

EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE

S.B. No. 12

Introduced by Senator FRANKLIN M. DRILON

AN ACT STRENGTHENING THE POLITICAL PARTY SYSTEM OF THE PHILIPPINES

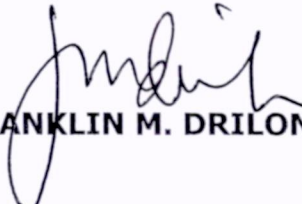
EXPLANATORY NOTE

Political parties have been classically defined as an organized group of persons who preserve the same political ideals in a government. Ideally, since the community of political principles and interests bind the members of a party in the pursuit of their political goals, the same principles and interests command loyalty from each member to stick and maintain allegiance toward the group. Furthermore, in a situation where freedom allows the easy coalition of citizens of like interests and political pursuits, parties of distinctive political ideals and programs of action naturally arise rendering it difficult for a party member to move from one party to another without the concomitant abandonment of personally treasured ideals and the relearning of another.

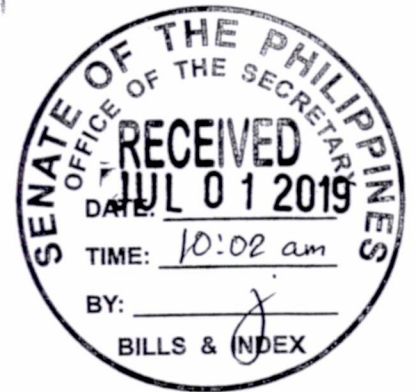
Political parties in our country are normally used as political vehicles to win an election. Our political party system is centered on personalities rather than ideology and political platform. There have been many attempts to reform the orientation of our political parties in the past so as to veer away from the concept of traditional politics. Unfortunately, these attempts remain unsuccessful because of lack of legal institutional framework to govern system of political parties.

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 therefore imperative that the country's political party system should be strengthened in order to achieve genuine political development and democratization.

Hence, the immediate passage of this bill is earnestly sought.


FRANKLIN M. DRILON

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AN ACT STRENGTHENING THE POLITICAL PARTY SYSTEM OF THE PHILIPPINES

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

1 **SECTION 1. Short Title.** – This Act shall be known as "*The Political Party*
2 *System Act*".

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

- 6 (a) institute reforms in campaign financing to promote accountability and
7 transparency and reduce opportunities for graft and corruption;
- 8 (b) provide equal opportunity to all political parties through financial
9 subsidies for party development and campaign expenditures;
- 10 (c) promote party loyalty, discipline and adherence to ideological principles,
11 platforms and programs;
- 12 (d) institute measures to make political parties viable instruments of
13 development and good governance; and
- 14 (e) encourage and support continuing voters' education through the political
15 parties.

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

- 1 (a) "Accredited National Political Party" refers to a national political party
2 qualified to receive subsidy for party development and campaign
3 purposes, accredited for this purpose by the COMELEC based on the
4 criteria provided under this Act.
- 5 (b) "Candidate" refers to any person aspiring for or seeking an elective
6 public office, by himself or duly nominated by an accredited political
7 party, aggroupment or coalition of parties, and who has filed a certificate
8 of candidacy with the COMELEC.
- 9 (c) "Campaign Contribution" refers to any form of donation to any
10 candidate, political party, aggroupment or coalition thereof, given
11 before, during or after the holding of elections. It includes any gift,
12 donation, subscription, loan, advance or deposit of money or anything of
13 value, or those arising from a contract, pledge or agreement to
14 contribute, made for the purpose of influencing the results of the
15 elections, but shall not include services rendered without compensation
16 by individuals volunteering a portion or all of their time in behalf of a
17 candidate or political party. It also includes the use of office space,
18 facilities, equipment, office supplies and other materials and fixtures
19 voluntarily donated by other persons, or allowed their use for free, the
20 monetary value of which shall be assessed based on market rates
21 prevailing in a particular area.
- 22 (d) "Campaign Expenditure" refers to any type of expense incurred,
23 regardless of source, amount and purpose, that relates, directly or
24 indirectly, to the conduct of an electoral campaign. It includes all
25 payments of money or anything of value, or a contract, promise or
26 agreement to spend, for the purpose of influencing the results of the
27 election. It includes the use of office space and facilities personally
28 owned by the candidate, the monetary value of the use of which shall be
29 assessed based on the market rates prevailing in a particular area.
- 30 (e) "Disclosure Requirement" refers to the duty of all candidates and political

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

7 (f) "Donor" refers to any person, natural or juridical, who contributes
8 money, property or any other form of material contribution to a
9 candidate, political party, aggroupment or coalition thereof.

