



HOUSE OF REPRESENTATIVES

H. No. 6551

BY REPRESENTATIVES RODRIGUEZ (R.), RODRIGUEZ (M.), YAP (A.), ANGARA,
MENDOZA (R.), AUMENTADO, VILLARICA, EVARDONE, GULLAS AND
SYJUCO, PER COMMITTEE REPORT NO. 2393

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

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

1 CHAPTER 1

2 DECLARATION OF POLICY, PURPOSES AND COVERAGE

3 SECTION 1. *Title.* — This Act shall be known as “The Political Party
4 Development Act of 2012”.

5 SEC. 2. *Declaration of Policy.* — It is hereby declared a policy of the
6 State to institutionalize and strengthen political parties as vital pillars of the
7 country’s democratic system. Towards this end, the State shall institute reforms
8 in campaign financing through effective and transparent mechanisms designed
9 to level the playing field among all candidates and political parties during
10 elections and reduce opportunities for graft and corruption. As part of the
11 State’s thrust to strengthen the political party system, it shall uphold party

1 loyalty and adherence to the party's ideological principles, platform and
2 programs. The State shall also institute measures to professionalize political
3 parties and make them viable instruments of development and good
4 governance.

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

6 (a) Institutionalize reforms in the financing of electoral campaigns, so
7 as to promote accountability and transparency;

8 (b) Provide financial subsidies to political parties, to augment their
9 expenditures for campaign purposes and for party development;

10 (c) Promote party loyalty and discipline; and

11 (d) Encourage and support continuing voter's education and civic
12 literacy programs through the political parties.

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

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

18 (a) *Accredited political party* refers to a political party qualified to
19 receive subsidy for party development and campaign purposes, accredited for
20 this purpose by the COMELEC based on a set of criteria provided for under
21 this Act.

22 (b) *Candidate* refers to any person aspiring for or seeking an elective
23 public office, duly nominated by a political party, aggrupation or coalition
24 thereof, and who has filed a certificate of candidacy with the COMELEC.

25 (c) *Commission* refers to the COMELEC.

26 (d) *Campaign contribution* refers to any form of donation to any
27 candidate, political party, aggrupation or coalition thereof given before, during
28 or after the holding of elections. It includes any gift, donation, subscription,

1 loan, 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,
11 regardless of source, amount and purpose, that relates, directly or indirectly, to
12 the conduct of an electoral campaign. It includes all payments of money or
13 anything of value, or a contract, promise or agreement to spend, for the
14 purpose of influencing the results of the elections. It includes the use of office
15 space and facilities personally owned by the candidate, the monetary value of
16 which shall be assessed based on the market rates prevailing in a particular
17 area.

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

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

25 (h) *Donor* refers to any person, natural or juridical, who contributes
26 money, property or any other form of material contribution to a candidate,
27 political party, aggrupation or coalition thereof.

1 (i) *Donee* refers to any candidate, political party, aggrupation or
2 coalition thereof or any representative acting on their behalf or interest, to
3 whom money, property or any other form of contributions were made.

4 (j) *Fund* refers to the State Subsidy Fund established under this Act.

5 (k) *Member of a party* is a natural person of good standing in a
6 political party who complied with the requirements of party membership,
7 including the payment of membership dues.

8 (l) *Political party* refers to a political party, party-list or an organized
9 group of persons duly registered with the Commission, pursuing or advocating
10 platform, principles and policies for the general conduct of government and
11 which nominates and supports its members as candidates for public office.

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

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

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

24 (n) *State Subsidy Fund* refers to the fund for party development and
25 campaign activities of accredited political parties under this Act.

26 (o) *Voluntary contributions* refer to the contributions to candidates or
27 political parties, aggrupations or coalitions thereof from persons, natural or
28 juridical, allowed under existing laws.

CHAPTER II

INSTITUTIONALIZATION OF POLITICAL PARTIES

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

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

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

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

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

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

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

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

15 Every political party must hold conventions to nominate their official
16 candidates not earlier than sixty (60) days before the start of the campaign
17 period and shall submit to the Commission not later than the start of the
18 election period the names of the officials of the party authorized to nominate
19 their official candidates.

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

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

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

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

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

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

18 SEC. 12. *Voluntary Contributions to Party; How Made.* – Voluntary
19 contributions to a political party shall be deposited by the contributor to the
20 account of the party with any reputable bank accredited by the Commission at
21 any time but not later than fifteen (15) days before the day of election. The
22 accredited banks shall issue a corresponding receipt to the contributor on the
23 amount deposited, and shall submit to the Commission a statement of account
24 of every political party with deposits. The Commission shall cause the
25 publication of the account of all political parties in any newspaper of general
26 circulation within five (5) days before the elections.

27 SEC. 13. *Political Turncoatism.* – Any elected official of a political
28 party who changes party affiliation, after being nominated by the party, shall be

1 deemed to have committed political turncoatism, except within six (6) months
2 prior to elections.

