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SENATE
OFFICE OF THE SECRETARY

THIRTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
First Regular Session

'04 JUN 30 P10:06

SENATE

RECEIVED BY: *Leg*

S. No. 1051

Introduced by Senator Edgardo J. Angara

EXPLANATORY NOTE

Political parties play a vital role in the country's quest for political and economic development. The political party system in the country is basically confined to personalities rather than issues and political platform. There have been many attempts to reform the orientation of our political parties in the past so as to veer way from the concept of traditional politics, but unfortunately they have not been successful because of lack of legal institutional framework to govern system of political parties.

Our history tells us that political parties in the Philippines are normally used only as political vehicles to win an election. Hence, most political aspirants change political parties for convenience, rather than because of conviction. This only shows the lack of ideological commitment of the members of party because they choose parties based on the rise and fall of the tide of opportunity. "Turncoatism" should never be encouraged nor tolerated since it only distorts the concept of word of honor and dignity of a leader.

It is this light that the Political Party Act should be enacted. It is imperative that political party system should be strengthened if we want to develop, achieve genuine political development and democratization. We have to enact laws to prevent the system of ward politics and political chameleons that we have today.

A Party Development Fund shall be created to provide subsidy to political parties of national character for their operational expenses and party building activities not only for electoral campaign but also for their developmental programs. These funds shall be appropriated in the national budget.

A political party may qualify to receive a portion from the Party Development Fund if its national candidates garnered at least 15% of the popular vote in the most recent general elections.

For their part, Political parties should institute internal control mechanisms within political parties to promote accountability and transparency. *E*

The bill also encourages the political parties to raise its funds through Party Foundation to finance their activities so that they will develop their self-sufficiency and lessen their dependence on contributions from illegal sources.

The bill envisions changing the norm of having political butterflies during and after the election period. It aims to give importance to party ideals and policy agenda rather than the political pragmatism and survival. The bill proposes that any member of the party wanting to change the party affiliation after being elected on that party's ticket, should first resign from his elective position and must seek a fresh mandate from the electorate. Likewise, defecting persons cannot be appointed nor hold any position in any public office, till after the expiration of the term within which they were elected.

In general, the proposed bill hopes to transform the Philippine political parties from personality-oriented to issue-oriented political organizations. Thus, we can provide our constituents with better brand of party politics.

In view of the urgent need to address the irregularities in the political party system, the passage of this bill is urgently sought.



EDGARDO J. ANGARA

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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 1

Declaration of Policy, Purposes and Coverage

SECTION 1. *Title.* - This Act shall be known as "The Political Party
Development Act of 2004."

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

SEC. 3. *Purposes.* - This Act aims to:

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

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

SEC. 5. *Definition of Terms.* - The following terms as used in this Act shall mean:

- a) "*Accredited national political party*" refers to a political party of national character qualified to receive subsidy for campaign purposes and party development, accredited for the purpose by the Commission based on a set of criteria provided under this Act.
- b) "*Candidate*" refers to any person aspiring for, or seeking an elective public office, duly nominated by a political party, aggrupation, or coalition of parties, and who has filed a certificate of candidacy with the Commission.
- c) "*Commission*" refers to the Commission on Elections.
- d) "*Campaign Contributions*" shall mean all forms of donations to any candidate, political party, aggrupation or coalition, regardless of the source, given before, during and after the holding of elections. It shall also include any gift, donation, subscription, loan, advance or deposit of money or anything of value, or those arising from a contract, pledge or agreement to contribute, whether or not legally enforceable, made for

the purpose of influencing the results of the elections, but shall not include services rendered without compensation by individuals volunteering a portion or all of their time in behalf of a candidate or political party. It shall also include the use of office space, facilities, equipment, office supplies and other materials and fixtures voluntarily donated by other persons, or allowed their use for free, the monetary value of which shall be assessed based on market rates prevailing in a particular area.

- e) "*Campaign Expenditures*" shall include all types of expenses incurred, regardless of source, amount and purpose that relates, directly or indirectly, to the conduct of an electoral campaign. It involves all payments of money or anything of value, or a contract, promise or agreement to spend, for the purpose of influencing the results of the election. It shall include the use of office space and facilities personally owned by the candidate, the monetary value of the use of which shall be assessed based on the market rates prevailing in a particular area.
- f) "*COA*" refers to the Commission on Audit.
- g) "*Disclosure requirements*" refers to the duty of all candidates and political parties, aggrupations or coalitions to reveal the details of campaign contributions received by them, and the expenditures made on account hereof. For the accredited national political parties, "disclosure requirements" shall include expenditures and destinations of campaign and party development monies given to them as their share in the State Subsidy Fund established under this Act.
- h) "*Donor*" refers to any person, natural or juridical, who contributes money, property or any other form of material contribution to a candidate, political party, aggrupation or coalition.

- i) *"Donee"* refers to any candidate, political party, aggrupation or coalition, or any representative acting in their behalf or interest, to whom money, property or any other form of contribution is made.
- j) *"Fund"* refers to the State Subsidy Fund established under this Act.
- k) *"National Political Party"* refers a political party registered with the Commission whose constituency is effectively spread across the geographical territory of the majority of the administrative regions of the Philippines.
- l) *"Political Party"* refers to an organized group of persons duly registered with the Commission, pursuing or advocating a platform, principles and policies for the general conduct of government and which, as the most immediate means of securing their adoption and implementation, regularly nominates and supports its members as candidates for public office.
- m) *"Political turncoatism"* refers to the change of political party affiliation by any elective public official under which he was elected from the time of the election up to the last six (6) months before the succeeding election: *Provided*, that political turncoatism shall not apply in any of the following instances.
 - i. Merger or coalition of political parties where a candidate is a registered member thereof;
 - ii. Abolition of political parties where a candidate is a registered member thereof;
 - iii. Expulsion in writing, of the registered member from his/her political party; and
 - iv. Resignation of any elective public official from a political party; *Provided*, That the elective public official remains independent

during his term of office up to six (6) months before the succeeding election; *Provided, further,* That the basis of determining his/her party membership is the party of his/her choice appearing in the certificate of nomination from his/her party filed with the Commission.