10 (g) "Donee" refers to any candidate, political party, aggroupment or
11 coalition thereof, or any representative acting in their behalf or interest,
12 to whom money, property, or any other form of contribution is made.

13 (h) "National Political Party" refers to a political party or an organized group
14 of persons duly registered with the COMELEC, whose constituency is
15 effectively spread across the geographical territory of all or a majority of
16 the administrative regions of the Philippines, pursuing or advocating
17 platform, principles and policies for the general conduct of government
18 and which, as the most immediate means of securing their adoption and
19 implementation, regularly nominates and supports its members as
20 candidates for public office.

21 (i) "Political Opportunism" refers to any act of a party member constituting
22 disloyalty to the party, or regular non-adherence to the party's
23 ideological principles, platforms and programs, as determined by the
24 party in accordance with its constitution and by-laws.

25 (j) "Political Turncoatism" refers to the change of political party affiliation by
26 any candidate, whether or not elected, from the time he was first
27 nominated. Political turncoatism shall not apply in any of the following
28 instances:

29 (1) change in party affiliation before the effectivity of this Act;

1 (2) abolition, merger or coalition of political parties where a candidate
2 is a registered member thereof;

3 (3) expulsion in writing of a registered member from his/her political
4 party: *Provided*, That the cause for such does not constitute
5 political opportunism.

6 (k) "State Subsidy Fund" refers to the fund established under this Act for
7 party development and campaign activities of accredited national
8 political parties.

9 (l) "Voluntary Contributions" refers to the contributions to candidates
10 and/or political parties, aggroupment or coalitions thereof, as allowed
11 under existing laws.

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

19 The COMELEC shall, after due notice and hearing, resolve the petition within
20 ten (10) days from the date it is submitted for decision. National Political Parties
21 already registered as such with the COMLEC prior to the effectivity of this Act are
22 not required to register anew.

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

28 **SEC. 6. *Selection of Candidates.*** – The selection process for candidates of
29 National Political Parties shall be democratized through the adoption of a process

1 that is fair, open and transparent, and which promotes participation of choice from
2 the members of the party. Toward this end, every National Political Party is
3 mandated to formulate a merit system on nomination and selection of candidates
4 who must be members of the party. Every National Political Party shall submit to the
5 COMELEC its rules governing the merit system on nomination and selection of
6 candidates not later than one hundred and eighty (180) days before the Election
7 Day following the effectivity of this Act.

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

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

24 **SEC. 7. Certificate of Nomination and Acceptance.** – The certificate of
25 nomination and acceptance shall state that the person issuing the nomination is the
26 duly authorized representative of the political party as provided for in its constitution
27 and by-laws, that the person named therein is the official candidate of the party for
28 the elective position stated, and that he has accepted said nomination. The
29 certificate of nomination and acceptance shall be subscribed under oath by the duly
30 authorized representative of the political party.

1 **SEC. 8. *Limits on Voluntary Contributions.*** – Voluntary contributions to
2 any National Political Party shall be limited to the following maximum amounts:

- 3 (a) Up to One Million Pesos (P1,000,000.00) from a person allowed to make
4 a voluntary contribution under existing laws.
- 5 (b) Any contribution, in cash or in kind, to any candidate or political party for
6 campaign purposes, duly reported to the COMELEC, shall be exempt
7 from donor's tax.

8 **SEC. 9. *Voluntary Contributions to Party; How Made.*** – Voluntary
9 contribution to a political party shall be deposited by the contributor to the account
10 of the party with any reputable bank accredited by the COMELEC, within six (6)
11 months prior to the campaign period but not later than fifteen (15) days before the
12 day of election. The accredited banks shall issue a corresponding receipt to the
13 contributor on the amount deposited, and shall submit to the COMELEC a statement
14 of account of every political party with deposits. The COMELEC shall cause the
15 publication of the account of all political parties in any newspaper of general
16 circulation within a reasonable time as determined by the COMELEC.

17 **SEC. 10. *Changing Political Party Affiliation.*** – Any member of a
18 National Political Party who changes party affiliation after being nominated by the
19 party shall be deemed to have committed Political Turncoatism.

