



THE CONSTITUTIONAL COURT OF THE REPUBLIC OF LATVIA

JUDGEMENT

on Behalf of the Republic of Latvia

in Riga on 15 December 2022

in Case No. 2021-36-01

The Constitutional Court, comprised of: chairperson of the court hearing Aldis Laviņš, Justices Irēna Kucina, Gunārs Kusiņš, Jānis Neimanis, Artūrs Kučs, Anita Rodiņa, and Jautrīte Briede,

with the participation of Edgars Zelders, the authorised person of the applicant – political party “Mēs – Talsiem un novadam” [We– for Talsi and the Region], and

Sandis Bērtaitis, the authorised representative of the institution, which issued the contested act, – the *Saeima* [the Parliament of the Republic of Latvia],

The secretaries of the court hearing Alise Ziemele and Laura Stutāne,
on the basis of Article 85 of the *Satversme* [Constitution] of the Republic of Latvia and Para 1 of Section 16, Para 11 of Section 17 (1), as well as Section 19² and Section 28 of the Constitutional Court Law,

on 27 October, 6 and 16 November 2022, at an open court hearing with the participation of the participants in the case, examined the case

“On Compliance of Para 2 of Section 7¹ (1) of the Law on Financing Political Organisations (Parties) with the first sentence of Article 91 of the *Satversme* of the Republic of Latvia”.

The Facts

1. On 19 July 1995, the *Saeima* adopted the Law on Financing Political Organisations (Parties) (hereafter – the Party Financing Law), which entered into force on 16 August 1995.

The amendments of 10 June 2010 to the Party Financing Law, which entered into force on 14 July 2010, *inter alia*, added to the law Section 7¹, the first part of which provided: “The State budget financing shall be provided to a political organisation (party), for which more than two per cent of voters have voted in the last elections of the *Saeima*, in the amount of 0.50 lats for each vote acquired within a calendar year.”

By the amendments of 12 September 2013 to the Party Financing Law, which entered into force on 1 January 2014, Section 7¹ (1) of the law was expressed in the following wording: “The State budget financing shall be provided to a political organisation (party), for which more than two per cent of voters have voted in the last elections of the *Saeima*, in the amount of EUR 0.71 for each voted acquired within a calendar year.”

Whereas following the amendments of 14 November 2019 to the Party Financing Law, which entered into force on 1 July 2020, Section 7¹ (1) of the law was expressed in the following wording: “The State budget financing shall be provided to a political organisation (party), for which more than two per cent of voters have voted in the last elections of the *Saeima*, (hereafter also – national-level political party) within a calendar year:

1) in the amount of EUR 4.50 for each vote acquired at the last *Saeima* election;

2) in the amount of EUR 0.50 for each vote acquired at the last election of the local government council;

3) in the amount of EUR 0.50 for each vote acquired at the last election of the European Parliament.”

Simultaneously, Para 30 in the Transitional Provisions of the Party Financing Law provided that Para 2 of Section 7¹ (1) of this Law (hereafter – the contested norm) would be applied from 1 July 2021.

By the amendments of 24 February 2022 to the Party Financing Law, which entered into force on 1 November 2022, Section 7¹ (1) of the Party Financing Law was expressed in a new wording.

2. The applicant – political party “Mēs – Talsiem un novadam” (hereafter – the Applicant) – holds that the contested norm is incompatible with the first sentence of Article 91 of the *Satversme* of the Republic of Latvia (hereafter – the *Satversme*).

The Applicant is a political party, established in 2017 to protect and pursue the interests of the inhabitants of the Republic of Latvia, in particular, those of Talsi region. The Applicant participated in the election of the Talsi Regional Council in 2017 and acquired three seats at the Council, as well as in 2021 when it acquired four seats at the Talsi Regional Council. Pursuant to Para 30 in the Transitional Provisions of the Party Financing Law, the contested norm is applied since 1 July 2021 and it does not envisage the Applicant’s right to receive the State budgeted financing.