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

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

7 (b) Disqualified from running for any elective position in the next
8 succeeding election immediately following the act of changing political party
9 affiliation;

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

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

15 (e) Directed to refund any and all amounts received from one's former
16 political party, plus a twenty-five percent (25%) surcharge thereon.

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

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

CHAPTER III

STATE SUBSIDY FUND

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

7 (a) Party development; and

8 (b) Campaign expenditures.

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

14 (a) Party administration, recruitment and civic education;

15 (b) Research and policy development;

16 (c) Education and training of members;

17 (d) Institution building and constituent outreach program; and

18 (e) Other reasonable logistical and operational expenses that are
19 essential in strengthening the party.

20 SEC. 19. *Allowable Campaign Expenditures.* -- The accredited
21 political parties are authorized to use the subsidy given to them only for the
22 following campaign activities:

23 (a) Operating expenses of the party which may include the hiring of
24 personnel, professional secretariat, setting up of headquarters and other
25 relevant electoral expenditures;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 parties of the schedule of releases as well as the amount of the subsidy
2 allocated at the start of every fiscal year.

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

7 Every accredited political party shall submit to the Commission a
8 detailed program of activities as well as the breakdown of expenditures drawn
9 from the fund by the end of December of every fiscal year. No accredited
10 political party shall be allowed to use the subsidy for purposes other than those
11 indicated in this Act.

12 CHAPTER IV

13 DISCLOSURES AND PERFORMANCE MONITORING

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

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

1 SEC. 28. *Full Disclosure.* – The officials of every accredited political
2 party shall submit a sworn statement of their assets and liabilities to the
3 Commission which shall be made available to the public at least six (6) months
4 before elections. All accredited political parties and their candidates shall also
5 be required to submit with the Commission and make a public disclosure of all
6 contributions as well as expenditures incurred for the use of the State Subsidy
7 Fund thirty (30) days after the elections. All these disclosures shall be made
8 through the official website of the Commission and published in a newspaper
9 of general circulation.

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

12 (a) The amount of contributions for the elections, the date of receipt by
13 the bank or by the duly authorized representative of the party and the full name
14 and exact address of the person, whether natural or juridical, from whom the
15 contribution was received;

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

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

23 (d) Detailed breakdown of expenditures for the party development
24 activities charged against the State Subsidy Fund. The financial report covering
25 the party development activities shall be submitted annually, at the end of
26 every fiscal year. The subsidy for the succeeding year will not be released
27 without the submission of the said report covering the preceding year.

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

7 SEC. 31. *Performance Monitoring and Reporting System.* – The
8 Commission and the COA shall jointly design and implement, in consultation
9 with political parties, aggrupations or coalitions thereof, accredited citizens'
10 arms, the private sector and nongovernmental organizations, and government
11 agencies, an integrated political party development and campaign subsidy
12 performance monitoring and reporting system. The performance and
13 monitoring system shall identify, define and operationalize a system of
14 performance indicators and measures for party development and campaign
15 subsidy deployment.

16 The Commission and the COA shall, based on the results of the system,
17 publish and disseminate annual reports on the development of political parties
18 that have received subsidies and on the distribution, use and results of the
19 campaign subsidies provided to political parties.

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

CHAPTER V

MISCELLANEOUS PROVISIONS

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3 SEC. 33. *Punishable Acts.* – The following acts shall be punishable:

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

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

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

10 (d) Failure to submit preelection as well as post-election disclosure
11 statements to the Commission; and

12 (e) False reporting or any misrepresentation in the financial statement
13 reports.

14 SEC. 34. *Penalties.* – (a) Any candidate or official of any political
15 party who violates any provision of this Act shall be punished with
16 imprisonment of not less than six (6) years but not more than twelve (12) years
17 or a fine ranging from One hundred thousand pesos (P100,000.00) to Five
18 hundred thousand pesos (P500,000.00), or both. He shall likewise be
19 disqualified to hold public office. Any political party that violates any
20 provision of this Act shall pay a fine of not less than Five hundred thousand
21 pesos (P500,000.00) but not more than Five million pesos (P5,000,000.00).

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

1 SEC. 35. *Appropriations.* – The amount necessary for the
2 implementation of the provisions of this Act shall be included in the annual
3 General Appropriations Act.

4 SEC. 36. *Lead Agency.* – The Commission is hereby mandated as the
5 independent regulatory agency charged with administering and enforcing the
6 provisions of this Act.

7 SEC. 37. *Applicability.* – The provisions of Batas Pambansa Blg. 881,
8 as amended, otherwise known as the “Omnibus Election Code of the
9 Philippines”, and other election laws not inconsistent with this Act shall apply
10 suppletorily.

11 SEC. 38. *Rules and Regulations.* – The Commission shall
12 promulgate the necessary rules and regulations to effectively implement the
13 provisions of this Act.

14 SEC. 39. *Separability Clause.* – If any part of this Act is held invalid
15 or unconstitutional, the other parts or provisions hereof which are not affected
16 thereby shall remain valid and effective.

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

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

Approved,

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