

(No. 21)

POLITICAL PARTIES (FINANCING) LAW, 5733—1973 *

Definitions.

1. In this Law —

“party group” means any one of the following :

(1) a party which in the elections to the Knesset submitted a list of candidates as a party group of the preceding Knesset and is represented in the Knesset by at least one representative.

(2) a party the representative or representatives of which in the Knesset has or have been recognised as a party group by the House Committee ;

(3) a combination of two or more parties which maintain one party group in the Knesset ;

“expenses” means the expenses of a party group for the organisation of its activities, for propaganda and information and for the maintenance of organisational and ideological ties with the public, and includes liabilities incurred in respect of such expenses ;

“election expenses” means the special expenses of a party group in the Knesset election campaign ;

“running expenses” means the expenses of a party group, other than election expenses ;

“the determining day” means the 101st day before elections to the Knesset or, in relation to elections held under a Law for the dissolution of the Knesset, the third day after the coming into force of that Law ;

“election period” means the period from the determining day to election day ;

“financing unit” means an amount designated by the Finance Committee of the Knesset as a financing unit for the purposes of this Law and notice of the designation of which has been published in *Reshumot*.

Right to be financed.

2. (a) Every party group shall, in accordance with the provisions of this Law, be entitled to be financed for —

(1) its elections expenses in the election period ;

* Passed by the Knesset on the 21st Shevat, 5733 (24th January, 1973) and published in *Sefer Ha-Chukkim* No. 680 of the 29th Shevat, 5733 (1st February, 1973), p. 52 ; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1035 of 5733, p. 129.

(2) its running expenses in every month from the month following the publication of the results of the elections to the Knesset until the month in which the results of the elections to the next Knesset are published.

(b) The moneys for financing shall be paid out of the Treasury, through the Chairman of the Knesset, into a bank account of the party group, as provided in section 6(a)(3).

3. (a) Election expenses shall be financed on the basis of one financing unit per seat obtained by the party group in the elections to the Knesset. Calculation of financing of expenses.

(b) The monthly financing of running expenses shall be at the rate of 5 per cent of the amount due to the party group under subsection (a).

4. (a) A party group which delivers to the Chairman of the Knesset a certificate by the Chairman of the Central Election Committee that it has submitted a candidates' list for the next Knesset shall forthwith be paid an advance on its election expenses. The advance shall be 60 per cent of one financing unit in respect of each Knesset Member who belonged to the party group on the date of submission of the candidates' list. Payment of election expenses.

(b) Where in the elections to the incoming Knesset a party group obtains at least one seat, it shall be paid, out of the amount due to it under section 3(a) —

(1) 85 per cent immediately after the publication of the election results ;

(2) 15 per cent immediately after the State Comptroller has submitted to the Chairman of the Knesset a favourable report under section 10(b).

(c) An advance received by a party group under subsection (a) shall be deducted from the payments under subsection (b). Where the advance exceeds the amount due to the party group in respect of election expenses, the excess shall be deducted from the first amount or amounts due to it in respect of running expenses.

5. Payments for financing the running expenses of party groups shall be made to them at the times prescribed by the Finance Committee of the Knesset. Payment of running expenses.

(a) A prior condition for payment of the amounts for financing election and running expenses is that within fifteen days after the determining day — Conditions of payment.

(1) the party group has notified the Chairman of the Knesset of the names of not fewer than two and not more than eight representatives empowered to act on behalf of the party group for the purposes of this Law (hereinafter referred to as "the representatives"); the consent of the representatives shall be attached to the notification; at least one of the representatives shall be a Knesset Member, and concerning at least one of them the party group and he himself shall declare that he is familiar with the party group's financial position;

(2) the party group has submitted to the Chairman of the Knesset a declaration signed by its representatives that it has done everything necessary to ensure the proper keeping of an account of its income and expenditure in accordance with the relevant directives of the State Comptroller;

(3) the party group has notified the Chairman of the Knesset of the number or numbers of its account or accounts at a bank or banks.

(b) A party group may at any time replace or add to its representatives, provided that it has notified the Chairman of the Knesset accordingly and the representatives meet the requirements of subsection (a) (1). It may also notify the Chairman of the Knesset of any change or addition to its bank accounts.

Limitation
of expenses.