The Applicant holds that the contested norm does not ensure equal treatment of parties that participate in the elections of a local government council but do not participate in the *Saeima* election. Political parties connect society and the state power, by ensuring society’s organised involvement in political processes. Moreover, it is maintained that election results prove that political parties, which participate only in local government elections (hereafter also – regional political parties), enjoy considerable public support. With the amendments of 2019 to the Party Financing Law, the State budgeted financing has been significantly increased; moreover, not only the parties that have been elected to the *Saeima* but also those for whom more than two per cent of voters have voted for at the *Saeima* elections are eligible to this financing.

Allegedly, all political organisations (parties) (hereafter – also political parties) are in similar and according to certain criteria comparable circumstances, *inter alia*, both such political parties that receive the State budget financing and such political parties that do not receive the State budget financing. The will to exercise the right to submit a list of candidates for local government elections and be represented in the local government councils is said to be the feature uniting these groups. Six of the eight political parties, which participated in the election of the Talsi Regional Council in 2021, are represented also in the *Saeima* and, thus, in addition to the financing envisaged in Para 1 of Section 7¹ (1) of the Party Financing Law, will also receive the financing envisaged in the contested norm, irrespectively of the fact whether the particular political party is represented in the particular local government council at all. Hence, the treatment of persons who are in similar and according to certain criteria comparable circumstances is differential.

Ensuring of political activity is linked to various daily expenditure, *inter alia*, expenditure needed to maintain an office, employ staff members, communicate with voters, likewise, financing is also needed for the pre-election campaign in local government council elections and agitation. Therefore those political parties, which have been granted the State budget financing, are obviously in more favourable situation than other political parties.

It is said to follow from the preparatory materials of the contested norm that the State budget financing is provided with the aim of decreasing the financial dependence of political parties on private persons' donations, unlawful financing of parties and high-level corruption risks, promoting professionalism and administrative capabilities of political parties, as well as facilitating competition among them. However, the legislator had failed to assess why this aim of granting the State financing should not be applicable to those political parties, which are represented in the local government council but did not participate in the *Saeima* elections or for whom less than two per cent of voters had voted at the *Saeima* elections. Hence, it is alleged that the differential treatment caused by the contested norm lacks objective and reasonable grounds.

The aim of decreasing the dependence of political parties on the donations made by private persons, unlawful financing of political parties and facilitating professionalism and administrative capabilities of such political parties and promotion of competitiveness is said to be equally applicable also to local-level parties. The elected members of the local government council, just like members of the *Saeima*, vote at the sittings on various matters, likewise, local governments have budgets amounting to several million and great autonomy with respect to handling the financial resources.

In adoption of the contested norm, the impact on the State budget, depending on whether the State financing would be envisaged also to such political parties that do not participate in the *Saeima* election but participate only in the election of the local government council, had not be assessed. It is maintained that there are grounds for questioning the effectiveness of the current model for granting the State financing. The contested norm is said to restrict significantly the possibility for new parties to emerge, as well as, in general, testifies of the wish to reduce gradually the number of regional political parties and, actually, liquidate them, although it is objective, fair and democratic competition that would promote professionalism and development of all political parties

At the court hearing, the Applicant maintained the considerations included in the application.

3. The institution, which issued the contested act, – *Saeima* – holds that the contested norm is compatible with the first sentence of Article 91 of the *Satversme*.

Allegedly, the contested norm had been adopted for the aim of reinforcing and consolidating the system of political parties, operating throughout the entire territory of the State, and to involve political parties also in national-level elections, as well as to ensure the considerable resources that their functioning requires to parties represented in the *Saeima*.

The *Saeima* does not uphold the Applicant's view that the indicated groups of persons could be recognised as being such that are in similar and according to certain criteria comparable circumstances. The differentiated model for allocating financing is said to exclude the possibility that political parties with relatively low support among citizens could receive substantial State financing for ensuring their functioning and, at the same time, it ensures that commensurate support is granted to political parties who have received greater support of the voters and are represented in the *Saeima*. Moreover, objectively, functioning of a party that is represented in the parliament requires greater resources, *inter alia*, to inform society about the daily decisions made by the party and the entire *Saeima* and to ensure qualitative expertise required for parliamentary work. It is maintained that the aim of the contested norm and of the Party Financing Law, in general, is to ensure larger financial support to political parties and a stable system of political parties. If a similar model of granting financing were applied also to those political parties that participate only in the local government elections, the allocation of financing might come into conflict with the support, determined on the national level, to political party, and, likewise, would not facilitate consolidation of political parties and equal involvement in both national- and regional-level elections.

