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SENATE

Senate Bill No. 2635

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

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

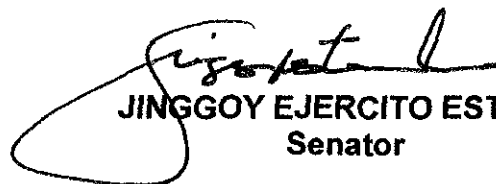
EXPLANATORY NOTE

Philippine politics is distinct and dynamic. We might have borrowed and adopted the political systems and practices of other states but ours is incomparable to anything else.

While some may admire the kind and quality of politics we practice, others are critical to it. One of the aspects of Filipino politics criticized, not only by foreigners but also by our own citizens, is the weak political party system and the proliferation of turncoatism.

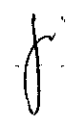
This proposed measure seeks to institutionalize and strengthen political parties by instituting reforms in campaign financing and other measures. While this bill may not be the be-all and end-all solution to this political problem, it is an attempt to address this concern.

Immediate approval of this bill is earnestly sought.


JINGGOY EJERCITO ESTRADA
Senator

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

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Chapter I
Declaration of Policy, Purposes and Coverage

SECTION 1. Title. - This Act shall be known as "***The Political Party Development Act of 2015***".

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.

1 **SEC. 4. Coverage.** - This Act shall apply to National Political Parties duly
2 registered with and certified to as such by the Commission on Elections.
3
4

5 **SEC. 5. Definition of Terms.** - The following terms as used in this Act
6 shall mean:
7

- 8 a) "Accredited National Political Party" refers to a National Political
9 Party qualified to receive subsidy for party development and
10 campaign purposes, accredited for this purpose by the Commission
11 based on a set of criteria provided under this Act.
12
- 13 b) "Candidate" refers to any person aspiring for, or seeking an elective
14 public office, duly nominated by a political party, aggrupation or
15 coalition thereof, and who has filed a certificate of candidacy with
16 the Commission.
17
- 18 c) "Commission" refers to the Commission on Elections.
19
- 20 d) "Campaign Contribution" refers to any form of donation to any
21 candidate, political party, aggrupation or coalition thereof, given
22 before, during or after the holding of elections. It includes any gift,
23 donation, subscription, loan, advance or deposit of money or
24 anything of value, or those arising from a contract, pledge or
25 agreement to contribute, made for the purpose of influencing the
26 results of the elections, but shall not include services rendered
27 without compensation by individuals volunteering a portion or all of
28 their time in behalf of a candidate or political party. It also includes
29 the use of office space, facilities, equipment, office supplies and
30 other materials and fixtures voluntarily donated by other persons, or
31 allowed their use for free, the monetary value of which shall be
32 assessed based on market rates prevailing in a particular area.
33
- 34 e) "Campaign Expenditure" refers to any type of expense incurred,
35 regardless of source, amount and purpose, that relates, directly or
36 indirectly, to the conduct of an electoral campaign. It includes all
37 payments of money or anything of value, or a contract, promise or
38 agreement to spend, for the purpose of influencing the results of
39 the election. It includes the use of office space and facilities
40 personally owned by the candidate, the monetary value of the use
41 of which shall be assessed based on the market rates prevailing in
42 a particular area.
43
- 44 f) "COA" refers to the Commission on Audit.
45
- 46 g) "Disclosure Requirement" refers to the duty of all candidates and
47 political parties, aggrupations or coalitions thereof to reveal the
48 details of campaign contributions received by them, and the
49 expenditures made on account thereof. For accredited national
50 political parties, it includes expenditures and destinations of party
51 development and campaign monies given to them as their share in
52 the State Subsidy Fund established under this Act.
53
- 54 h) "Donor" refers to any person, natural or juridical, who contributes
55 money, property or any other form of material contribution to a
56 candidate, political party, aggrupation or coalition thereof.