20 **SEC. 11. *Penalties for Political Turncoatism.*** - Political Turncoats shall
21 be:

- 22 (a) Disqualified from running under any political party, aggroupment or
23 coalition thereof, for any elective position in the next succeeding election
24 immediately following the act of changing political party affiliation;
- 25 (b) Prohibited from assuming any executive or administrative position in
26 his/her new political party; and
- 27 (c) Directed to refund any and all amounts he/she received from his/her
28 political party, plus a twenty-five percent (25%) surcharge thereon.

1 **SEC. 12. *Petition for Disqualification.*** – Any citizen of voting age, or any
2 candidate, political party, aggroupment or coalition thereof, may file with the
3 COMELEC, upon the filing of the certificate of candidacy and before proclamation, a
4 petition to disqualify a candidate on the ground of political turncoatism as defined in
5 this Act.

6 **SEC. 13. *Authorized Expenses of National Political Parties.*** – The
7 amount that a National Political Party may spend for every election campaign shall
8 be Twenty Pesos (P20.00) for every voter currently registered in the constituency or
9 constituencies where it has official candidate. The COMELEC shall adjust the
10 authorized amount based on the Consumer Price Index every three (3) years
11 following the effectivity of this Act.

12 **SEC. 14. *Establishment of a State Subsidy Fund.*** – There is hereby
13 established

14 a State Subsidy Fund, which shall be used to augment the operating funds of the
15 Accredited National Political Parties. The fund shall be used directly and exclusively
16 for party development and campaign expenditures.

17 **SEC. 15. *Allowable Party Development Activities.*** – Due to the vital role
18 played by the National Political Parties in the country's political development, and in
19 order to promote professionalism and accountability among members of the parties,
20 the following party development activities shall be allowed to be funded out of the
21 State Subsidy Fund:

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

23 (b) Research and policy development;

24 (c) Education and training of members;

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

26 (e) Other reasonable logistical and operational expenses that is essential in
27 strengthening the party.

1 **SEC. 16. Allowable Campaign Expenditures.** – The Accredited National
2 Political Parties are authorized to use the subsidy given to them only for the
3 following campaign activities:

- 4 (a) Operating expenses of the party, which may include hiring of personnel,
5 professional secretariat, setting up of headquarters, and other relevant
6 electoral expenditures;
- 7 (b) Traveling expenses of the candidates and support personnel in the
8 course of the campaign, and for personal expenses incident thereto;
- 9 (c) Information dissemination and advocacy campaigns of the political party;
- 10 (d) Production and distribution of electoral paraphernalia and other
11 propaganda materials; and
- 12 (e) Other expenditures under Section 102 of the Omnibus Election Code.

13 **SEC. 17. Accreditation.** – A National Political Party eligible in accordance
14 with Section 20 hereof, and which desires to be entitled to the rights and privileges
15 as recipient of the subsidy provided for under this Act, may apply for accreditation
16 by the COMELEC, under such rules and regulations as the COMELEC shall prescribe
17 consistent with the provisions of this Act.

18 **SEC. 18. Criteria for Eligibility.** – The COMELEC shall accredit National
19 Political Parties eligible to receive subsidy from the State Subsidy Fund, based on the
20 following general criteria:

- 21 (a) Political representation, consisting of the incumbent president, vice
22 president, members of congress, governors, vice-governors,
23 city/municipal mayors and vice-mayors;
- 24 (b) Organizational strength and mobilization capability, which may include
25 the identifiable political organizations and strengths as evidenced by
26 their organized chapters; the number of political chapters, organizations
27 nationwide, the number of active and permanent members of the party;
28 and the number of incumbent elective officials belonging to them ninety
29 (90) days before the date of elections;

1 (c) Performance and track record of the party, which may include the
2 established record of the parties, that now composed them, taking into
3 account, among other things, the number of years of existence of the
4 party, their showing in the past elections as well as the ability of the
5 party to field a slate of candidates from the municipal level to the
6 position of senator in the immediately preceding national elections.

7 **SEC. 19. *Effects of Accreditation.*** – A duly accredited National Political
8 Party shall be entitled to the rights and privileges accorded under this Act. Likewise,
9 the accredited national political party shall be subject to the regulations set forth in
10 this Act and its implementing rules as prescribed by the COMELEC.

11 **SEC. 20. *Distribution of the Fund.*** – The total amount of State Subsidy
12 Fund released annually shall be distributed as follows:

13 (a) Ten percent (10%) of the fund shall accrue to the COMELEC, to be used
14 exclusively for monitoring purposes and the conduct of information
15 dissemination campaigns and voters' education;

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

20 (c) Thirty percent (30%) of the fund shall be proportionately and ratably
21 distributed to accredited national political parties represented in the
22 House of Representatives based on the number of seats obtained in the
23 most recent general elections;

24 (d) Thirty percent (30%) of the fund shall be proportionately and ratably
25 distributed to accredited national political parties based on the number
26 of seats obtained in local elective positions for governor, sangguniang
27 panlalawigan, city mayor, city vice-mayor, sangguniang panglungsod,
28 municipal mayor, municipal vice-mayor and sangguniang bayan in the
29 most recent general elections.