A political party, which is represented only in the local government council but has not participated in the *Saeima* election, cannot contribute greatly to the consolidation of parties on the national level and equal participation in the national-level elections. Parties of this kind, pursuant to the specificity of their operations, are not performing the same and comparable tasks as the parties that are represented in the parliament, having incomparably larger number of members and who are developing large scale international-level activities. However, several restrictions, set for those political forces that receive the State budget financing, are not applicable to those parties that are represented in the local government council but have not participated in the *Saeima* election. Hence, the groups of persons, referred to by the Applicant, are said to function in different actual and legal circumstances.

If the Constitutional Court were to find that the groups of persons, referred to in the present case, are in similar and according to certain criteria comparable circumstances then, the *Saeima* notes, that the established differential treatment had been defined by law. The differential treatment, caused by the contested norm, is said to have legitimate aims – protection of the democratic state order and public welfare.

In the present case, the current model for granting financing should be considered as being the legislator's political choice, and this, as well as the matter of selecting alternative solutions should not be examined by methods of constitutional review. The *Saeima* holds that such an alternative as mechanical allocation of the financing, defined in the contested norm, also to political parties that are represented in the local government council but have not participated in the *Saeima* election would enter into an absolute conflict with the aims of financing political parties, defined by the legislator, and the specificity of diverse political parties. Moreover, this solution would require disproportional investment from the State and the entire society.

The contested norm had been adopted as part of the annual budget package. The model for financing political parties, set out in the contested norm, had been defined by taking into account the available State budget resources. In the current stage of the financing system, the priority is, allegedly, to ensure the minimum administrative capacity that political parties need, decrease significantly the dependence of political parties on private financing, as well as to provide incentives to political parties to increase the number of their members throughout the entire territory of the State.

At the court hearing, the *Saeima*'s representative drew attention to several procedural aspects that might serve as the grounds for terminating legal proceedings in the case. The *Saeima*'s representative is of the opinion that such fundamental right, for the protection of which the Applicant has turned to the Constitutional Court, cannot be identified, therefore, in the present case, the Applicant cannot use the constitutional review as a legal remedy for protecting its infringed right. In addition, considerations regarding the term for submitting

a constitutional complaint were provided, as this, in the opinion of the *Saeima*'s representative, had been missed.

4. The summoned person – the Ministry of Justice – holds that the contested norm is compatible with the first sentence of Article 91 of the *Satversme*.

The Ministry of Justice is of the opinion that the groups of persons, referred to by the Applicant, are not in similar and according to certain criteria comparable circumstances. The aim of these political parties and their role in developing sustainable politics and reinforcing democracy, as well as the amount of resources required to ensure their activities are said to be different.

In the Party Financing Law, the State financial support to political parties already from the beginning had been linked to the gained representation in the *Saeima*. The granting of the State financing to parties, in addition to the need to decrease the impact of donors upon them, had been founded on the consideration that annual disbursements from the State budget would ensure to parties a stable revenue basis, which would allow them, in the period between elections, to fulfil their functions more successfully, e.g., improve their programmes, educate voters, and work in local governments. Such financing was disbursed for the first time in 2012.

Pursuant to Para 27 in the Transitional Provisions of the Party Financing Law, the Cabinet had been tasked to submit, by 31 October 2018, an opinion on the financial and legal conditions for possible increase of the State budget financing to be allocated, at the same time examining also the possibility of applying the said conditions also to other political parties, not referred to in Section 7¹ (1) of the Party Financing Law. In 2019, the Ministry of Justice had prepared an opinion on the possible increase of the State budget financing envisaged for political parties. This opinion had been prepared by a working group, which had assessed various solutions for reviewing the amount of State financing envisaged for political parties, *inter alia*, examined the range of political parties eligible to the State financing, as well as the principles for

allocating the State financing. The conclusion was reached that the model for allocating the State financing should be such that would provide incentives to political parties to gain seats at the *Saeima* and would facilitate political parties' interest in creating a community of active members and functioning throughout the entire territory of the State.