- 1 i) "Donee" refers to any candidate, political party, aggrupation or
2 coalition thereof, or any representative acting in their behalf or
3 interest, to whom money, property, or any other form of contribution
4 k made.
5
- 6 j) "Fund" refers to the State Subsidy Fund established under this Act.
7
- 8 k) "National Political Party" refers to a political party or an organized
9 group of persons duly registered with the Commission, whose
10 constituency is effectively spread across the geographical territory
11 of all or a majority of the administrative regions of the Philippines,
12 pursuing or advocating platform, principles and policies for the
13 general conduct of government and which, as the most immediate
14 means of securing their adoption and implementation, regularly
15 nominates and supports its members as candidates for public
16 office.
17
- 18 l) "Political Turncoatism" refers to the change of political party
19 affiliation by any candidate whether or not elected, from the time he
20 was first nominated; *Provided*, That the term shall not include any
21 such change in party affiliation before the effectivity of this Act;
22 *Provided further* that, political turncoatism shall not apply in any of
23 the following instances:
24
- 25 1. Abolition, merger or coalition of political parties where a
26 candidate is a registered member thereof;
27
 - 28 2. Expulsion in writing, of the registered member from higher
29 political party; *Provided*, That the cause for such does not
30 constitute Political Opportunism. It includes political
31 opportunism or any act of a party member constituting disloyalty
32 to the party, or regular non-adherence to the party's ideological
33 principles, platforms, and programs, as determined by the party
34 in accordance with its constitution and by-laws.
35
- 36 m) "State Subsidy Fund" refers to the fund for party development and
37 campaign activities of accredited national political parties under this
38 Act.
39
- 40 n) "Voluntary Contribution" refers to the contributions to candidates
41 and/or political parties, aggrupations or coalitions thereof, from
42 persons, natural or juridical, allowed under existing laws.
43
44

45 Chapter 2

46 Institutionalization of Political Parties

47
48

49 **SEC. 6. Registration as a National Political Party.** - Any organized
50 group of persons seeking registration as a national political party may file with the
51 Commission a verified petition attaching thereto its constitution and by-laws,
52 platform, principles, policies and general program of government, a verified list of
53 its national officials, members of the executive board, or its equivalent, and the
54 heads of its regional, provincial, and city chapters, and such other relevant
55 information as may be required by the Commission. The Commission shall, after
56 due notice and hearing, resolve the petition within ten (10) days from the date it is
57 submitted for decision. National Political Parties already registered as such with

1 the Commission prior to the effectivity of this Act are not required to register
2 anew.

3
4
5 **SEC. 7. Policy Agenda and Program of Governance.** – National
6 Political Parties are mandated to craft a clear policy agenda and program of
7 governance consistent with their party philosophy and ideals. The members of
8 the National Political Party shall endeavor to act in accordance with the defined
9 party platform and pursue programs to fulfill party commitments.

10
11
12 **SEC. 8. Selection of Candidates.** - The selection process for candidates
13 of National Political Parties shall be democratized through the adoption of a
14 process that is fair, open and transparent, and which promotes participation of
15 choice from the members of the party. Towards this end, every National Political
16 Party is mandated to formulate a merit system on nomination and selection of
17 candidates who must be members of the party.

18
19 Every National Political Party shall submit to the Commission its rules
20 governing the merit system on nomination and selection of candidates not later
21 than one hundred and eighty (180) days before the election day following the
22 effectivity of this Act.

23
24 Any aggrieved member of an Accredited National Political Party may file a
25 verified complaint to its Grievance and Arbitration Committee not later than ten
26 (10) days after the party convention, for violation of the rules governing the merit
27 system on the nomination and selection of candidates.

28
29 Every National Political Party may hold conventions or meetings to
30 nominate their official candidates not earlier than fifteen (15) days before the start
31 of election period and shall submit to the Commission not later than the start of
32 the election period the names of the officials of the party authorized to nominate
33 their official candidates.