7. (a) A party group shall not during the election period incur election expenses of an amount exceeding by more than one third one financing unit in respect of each Knesset Member belonging to the party group on the determining day or three financing units, whichever is more. For this purpose, expenses in a campaign for elections to local authorities held on the same day as the elections to the Knesset shall be regarded as election expenses.

(b) A party group shall not in the course of one year incur running expenses of an amount exceeding by more than one half the amount due to it for financing its running expenses or the amount due as aforesaid to a party group with three Knesset seats, whichever is more.

Limitation
of income.

8. A party group shall not, directly or indirectly, receive any contribution from a body corporate in Israel. For the purposes of this provision, "body corporate" includes a registered partnership.

Keeping of
accounts.

9. (a) From the fifteenth day after the determining day and so long as it is entitled to have its expenses financed, a party group shall —

(1) keep a set of accounts, and enter its income and expenditure therein, in accordance with the directions of the State Comptroller;

(2) hold the moneys designated for its expenses in the bank accounts referred to in section 6(a)(3).

(b) The said set of accounts and the bank accounts shall be available for inspection by the State Comptroller, who for this purpose shall have all the powers vested in him with regard to an inspected body by the State Comptroller Law (Consolidated Version), 5718-1958¹⁾.

(c) The State Comptroller may at any time demand from the representatives of a party group a declaration signed by them as to the completeness or correctness of the entries in the set of accounts or as to the character or nature of a particular item of income or expenditure. A declaration as aforesaid may be made according to the knowledge or best of the knowledge of the declarants, and the Comptroller may at his discretion accept it as evidence.

10. (a) Within six weeks from election day, the representative of a party group shall deliver to the State Comptroller its accounts for the election period. Reports
of State
Comptroller.

(b) Within eight weeks after receiving the accounts referred to in subsection (a), the State Comptroller shall deliver to the Chairman of the Knesset a report of the results of the inspection thereof, indicating —

(1) whether the party group has kept a set of accounts in accordance with his directives ;

(2) whether its expenses and income in the election period were within the limits stated in sections 7(a) and 8.

(c) Within six weeks from the expiration of each year after the beginning of the month following publication of the election results, the representatives of a party group shall submit to the State Comptroller its accounts of that year.

(d) Within eight weeks after receiving the accounts referred to in subsection (c), the State Comptroller shall deliver to the Chairman of the Knesset a report of the results of the inspection thereof, indicating —

(1) whether the party group has kept a set of accounts in accordance with his directives ;

(2) whether its expenses and income during the year were within the limits stated in sections 7(b) and 8.

(e) If the report under subsection (b) is unfavourable, the Chairman of the Knesset shall return to the Treasury the 15 per cent

¹⁾ *Sefer Ha-Chukkim* of 5718, p. 92 ; *LSI* vol. XII, p. 107.

balance referred to in section 4(b)(2). If the report under subsection (d) is unfavourable, the Chairman of the Knesset shall deny the party group the next three payments for financing its running expenses and shall return the amounts of these payments to the Treasury.

Opinion.

11. (a) A party group may at any time ask the Chairman of the Central Election Committee for an opinion as to whether a particular item or kind of expenditure constitutes election expenses. The Chairman of the Central Election Committee shall give his opinion after consultation with the Vice-chairmen unless he considers the matter urgent.

(b) The opinion shall be given within seven days and be delivered to the Chairman of the Knesset, the State Comptroller, the party group which asked for the opinion and all the other party groups.

(c) A party group may at any time ask the State Comptroller for an opinion as to whether a particular item or kind of expenditure constitutes running expenses. The opinion shall be given within twenty-one days and be delivered to the Chairman of the Central Election Committee, the Chairman of the Knesset, the party group which asked for the opinion and, if the State Comptroller deems it desirable, the other party groups.

Provisions as to parties maintaining a single party group.

12. (a) Where a party group is a combination of two or more parties which maintain a single party group in the Knesset, those parties shall, as to everything relating to the financing of running expenses, be deemed to be separate party groups.

(b) A party group which is a combination as specified in subsection (a) shall within fifteen days after the determining day give the Chairman of the Knesset notice of the party affiliation of its members at the time of publication of the election results, and payments for financing running expenses shall be made accordingly.

Changes in composition of party groups.