In setting the amount of financing envisaged in the contested norm, the available State budget resources had been taken into account, and the regulation, in general, had been aimed at supporting financially major political parties and at consolidating a stable system of political parties. The current model of granting financing is said to exclude the possibility that parties with relatively low support among citizens could receive significant State financing for ensuring their functioning, at the same time ensuring commensurate support to those political parties that have received greater support among citizens and are represented in the *Saeima*.

For the sake of consolidating national democratic processes, it would be desirable for the political parties to draft priority comprehensive political programmes and represent the interests of the general public. Allegedly, these tasks can be effectively performed by major political parties, operating throughout the entire territory of the State. Such political parties, in turn, that aim to gain political power only in one county or region cannot contribute in the same way to the stable system of political parties as those parties that act throughout the entire territory of the state and whose political aim is gaining political power in the State and represent politically as extensive societal groups as possible. The right to establish political parties and to unite them is said to be an important and protected right in a democratic state; however, at the same time, for the purpose of reinforcing parliamentary democracy, it is important also to provide particular incentives for creating such a stable, consolidated system of political parties that would be able to unite broad societal groups. Moreover, the granting of State financing is not the only means for reaching this aim. The legislator has used various legal measures to implement policy aimed at reinforcing the system of parties, e.g., by defining the minimum number of founders of a political party.

At the court hearing, the Ministry of Justice underscored that the feature, indicated by the Applicant as the one uniting the groups of persons, was not compatible with the aim of the law, defined in Section 1 of the Party Financing Law, – reinforcing parliamentary democracy. Moreover, the view that all political parties are in similar and comparable circumstances, allegedly, is incompatible with the legislator’s law policy choice. Those political parties that are active on the parliamentary level are said to have a different aim and much greater importance in developing sustainable politics.

5. The summoned person – the Ministry of Finance – holds that the contested norm was drafted and adopted in the procedure set out in regulatory enactments, *inter alia*, by assessing the impact of financial and legal conditions on the State budget, it was also promulgated and is publicly accessible in compliance with the requirements set out in regulatory enactments.

Para 27 in the Transitional Provisions of the Party Financing Law included an instruction for the Cabinet to submit to the *Saeima*, by 31 October 2018, an opinion on the financial and legal conditions for the possible increase of the State budget financing to be allocated, at the same time examining also the possibility of applying the respective conditions also to other political parties, not referred to in Section 7¹ (1) of this law. The Ministry of Finance also had been involved in preparing the said opinion in order to assess, within the limits of its competence, the impact of the legal and financial conditions, proposed by the Corruption Prevention and Combatting Bureau and the Ministry of Justice, on the State budget.

6. The summoned person – the Ombudsman – holds that the contested norm complies with the first sentence of Article 91 of the *Satversme*.

Allegedly, the basic objective of the contested norm is providing support to those parties that acquire a certain number of votes at the *Saeima* election, whereas the linking of financing with the number of votes acquired at local government elections is only an additional way for assessing and supporting

political parties in the period between the *Saeima* elections. In general, the contested norm is said to promote the development of a system of national-level political parties, e.g., by ensuring competition among the political parties and diversity of the political offer. The Ombudsman holds that this circumstance should be considered as being sufficiently important to recognise that the Applicant and the national-level political parties are not in similar and comparable circumstances.

In the framework of the present case, the compliance of the contested norm with Article 1 and Article 100 of the *Satversme* could be examined; however, the Applicant has not discerned an infringement on its rights in this context.

The differential treatment caused by the contested norm, substantially, could have two legitimate aims, i.e., protection of the democratic state order and public welfare. The Ombudsman holds that the measure chosen by the legislator is suitable for reaching the legitimate aims. However, whether the aims are reached partially or in full is said to depend on the legislator's political choice and the State budget resources, available in the particular situation. The Ombudsman is of the opinion that some objectives of the contested norm could be reached by alternative measures, e.g., it could be possible to facilitate consolidation of political parties by increasing the minimum number of members.