34
35 No political party shall nominate more candidates than the number of
36 persons required to be voted for in an elective position nor shall any candidate be
37 allowed to accept nominations from more than one registered political party,
38 except in cases of aggrupations or coalitions thereof. Nominations made in
39 violation hereof shall be denied due course by the Commission and the
40 candidates concerned shall be considered independent candidates.

41
42 The nominations of candidates of political parties shall be filed not later
43 than the last day for filing of the certificates of candidacy as determined by the
44 Commission.

45
46
47 **SEC. 9. Contents of Certificate Of Nomination.** - The certificate of
48 nomination shall state that the person issuing the nomination is the duly
49 authorized representative of the political party as provided for in its constitution
50 and by-laws, that the person named therein is the official candidate of the party
51 for the elective position stated, and that he has accepted said nomination.

52
53 The certificate of nomination shall be subscribed under oath by the duly
54 authorized representative of the political party.

1 **SEC. 10. *Limits on Voluntary Contributions.*** - Voluntary contributions to
2 any National Political Party shall be limited to the following maximum amounts:

- 3
4 a) Up to One Hundred Thousand Pesos (P100,000.00) from a natural
5 person; and,
6 b) Up to One Million Pesos (P1,000,000.00) from a juridical person
7 allowed to make a voluntary contribution under existing laws.
8

9 Any contribution in cash or in kind to any candidate or political party for
10 campaign purposes, duly reported to the Commission, shall be exempt from
11 donor's tax.
12

13
14 **SEC. 11. *Voluntary Contributions to Party; How Made.*** – Voluntary
15 contribution to a political party shall be deposited by the contributor to the
16 account of the party with any reputable bank accredited by the Commission,
17 within six (6) months prior to the campaign period but not later than fifteen (15)
18 days before the day of election. The accredited banks shall issue a
19 corresponding receipt to the contributor on the amount deposited, and shall
20 submit to the Commission a statement of account of every political party with
21 deposits.
22

23 The Commission shall cause the publication of the account of all political
24 parties in any newspaper of general circulation within a reasonable time as
25 determined by the Commission.
26

27
28 **SEC. 12. *Changing Political Party Affiliation.*** - Any member of a
29 National Political Party who changes party affiliation after being nominated by the
30 party shall be deemed to have committed Political Turncoatism.
31

32
33 **SEC. 13. *Penalties for Political Turncoatism.*** - Political Turncoats shall
34 be:
35

- 36 a) Deemed to have forfeited his / her office, if he / she is an
37 elected official who changes political party affiliation during
38 his/her term of office;
39 b) Disqualified from running for any elective position in the next
40 succeeding election immediately following the act of changing
41 political party affiliation;
42 c) Prohibited from being appointed or from holding any position in
43 any public or government office for three (3) years after the
44 expiration of his/her current term;
45 d) Prohibited from assuming any executive or administrative
46 position in his/her new political party; and
47 e) Directed to refund any and all amounts he/she received from his
48 / her political party, plus a twenty five percent (25%) surcharge
49 thereon;
50

51
52 **SEC. 14. *Petition for Disqualification.*** - Any citizen of voting age, or any
53 candidate, political party, aggrupation or coalition thereof, may file with the
54 Commission, upon the filing of the certificate of candidacy and before
55 proclamation, a petition to disqualify a candidate on the ground of political
56 turncoatism as defined in this Act.

1 **SEC. 19. Accreditation.** - A National Political Party eligible in accordance
2 with Section 20 hereof, and which desires to be entitled to the rights and
3 privileges as recipient of the subsidy provided for under this Act, may apply for
4 accreditation by the Commission, under such rules and regulations as the
5 Commission shall prescribe consistent with the provisions of this Act.
6
7

8 **SEC. 20. Criteria for Eligibility.** - The Commission shall accredit National
9 Political Parties eligible to receive subsidy from the State Subsidy Fund, based
10 on the following general criteria:
11