- n) *"State Subsidy Fund"* refers to the fund for party development and campaign activities of accredited national political parties established under this Act.
- o) *"Voluntary contributions"* refers to the contributions to candidates and/or political parties, aggrupations or coalitions to candidates and/or political parties, aggrupations or coalitions, from persons, natural or juridical, allowed under existing laws.

Chapter 2

Institutionalization of Political Parties

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

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

SEC. 7. *Definition of policy agenda and program of governance.* -

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

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

SEC. 9. *Limits on Voluntary Contributions.* - Voluntary contributions to any national political party shall be limited to the following amounts:

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

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

SEC. 11. *Penalties for Political Turncoatism.* - The elected public officials who have committed political turncoatism shall be:

- a) Prohibited from running for any elective position in the next succeeding election immediately following the act of changing political party affiliation;
- b) Prohibited from being appointed or from holding any position in any public or government office for three (3) years after the expiration of his/her current term;

- c) Prohibited from assuming any executive or administrative position in his/her new political party; and
- d) Directed to refund any and all amounts he/she received from his/her political party, plus a twenty five percent (25%) surcharge thereon.

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

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

Chapter 3

State Subsidy

SEC. 14. *Establishment of a State Subsidy Fund.* - There is hereby established a State Subsidy Fund, which shall be exclusively used to augment the operating funds of the accredited national political parties. The Fund shall be used equally for two major purposes, as follows:

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

SEC. 15. *Application for Subsidy.* - A registered national political party, which desires to be entitled to the rights and privileges as recipient of the subsidy provided for under this Act, may apply for the subsidy with the Commission, under

such rules and regulations as the Commission shall prescribe consistent with the eligibility criteria laid down under this Act.

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

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

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

SEC. 18. *Distribution of Funds.* - The total amount of subsidy released annually shall be distributed as follows:

- a) Up to 25% of the Fund shall be distributed equally between the accredited dominant majority party and the accredited dominant minority party: *Provided*, That the share of said party shall only be released upon actual showing that said party has raised from voluntary contributions an amount equal to its share of the subsidy.
- b) Up to 10% of the Fund may be used by the Commission exclusively for information campaign, voters education and comprehensive monitoring of this Act; and
- c) The balance of 70% shall be equitably and proportionately apportioned among the registered national political parties in accordance with the eligibility criteria under Section 16 and in compliance with the party ethical and disciplinary code under Section 24, hereof.

SEC. 19. *Schedule of Releases from the Fund.* - For purposes of this Act, all releases from the Fund during a non-election year shall be used exclusively for party development activities and party development, respectively.

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

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

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

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

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

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

Chapter 4

Disclosures and Performance Monitoring

SEC. 23. *Audit of the Fund.* - The COA shall examine the financial reports of the accredited national political parties on their utilization of the Fund. Voluntary contributions to any accredited national political party shall

be accounted for separately under a different set of books of accounts, which shall be open to inspection by the COA.

SEC. 24. *Party Ethics.* - Accredited national political parties shall institute internal control mechanisms to promote accountability and transparency.

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

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

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

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

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

SEC. 26. *Other Reports.* - The following shall be reported by the national political parties;

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

SEC. 27. *Publication and Dissemination of Annual Reports.* - The COA shall, based on the audit of the various disclosure reports, publish and disseminate annual reports on the development of political parties which shall receive subsidies and on the distribution, use and results of the campaign subsidies provided to political parties.

SEC. 28. *Publication and Dissemination of the Political Party Development and Campaign Subsidy Performance Reports.* - The COA shall submit to Congress said performance report but later than June 30 of every year, and shall be made available to the public via internet and mass media as a guide for the citizenry in evaluating political parties for the purpose of participating in their program of activities, and in supporting, affiliating with, or joining them.

Chapter 5

Miscellaneous Provisions

SEC. 29. *Punishable Act.* - The following acts shall be considered election offenses and be punishable:

- a) Misuse of funds received by national political parties both from the State Subsidy Fund and from voluntary contributions;

- b) The giving of voluntary contributions which go beyond the allowable limit set under this Act and other existing laws;
- c) Inability without justifiable reason to account for all incoming contributions from whatever source;
- d) Failure to submit disclosure statements to the Commission; and
- e) False reporting or any misrepresentation in the financial statement reports;

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

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

SEC. 31. *Appropriations.* - The amount of Three Hundred Fifty Million Pesos (P350,000,000.00) is hereby appropriated out of the funds of the National treasury not otherwise appropriated for every fiscal year when national elections will be held and the amount of two hundred fifty million pesos (P250,000,000.00) for every year when no national elections will be conducted. All such amounts appropriated pursuant to this Act shall go to the State Subsidy Fund, which shall be administered by the Commission.

The Commission and the Department of Budget and Management (DBM) shall promulgate the necessary guidelines to facilitate the release of the funds to every accredited national political party.

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

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

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

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

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

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

Approved,