It should be taken into consideration that the *Saeima* decides on the most important matters in the life of the State and society, e.g., decides on using the State budget, implements the common national policy, and, thus, there are no doubts that reaching the aim of the contested norm and the main aims of the State financing with respect to those political parties, which stand at the *Saeima* elections, is of special public importance.

At the court hearing, the Ombudsman's representative underscored that participation in the *Saeima* election and acquiring of at least two per cent of voters' votes was a decisive condition for recognising that the Applicant and national-level political parties were not in similar and comparable circumstances.

7. The summoned person – the Corruption Prevention and Combatting Bureau – notes that the groups of persons, identified by the Applicant, are not in comparable circumstances and, thus, should not be compared within the framework of the legal equality principle. Section 7¹ (1) of the Party Financing Law is said to comprise one basic criterion that a political party should meet to apply for the State financing, i.e., the political party should have acquired the support of more than two per cent of voters at the last election of the *Saeima*.

The feature indicated by the Applicant – the will to exercise the right to submit a list of candidates for local government elections and gain representation in the local government council – *per se* cannot serve as a sufficient argument to establish that the indicated groups of persons are in similar and comparable circumstances.

The right of political parties, referred to in Section 15 of the Law on the Election of Local Government Councils, to submit a list of councillor candidates for the local government election and be represented in the local government councils cannot be considered as being a unifying feature because stricter requirements both with respect to the number of members of the political party and with respect to each individual candidate had been defined both in Section 9 of the *Saeima* Election Law and Section 9 of the Election to the European Parliament Law.

The contested norm defines the criteria for granting State financing to a political party but in no way restricts the Applicant's right to take successive actions to achieve compliance with these criteria and receive the State budget financing. Moreover, already at the time when the contested norm was adopted, the conceptual principle had been defined that the State budget financing should be granted only to those political parties, for which more than two per cent of voters had voted at the last *Saeima* election. It had been recognised, *inter alia*, that the lowering of this threshold was not necessary because it was commensurate with the circumstances and complied with the practice of other

states, comparable to Latvia. Moreover, it is important to prevent any political party from submitting a list of candidates and participate in the election without the motivation to be elected into the *Saeima*, having only one aim – to receive the State financing. Other alternatives, related to the granting of the State financing also had been assessed, i.e., tax reliefs for donations to political parties, the possibility to define the minimum number of required regional branches to facilitate the interest of political parties to create a community of active members and function throughout the entire territory of the State.

The Corruption Prevention and Combatting Bureau notes that its draft of the action plan for 2021-2024 includes, as one of the objectives for the coming years, reviewing and assessment of the existing model, pursuant to which the State budget financing is granted to political parties. Thus, it could be possible to provide provisional assessment of the impact of this model on reducing the role of money in politics, as well as to the highest-level political corruption. In assessing the effectiveness of the current model of financing political parties, it would be logical to examine, at the same time, also the financing of the regional political parties and their dependence on private donors, as well as the consequences thereof.

At the court hearing, the Corruption Combatting and Prevention Bureau also noted that the State budget financing for political parties was considerably increased by the law of 14 November 2019 “Amendments to the Party Financing Law” and that the contested norm had been introduced as one of the criteria for granting the State financing. However, increasing of the State financing and the criteria for granting thereof are said to be a matter of political choice.

8. The summoned person – the Latvian Association of Local Governments – holds that the contested norm is incompatible with the first sentence of Article 91 of the *Satversme*.

Initially, parties may form in different ways – both as representation of an interest group and as representation of local or ideological interests. Further

development of the party, however, needs favourable State policy and corresponding legal regulation.

Excessive regulations on a party's revenue provoke gaining of revenue in prohibited ways, whereas excessive restriction on revenue facilitates consolidation of shadow economy. For example, the prohibition for legal persons to donate to political parties, included in the Party Financing Law, had been intended to make parties less dependent on large donations, which would make stronger those parties that represent the interests of entrepreneurs; however, as the result of this prohibition political parties have been weakened because the resources required for parties to work constantly on reinforcing their internal democracy have decreased.