1 The share of each of the Accredited National Political Parties in the State
2 Subsidy Fund shall be released only upon proof that the concerned party has raised
3 an amount equal to its share in the Fund from voluntary contributions; Provided
4 that, the party concerned that fails to raise an amount equal to its share in the fund
5 shall only receive an amount from its share in the fund equal to the amount raised
6 from voluntary contributions; Provided further, that the balance, if any, from the
7 share in the Fund of the party concerned shall be forfeited and reverted to the
8 general funds of the Government.

9 **SEC. 21. *Schedule of Releases from the Fund.*** – For purposes of this
10 Act, all releases from the State Subsidy Fund during a non-election year shall be
11 used exclusively for party development activities. Funds released during an election
12 year shall be divided as follows: seventy-five percent (75%) shall be used for
13 campaign expenditures, and twenty-five percent (25%) for party development
14 activities. The COMELEC shall inform the Accredited National Political Parties of the
15 schedule of releases as well as the amount of the subsidy allocated at the start of
16 every fiscal year.

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

20 Every Accredited National Political Party shall submit to the COMELEC a
21 detailed program of activities as well as the breakdown of expenditures drawn from
22 the Fund by the end of December of every fiscal year. No Accredited National
23 Political Party shall be allowed to use the subsidy for purposes other than those
24 indicated in this Act.

25 **SEC. 23. *Audit of the Fund.*** – The Commission on Audit (COA) shall
26 examine the financial reports of the Accredited National Political Parties on their use
27 of the State Subsidy Fund. Voluntary contributions to any Accredited National
28 Political Party shall be accounted for separately under a different set of books of
29 accounts, which shall be open to inspection by the COA.

30 **SEC. 24. *Party Ethics.*** – Accredited National Political Parties shall institute

1 internal control mechanisms to promote accountability and transparency. Accredited
2 National Political Parties shall likewise develop and enforce an internal code of
3 conduct and ethical standards for its party members to uphold the values and
4 standards of public life, and to formulate and implement disciplinary procedures for
5 party members: Provided that, said program for internal controls, ethical standards
6 and disciplinary procedures shall be duly submitted to the COMELEC and made
7 available to the public.

8 **SEC. 25. Full Disclosure.** – The officials of every Accredited National
9 Political Party shall submit a sworn statement of their assets and liabilities to the
10 COMELEC which shall be made available to the public. All Accredited National
11 Political Parties and their candidates shall also be required to make a public-
12 disclosure of all contributions as well as expenditures incurred for the use of the
13 State Subsidy Fund.

14 The disclosures shall be made through the official website of the COMELEC
15 and in a newspaper of general circulation.

16 **SEC. 26. Other Reports.** – The following shall be reported by the
17 Accredited National Political Parties and their candidates:

- 18 (a) The amount of contribution, the date of receipt by the bank, and the full
19 name and exact address of the person from whom the contribution was
20 received;
- 21 (b) A full report of expenditures and receipts incurred during the campaign,
22 including those which were drawn from the State Subsidy Fund, if any;
- 23 (c) Post-election disclosure statements as required under existing laws,
24 which must be submitted to the COMELEC within thirty (30) days after
25 Election Day. Submissions made thirty (30) days after the deadline
26 provided by law will be considered late and subject to a fine in such
27 amounts as may be determined by the COMELEC; and
- 28 (d) Detailed breakdown of expenditures for the party development activities
29 charged against the State Subsidy Fund. The financial report covering
30 the party development activities shall be submitted annually, at the end

1 of every fiscal year. The subsidy for the succeeding year will not be
2 released without the submission of the said report covering the
3 preceding year.

4 These reports are required of every accredited national political party and its
5 candidates, regardless of the results of the elections.

6 **SEC. 27. Failure to Comply with Disclosure and Reporting**
7 **Requirements.** –Failure of the Accredited National Political Party to comply with
8 the provisions of this Act will result in its disqualification from receiving its share in
9 the State Subsidy Fund, which shall revert to the general funds of the Government,
10 and forfeiture of all the rights and privileges to which it would have been entitled
11 under this Act.