- 12 a) **Political representation**, consisting of the incumbent president,
13 vice president, members of congress, governors, vice-
14 governors, city/municipal mayors and vice-mayors;
15
16 b) **Organizational strength and mobilization capability**, which
17 may include the number of political chapters, organizations
18 nationwide, and number of active and permanent members of
19 the party;
20
21 c) **Performance and track record of the party**, which may include
22 the number of years of existence of the party as well as the
23 ability of the party to field a complete slate of candidates in the
24 immediately preceding national elections.
25
26

27 **SEC. 21. Effects of Accreditation.** - A duly accredited National Political
28 Party shall be entitled to the rights and privileges accorded under this Act.
29 Likewise, the accredited national political party shall be subject to the regulations
30 set forth in this Act and its implementing rules as prescribed by the Commission.
31
32

33 **SEC. 22. Distribution of the Fund.** - The total amount of State Subsidy
34 Fund released annually shall be distributed as follows:
35

- 36 a) Five percent (5%) of the fund shall accrue to the Commission, to
37 be used exclusively for monitoring purposes and the conduct of
38 information dissemination campaigns and voters' education;
39
40 b) Forty five percent (45%) of the fund shall be proportionately and
41 ratably distributed to accredited national political parties
42 represented in the Senate based on the number of seats
43 obtained in the most recent general elections;
44
45 c) Fifty percent (50%) of the fund shall be proportionately and
46 ratably distributed to accredited national political parties
47 represented in the House of Representatives based on the
48 number of seats obtained in the most recent general elections.
49

50 The share of each of the Accredited National Political Parties in
51 the State Subsidy Fund shall be released only upon proof that
52 the concerned party has raised an amount equal to its share in
53 the Fund from voluntary contributions;
54

55 *Provided*, That the party concerned that fails to raise an amount
56 equal to its share in the fund shall only receive an amount from
57 its share in the fund equal to the amount raised from voluntary

1 contributions; *Provided further*, That the balance, if any, from the
2 share in the Fund of the party concerned shall be forfeited and
3 reverted to the general funds of the Government.
4

5
6 **SEC. 23. *Schedule of Releases from the Fund.*** - For purposes of this
7 Act, all releases from the State Subsidy Fund during a non-election year shall be
8 used exclusively for party development activities. Funds released during an
9 election year shall be divided as follows: seventy five percent (75%) shall be
10 used for campaign expenditures, and twenty five percent (25%) for party
11 development activities.
12

13 The Commission shall inform the Accredited National Political Parties of
14 the schedule of releases as well as the amount of the subsidy allocated at the
15 start of every fiscal year.
16

17
18 **SEC. 24. *Management of the Subsidy,*** - The Accredited National
19 Political Parties availing of the subsidy shall maintain a separate financial
20 account for the funds used to finance campaign activities and party development,
21 respectively.
22

23 Every Accredited National Political Party shall submit to the Commission a
24 detailed program of activities as well as the breakdown of expenditures drawn
25 from the Fund by the end of December of every fiscal year.
26

27 No Accredited National Political Party shall be allowed to use the subsidy
28 for purposes other than those indicated in this Act.
29

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31 **Chapter 4**
32 **Disclosures and Performance Monitoring**
33

34
35 **SEC. 25. *Audit of the Fund.*** - The COA shall examine the financial
36 reports of the Accredited National Political Parties on their use of the State
37 Subsidy Fund.
38

39 Voluntary contributions to any Accredited National Political Party shall be
40 accounted for separately under a different set of books of accounts, which shall
41 be open to inspection by the COA.
42

43
44 **SEC. 26. *Party Ethics.*** - Accredited National Political Parties shall
45 institute internal control mechanisms to promote accountability and transparency.
46 Accredited National Political Parties shall likewise develop and enforce an
47 internal code of conduct and ethical standards for its party members to uphold
48 the values and standards of public life, and to formulate and implement
49 disciplinary procedures for party members: *Provided*, That said program for
50 internal controls, ethical standards and disciplinary procedures shall all be duly
51 submitted to the Commission and made available to the public.
52