It should also be taken into account that inadequately financed political parties are unable to ensure high quality of legislation, cannot duly defend national interests within the framework of the European Union and, thus, delay the national development in general. Therefore there are grounds for increasing party financing, in particular, considering such forms of financing that would promote internal democracy in the parties and would cover at least the minimum daily expenses. This principle would have a reasonable aim – increasing a party's possibilities if it gains larger support among voters. This model might stimulate growth, would be useful in all four stages of a party's development and would comply with the proportionality principle.

The Latvian Association of Local Governments considers that, with respect to granting the State financing, the contested norm envisages unequal treatment of political parties, that such treatment lacks a legitimate aim, and that it is not proportionate.

9. The summoned person – director of “Centre for Public Policy PROVIDUS” Mg. iur. Iveta Kažoka – holds that the contested norm is incompatible with the first sentence of Article 91 of the *Satversme*.

Section 15 (1) of the Law on Election of the Local Government Councils defines the form of a party as a precondition for participation in local government

elections. Compared to the practice of other states of the European Union, this requirement of the Latvian law is said to be untypical, i.e., usually also associations of voters and even individual candidates may participate in local government level elections. Moreover, the establishment and maintenance of a party is made complicated, e.g., by defining the necessary number of founders and members. If political parties are granted State support then the support system should be envisaged also for independent candidates to ensure equal distribution of State resources. This is said to apply also to local-level parties, which also incur various costs, which follow from the need to finance the legal form of a party.

In the context of local government elections, regional political parties that do not receive State budget financing are placed in unequal situation not only vis-à-vis those political organisations to which the State grants annual financing but also those political parties that participate in local government elections in one list with the political parties that are receiving the State budget financing. Para 6 of the Cabinet Regulation of 14 January 2020 No. 24 “Regulations Regarding Spending of the State Budget Financing Granted to Political Organisations (Parties)” prohibits an alliance of political parties to use the granted State budget financing for political campaigning of such political organisation (party) forming an alliance of political parties which submits a separate list of candidates for the *Saeima* or the European Parliament elections. However, prohibition like this is not envisaged with respect to local government elections.

During the drafting of the contested norm, its impact on the regional-level democracy and political parties representing it had not been assessed at all. Moreover, the statements made in the Cabinet’s opinion of 2019 on possible increase of the State budget financing for political parties is said to differ significantly from the regulation which the *Saeima* adopted in 2019. Namely, the State budget financing is not linked to the needs of the Latvian parties but a connection, based on political considerations, had been made with the amount of State financing that the Lithuanian and Estonian political parties receive.

Likewise, the provision of basic financing, allowing the parties that had not been elected to the *Saeima* to develop their activities gradually, had not been considered. The fact that a large part of the lists for the *Saeima* elections are submitted by alliances of parties, which participate separately in the local government and the European Parliament elections, had not been taken into account either. Hence, it is not clear why additional financing for participation in local government elections had to be granted.

To eliminate the differential treatment, caused by the contested norms, of those candidates who participate in the local government election from the lists of the regional political parties, the mandatory and hard to substantiate requirement of the form of a political party for participation in the local government elections should be abandoned or the part of administrative and campaign related expenditure of those political parties who have gained representation on the local government council should be covered proportionally to the number of votes received by the party and in accordance with calculation of the minimum necessary financing.

At the court hearing, *Mg. iur.* Iveta Kažoka underscored that the reform of the financing of political parties had led to a situation where regional-level activists, in order to compete with other political parties at local government elections, are forced to form alliances with those political parties, which receive the State financing. Such circumstances are said to have negative impact on the regional-level democratic processes and had followed not only from the reform of the model for financing political organisations (parties) but also from the legal regulation that defines the way, in which political parties may participate in local government elections.

10. The summoned person – *Mg. sc. soc.*, *Mg. oec.* Lelde Metla-Rozentāle – notes that in Latvia, as a parliamentary democracy, the *Saeima* is the only institutional structure of the State vested with the power to legislate. Within the framework of the Latvian legal system, citizens have the possibility to participate in two more elections – the local government election and the

election of the European Parliament; however, none of these elected institutions had been granted rights and obligations equal to those of the *Saeima*. Namely, the said institutions do not care for the common good of all inhabitants of the State.