13. (a) Where the number of members of a party group has changed by reason of changes in the party-group composition of the Knesset, and the House Committee has approved the change, the financing of the running expenses of the party group shall be changed accordingly from the month following approval of the change; but where one or more members secede from a party group, the amounts of financing shall not therefore be changed as long as the House Committee does not recognise him or them as a party group, and the running expenses of the member or members who has or have seceded shall not be financed even if the House Committee recognises him or them as a party group.

(b) Where a party group representing two or more parties has split into separate party groups, and the House Committee has

approved the split, the financing of the running expenses of the separate party groups shall from the month following approval be calculated according to the party affiliation of the members of the previous party group at the time of publication of the election results.

14. Notices and declarations by a party group under this Law shall emanate from the representative of the party group, or his deputy, designated under section 25 of the Knesset Election Law (Consolidated Version), 5729—1969¹⁾. Notices by party group.

15. The amounts due to party group under this Law cannot be charged or attached. Bar to charge and attachment.

16. Members of the Knesset elected from a candidates' list submitted by voters — as distinct from a candidates' list submitted by a party group of the outgoing Knesset — shall, from the day on which the new Knesset convenes, be a party group within the meaning of this Law (such a new party group hereinafter referred to as a "new party group"), and the provisions of this Law shall apply to it with the following modifications : New party groups.

(1) 85 per cent of the amount for financing elections expenses shall be paid to the new party group immediately after it has fulfilled the requirements of section 6(a)(1) to (3), and the payments for financing running expenses shall be made from the month in which it fulfils those requirements ;

(2) the following shall be prior conditions of the payment of the 15 per cent balance of the election expenses :

(a) the new party group did not in the election period incur election expenses exceeding by more than one third one financing unit in respect of each seat obtained by it in those elections or three financing units, whichever is more ;

(b) the new party group did not in the election period receive contributions in contravention of section 8 ;

(c) the State Comptroller has certified to the Chairman of the Knesset, on the basis of an inspection of the accounts of the new party group, that it did not exceed the limitations imposed by subparagraphs (a) and (b) ;

(3) where a member of the outgoing Knesset who is not a member of a party group thereof submits a candidates' list under section 57(c) of the Knesset Elections Law (Consolidated Version), 5729-1969, and he heads the list and is its representative, he is entitled to receive an advance on the election expenses of the list, pursuant to section 4(a), in an amount equal to the amount due to a one-member party group, on condition that the list has been

¹⁾ *Sefer Ha-Chukkim* of 5729, p. 103 ; *LSI* vol. XXIII, p. 110.

duly approved and the requirements of section 6(a) have been fulfilled in its respect ;

(4) section 9 shall apply to a new party group from the day on which its candidates' list is submitted.

Inapplicability. 17. (a) The provisions of this Law shall not apply to a party group which within one month after publication of the election results gives the Chairman of the Knesset written notice that it does not wish to have its expenses financed under this Law. The notice shall have effect until the next election day.

(b) The provisions of this Law shall not apply to amounts which under a decision of the General Federation of Labour in Eretz Israel are received by a party group for financing an election campaign in that federation and in the trade unions organised therein or allotted for the purposes of the parties represented in that federation in accordance with the size of their representation, and shall not apply to the expenditure of such amounts.

Transportation of voters. 18. The transportation for the purpose of voting in elections to the Knesset of persons entitled to vote from the area of one locality to that of another and back shall be financed out of the Treasury through the Central Election Committee. It shall be carried out along such routes and over such distances as the Committee may prescribe and in accordance with such procedures and arrangements as it may direct. It shall take place on the day of the elections, but the Committee may permit it to take place shortly before that day by reason of the great distance between two localities.

Transitional provisions. 19. (a) A party group which fulfils the conditions set out in section 6(a) (1) to (3) at the time prescribed by the Finance Committee of the Knesset is entitled to have its running expenses financed from the month prescribed by that Committee.

(b) The payment of debts incurred by a party group before the coming into force of this Law shall not be regarded as expenditure within the meaning of this Law.

Implementation. 20. The Chairman of the Knesset is charged with the implementation of this Law.

Commencement. 21. This Law shall have effect from the 27th Tevet, 5733 (1st January, 1973).

GOLDA MEIR
Prime Minister

SHNEUR ZALMAN SHAZAR
President of the State