53 No political party shall select and nominate a candidate who has been
54 convicted for any criminal offense.

1 **SEC. 27. Full Disclosure.** - The officials of every Accredited National
2 Political Party shall submit a sworn statement of their assets and liabilities to the
3 Commission which shall be made available to the public. All Accredited National
4 Political Parties and their candidates shall also be required to make a public-
5 disclosure of all contributions as well as expenditures incurred for the use of the
6 State Subsidy Fund.
7

8 All these disclosures shall be made through the official website of the
9 Commission and in a newspaper of general circulation.
10

11
12 **SEC. 28. Other Reports.** The following shall be reported by the
13 Accredited National Political Parties and their candidates:
14

- 15 a) The amount of contribution, the date of receipt by the bank, and the
16 full name and exact address of the person from whom the
17 contribution was received;
18
19 b) A full report of expenditures and receipts incurred during the
20 campaign, including those which were drawn from the State
21 Subsidy Fund, if any;
22
23 c) Post-election disclosure statements as required under existing
24 laws, which must be submitted to the Commission within thirty (30)
25 days after election day. Late submissions shall be subject to a fine
26 in such amounts as may be determined by the Commission; and
27
28 d) Detailed breakdown of expenditures for the party development
29 activities charged against the State Subsidy Fund. The financial
30 report covering the party development activities shall be submitted
31 annually, at the end of every fiscal year. The subsidy for the
32 succeeding year will not be released without the submission of the
33 said report covering the preceding year.
34
35

36 **SEC. 29. Failure to Comply With Disclosure and Reporting**
37 **Requirements.**- Failure of the Accredited National Political Party to comply with
38 the with the provisions of this Act will result in its disqualification from receiving its
39 share in the State Subsidy Fund, which shall revert to the general funds of the
40 Government, and forfeiture of all the rights and privileges to which it would have
41 been entitled under this Act.
42
43

44 **SEC. 30. Performance Monitoring and Reporting System.** – The
45 Commission and the COA shall jointly design and implement, in consultation with
46 political parties, aggrupations or coalitions thereof, accredited citizens' arms, the
47 private sector and non-governmental organizations, and government agencies,
48 an integrated political party development and campaign subsidy performance
49 monitoring and reporting system. The performance and monitoring system shall
50 identify, define and operationalize a system of performance indicators and
51 measures for party development and campaign subsidy deployment. The
52 Commission and the COA shall, based on the results of the system, publish and
53 disseminate annual reports on the development of political parties that have
54 received subsidies and on the distribution, use and results of the campaign
55 subsidies provided to political parties.

1 The Commission and the Department of Budget and Management (DBM)
2 shall promulgate guidelines to facilitate the release of the funds to every
3 accredited national political party.
4

5
6 **SEC. 35. *Lead Agency.*** - The Commission is hereby mandated as the
7 independent regulatory agency charged with administering and enforcing the
8 provisions of the Act.
9

10
11 **SEC. 36. *Applicability.*** -The provisions of Batas Pambansa Blg. 881, as
12 amended, otherwise known as the "Omnibus Election Code of the Philippines"
13 and other election laws not inconsistent with this Act shall apply suppletorily.
14

15
16 **SEC. 37. *Rules and Regulations.*** - The Commission shall promulgate
17 the necessary rules and regulations to effectively implement the provisions of this
18 Act.
19

20
21 **SEC. 38. *Repealing Clause.*** - All laws, orders, issuances, rules and
22 regulations or parts thereof inconsistent with the provisions of this Act are hereby
23 repealed, modified or amended accordingly.
24

25
26 **SEC. 39. *Separability Clause.*** - If any part of this Act is held invalid or
27 unconstitutional, the other parts or provisions thereof not affected thereby shall
28 remain valid and effective.
29

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31 **SEC. 40. *Effectivity.*** - This Act shall take effect fifteen (15) days from its
32 publication in least two (2) national newspapers of general circulation.
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38 *Approved,*