In adopting a decision on reallocation of benefits or possibilities between political parties, the main criterion for assessing a party is said to be its importance and influence in resolving matters important for the entire society. If a party chooses not to participate in the parliamentary election then it is merely a local, regional political force which functions within the boundaries of one region and takes care of the development of the particular region. This is said to be the Applicant's case. A party like this does not contribute to the consolidation of the national and parliamentary democracy and cannot be regarded as an equal applicant for the State financing.

The financing of political parties may come from two sources: the private and the State (public) financing. Private financing has always formed a significant part of a party's financial provisions because it proves that the party's ideas have followers and that the issues made relevant by the party are important and understandable not only for the members of the party but also for a wider circle of society. Public or State financing may be used as the second source for financing parties, it is disbursed from the State budget resources.

Pursuant to the findings of political theory, the experience of democratic states is based on three main principles for distributing benefits. Firstly, equality of the recipients of the State financing; in this context, the parliamentary representation of the political party is used as a criterion. Secondly, distribution of the financing proportional to the success gained by a political party at the elections, in this context, the results of voting are used as the criterion. Thirdly, the need for financing, and, in this context, the needs of newly established political parties and of the parties representing the largest political forces are being weighed. The financing of political parties, granted from the State budget resources, is said to be of major importance for ensuring parliamentary democracy within the State. It strengthens the political parties and the candidates

proposed by them and ensures equal competitive pre-conditions in the pre-election fights. The possibility for political parties to receive the State financing and participate in the fight for a seat in the parliament is an essential pre-condition for implementing representative parliamentary democracy. It helps in facilitating citizens' trust in political forces and politicians in general.

At the court hearing, *Mg. sc. soc.*, *Mg. oec.* Lelde Metla-Rozentāle underscored that, in the theory of political science and international practice, public governance is understood as national-level politics, aimed at increasing the common good of all inhabitants of the State. This is said to be the essential difference between the national-level and regional-level political parties. Regional political parties have the possibility, while maintaining their identity, to conclude a cooperation agreement with a national-level political party and participate jointly in this form in the parliamentary election. Cooperation like this is said to promote the economic growth of the particular region and is a way to develop both the particular region and the entire State.

Persons who specialise only in local government work and take care of their interests also may be members of a national-level political party. Whereas other members of the respective political party participate in the national-level politics and stand for the *Saeima* election. Thus, a political party may be successful both at the regional-level and the *Saeima* elections.

11. The summoned person – Dr. Ph. Daunis Auers – noted at the court hearing that the political systems of various countries differed and, thus, also the systems of political parties were different. Latvia is said to be one of those rare countries in Europe and in the world that have numerous political parties. Currently, there are 53 political parties in Latvia, whereas this number is 12 in Estonia, 27 – in Lithuania, 29 – in Sweden, and 24 political parties in Finland. It is relatively simply to found a political party, i.e., only 200 members are required to establish a party, whereas the required number in Lithuania is 2000.

Allegedly, the reason why there are so many political parties in Latvia is the fact that associations of voters or individual candidates may not participate

in local government elections, as it is, for example, in Estonia, Lithuania, Denmark and other countries of the Baltic Sea region.

On average in Europe, approximately five per cent of the inhabitants having the right to vote are members of various political parties. The Latvian political parties are said to be small. I.e., in Latvia, only one per cent of citizens having the right to vote have joined a political party, whereas, for example, the respective number in Estonia is six per cent and approximately five per cent of inhabitants in Lithuania. Trends of the recent years reveal that the number of party members in Europe is decreasing. For example, in 1960, 22 per cent of inhabitants were members of various political parties in Denmark, whereas currently they constitute only three per cent. In responding to these changes, the mechanisms for granting the State support to political parties have been revised in entire Europe. Hence, the understanding of which political parties should be supported by the State has changed. Several functions that a political party should fulfil can be identified. Firstly, before elections it should facilitate by its political campaigns active citizenship to make society interested in participating in the respective election. Secondly, parties unite citizens in certain interest groups, by creating their political programmes and offering a particular vision of the State's future. Thirdly, political parties attract new members who, having acquired professional skills and experience while working for the party, will be able to influence, to a large extent, the processes of public governance in the future. Regional political parties also should perform the same functions because the inhabitants of local governments also should be informed about the development possibilities of the particular local government.