12 **SEC. 28. Performance Monitoring and Reporting System.** – The
13 COMELEC and the COA shall jointly design and implement, in consultation with
14 political parties, aggroupment or coalitions thereof, accredited citizens' arms, the
15 private sector and non-governmental organizations, and government agencies, an
16 integrated political party development and campaign subsidy performance
17 monitoring and reporting system. The performance and monitoring system shall
18 identify, define and operationalize a system of performance indicators and measures
19 for party development and campaign subsidy deployment.

20 The COMELEC and the COA shall, based on the results of the system, publish
21 and disseminate annual reports on the development of political parties that have
22 received subsidies and on the distribution, use and results of the campaign subsidies
23 provided to political parties.

24 **SEC. 29. Publication and Dissemination of the Political Party**
25 **Development and Campaign Subsidy Performance Reports.** – The political
26 party development and campaign subsidy performance reports shall be submitted to
27 both houses of the Congress of the Philippines not later than June 30 of every year,
28 and shall be made available to the public via the internet and mass media as a guide
29 for the citizenry in evaluating political parties for the purpose of participating in their
30 program of activities, and in supporting, affiliating with, or joining them.

1 **SEC. 30. Punishable Acts.** – The following acts shall be punishable:

- 2 (a) Misuse of funds received by National Political Parties both from the State
3 Subsidy Fund and from voluntary contributions;
- 4 (b) The giving of voluntary contributions which go beyond the allowable
5 limits set under this Act and other existing laws;
- 6 (c) Inability to account for all incoming contributions from whatever source;
- 7 (d) Failure to submit pre-election as well as post-election disclosure
8 statements to the COMELEC. Any submission past the late submission
9 period set in Section 28(c) will be deemed as a failure to submit, hence,
10 punishable under this Act; and
- 11 (e) False reporting or any misrepresentation in the financial statement
12 reports.

13 **SEC. 31. Penalties.** – (a) Any candidate or official of any National Political
14 Party who violates any provision of this Act shall be punished with imprisonment of
15 not less than six (6) years but not more than twelve (12) years, or a fine ranging
16 from Fifty Thousand Pesos (P50,000.00) to Five Hundred Thousand Pesos
17 (P500,000.00), or both. He shall, likewise, be disqualified to hold public office. Any
18 National Political Party that violates any provision of this Act shall pay a fine of not
19 less than One Hundred Thousand Pesos (P100,000.00) but not more than One
20 Million Pesos (P1,000,000.00); (b) Any National Political Party that fails to comply
21 with any of the documentary requirements set forth in this Act shall be subject to
22 administrative sanctions by the COMELEC, which shall include temporary or
23 permanent cancellation of the party's registration, as well as payment of fines
24 consistent with existing laws and regulations; and (c) Any national political party
25 who shall be found to be directly responsible for the accommodation of the political
26 turncoats shall be stripped of its state subsidy after due notice and hearing before
27 the COMELEC.

28 **SEC. 32. Appropriations.** – The amount of Three Hundred Fifty Million
29 Pesos (P350,000,000.00) is hereby appropriated out of the funds of the National

1 Treasury not otherwise appropriated, effective immediately upon the approval of this
2 Act. Every year thereafter, and not later than January 15 of every year; there shall
3 be appropriated the amount Three Hundred Fifty Million Pesos (P350,000,000.00).
4 All such amounts appropriated pursuant to this Act shall go to the State Subsidy
5 Fund, which shall be administered by the COMELEC.

6 The COMELEC and the Department of Budget and Management (DBM) shall
7 promulgate guidelines to facilitate the release of the funds to every accredited
8 national political party.

9 **SEC. 33. *Lead Agency.*** – The COMELEC shall administer and enforce the
10 provisions of the Act.

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

14 **SEC. 35. *Rules and Regulations.*** – The COMELEC shall promulgate the
15 necessary rules and regulations to effectively implement the provisions of this Act.

16 **SEC. 36. *Repealing Clause.*** – All laws, orders, issuances, rules and
17 regulations or parts thereof inconsistent with the provisions of this Act are hereby
18 repealed, modified or amended accordingly.

19 **SEC. 37. *Separability Clause.*** – If any part of this Act is held invalid or
20 unconstitutional, the other parts or provisions thereof not affected thereby shall
21 remain valid and effective.

22 **SEC. 38. *Effectivity.*** – This Act shall take effect after fifteen (15) days
23 following its publication in the Official Gazette and in two (2) newspapers of general
24 circulation.

Approved,