposes other than those indicated in this Act.

3 4 CHAPTER IV

5 DISCLOSURE AND PERFORMANCE MONITORING

6 **SEC.26. *Audit of the State Subsidy Fund.*** – The COA shall examine the financial
7 reports of the accredited political parties on their use of the State Subsidy Fund. Membership
8 dues and voluntary contributions to any accredited political party shall be accounted for
9 separately under a different set of books of accounts, which shall be open to inspection by the
10 COA.

11
12 **SEC. 27. *Party Ethics.*** – Accredited political parties shall institute internal control
13 mechanisms to promote accountability and transparency. Accredited political parties shall
14 likewise develop and enforce an internal code of conduct and ethical standards of its party
15 members to uphold the values and standards of public life, and to formulate and implement
16 disciplinary procedures for party members: *Provided,* That the said program for internal
17 controls, ethical standards and disciplinary procedures shall be duly submitted to the
18 Commission and made available to the public. No political party shall select and nominate a
19 candidate who has been convicted by final judgment for any criminal offense.

20
21 **SEC. 28. *Full Disclosure.*** – The officials of every accredited political party shall
22 submit a sworn statement of their assets and liabilities to the Commission which shall be
23 made available to the public at least six (6) months before elections, All accredited political
24 parties and their candidates shall also be required to submit with the Commission and make a
25 public disclosure of all contributions as well as expenditures incurred for the use of State

1 Subsidy fund thirty (30) days after the elections. All these disclosures shall be made through
2 the official website of the 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
7 or by the duly authorized representative of the party and the full name and exact address of
8 the person, whether natural or juridical, from whom the contribution was received;

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

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

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

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

1 **SEC. 31. *Performance Monitoring and Reporting System.*** - The Commission and
2 the COA shall jointly design and implement, in consultation with political parties,
3 aggrupations or coalitions thereof, accredited citizens' arms, the private sector and
4 nongovernmental organizations, and other government agencies, an integrated political party
5 development and campaign subsidy performance monitoring and reporting system. The
6 performance and monitoring system shall identify, define and operationalize a system of
7 performance indicators and measures for party development and campaign subsidy
8 deployment.

9 The Commission and the COA shall, based on the results of the system, publish and
10 disseminate annual reports on the development of political parties that have received
11 subsidies and on the distribution, use and results of the campaign subsidies provided to
12 political parties.

13

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

21

22

CHAPTER V

23

MISCELLANEOUS PROVISIONS

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

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

3 (b) Giving of voluntary contributions that go beyond the allowable limits set
4 under this Act and other existing laws;

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

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

8 (e) False reporting or any misrepresentation in the financial statement reports.
9

10 **SEC. 34. *Penalties.* –**

11 (a) Any candidate or official of any political party who violates any provision of
12 this Act shall be punished with imprisonment of not less than six (6) years but not more than
13 twelve (12) years or a fine ranging from One hundred thousand pesos (P100,000.00) to Five
14 hundred thousand pesos (P500,000.00), or both, at the discretion of the court. He shall
15 likewise be disqualified to hold public office. Any political party that violates any provision
16 of this Act shall pay a fine of not less than Five hundred thousand pesos (P500, 000.00) but
17 not more than Five million pesos (P5, 000,000.00).

18 (b) Any political party that fails to comply with any of the documentary
19 requirements set forth in this Act shall be subject to administrative sanctions by the
20 Commission, which shall include temporary or permanent cancellation of the party's
21 registration as well as payment of fines consistent with existing laws and regulations.
22

23 **SEC. 35. *Appropriations.* -** The amount necessary for the implementation of the
24 provisions of this Act shall be included in the annual General Appropriations Act.
25

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

3
4 **SEC. 37. *Applicability*** - The provisions of Batas Pambansa Big. 881, as amended,
5 otherwise known as the "*Omnibus Election Code of the Philippines*", and other election laws
6 not inconsistent with this Act shall apply suppletorily.

7
8 **SEC. 38. *Rules and Regulations.*** - The Commission shall promulgate the necessary
9 rules and regulations to effectively implement the provisions of this Act.

10
11 **SEC. 39. *Separability Clause.*** - If any part of this Act is held invalid or
12 unconstitutional, the other parts or provisions hereof which are not affected thereby shall
13 remain valid and effective.

14
15 **SEC. 40. *Repealing Clause.*** -- All laws, orders, issuances, rules and regulations or
16 parts thereof inconsistent with the provisions of this Act are hereby repealed, modified or
17 amended accordingly.

18
19 **SEC. 41. *Effectivity Clause.*** - This Act shall take effect fifteen (15) days after its
20 publication in at least two (2) national newspapers of general circulation.

Approved,