In Latvia, reforms of the political system are implemented slowly and, possibly, belatedly, compared to Estonia and Lithuania. However, the system of financing political parties has been created by having the parliamentary election in mind. Among 27 Member States of the European Union, the State financing also for regional political parties has been envisaged only in Spain and Denmark. In other Member States, the State support to political parties is granted on the basis of the success at the national-level election. Likewise, *Dr. Ph. Daunis*

Auers admitted that expert discussions also about the impact of the support system for political parties in local government elections had taken place.

The Findings

12. The *Saeima* holds that legal proceedings in the case should be terminated on the basis of Para 3 of Section 29 (1) of the Constitutional Court Law because, allegedly, the contested norm does not cause an infringement on the Applicant's fundamental right, included in the first sentence of Article 91 of the *Satversme*. Moreover, the Applicant had not abided by the term for submitting a constitutional complaint, defined in Section 19² (4) of the Constitutional Court Law (*see Transcript of the Court Hearing of 27 October 2022 in Case Materials, Vol. 4, pp. 41–44*).

Pursuant to the Constitutional Court's case law, issues of procedural nature must be examined before reviewing the constitutionality of the contested norm on its merits (*see Decision by the Constitutional Court of 10 December 2021 on Terminating Legal Proceedings in Case No. 2021-11-01, Para 9*).

Hence, the Constitutional Court will examine whether, in the particular case, the Applicant's fundamental rights, falling within the scope of the first sentence of Article 91 of the *Satversme*, have been infringed upon and then it will verify whether the term for submitting an application, defined in the Constitutional Court Law, has been abided by.

12.1. An infringement on fundamental rights is a mandatory precondition for submitting an application to the Constitutional Court (*see Decision by the Constitutional Court of 23 November 2016 on Terminating Legal Proceedings in Case No. 2016-02-01, Para 7*). Pursuant to the Constitutional Court Law, an infringement on a person's fundamental rights can be established if the particular fundamental right of a person is included in the *Satversme* and it is the contested norm which infringes upon it (*see, for example, Decision by the*

Constitutional Court of 30 December 2020 on Terminating Legal Proceedings in Case No. 2020-08-01, Para 11).

In the Applicant's view, the contested norm envisages differential treatment of political parties that are in similar and according to certain criteria comparable circumstances. Namely, the State budget financing, granted by the contested norm gives broader possibilities for participating in the local government council elections and to gain more votes to those political parties that have acquired at least two per cent of votes at the last *Saeima* election compared to the Applicant that does not receive the State budget financing. Hence, differential treatment of political parties that are in similar and according to certain criteria comparable political parties develops, which, allegedly, is a violation of the principle of legal equality, included in the first sentence of Article 91 of the *Satversme*.

Whereas the *Saeima* considers that the principle of legal equality, included in the first sentence of Article 91 of the *Satversme*, should be applied in conjunction with other fundamental rights. The Applicant had not identified those fundamental rights that it links to the alleged violation of the principle of legal equality, included in the first sentence of Article 91 of the *Satversme*. The *Saeima* is of the opinion that it is self-evident in the proceedings before the Constitutional Court that not every right or lawful interest should be recognised as being fundamental rights in the meaning of Chapter VIII of the *Satversme*. It is contended that the *Satversme* does not comprise such fundamental right of persons as the right to receive the State budget financing for ensuring the activities of a political party. Hence, the fact that a political party does not receive the State budget financing or that a competing political party receives such financing *per se* does not mean a violation of the principle of legal equality (*see Transcript of the Court Hearing of 27 October 2022 in Case Materials, Vol. 4, p. 41*).

Legal equality belongs to those fundamental rights that were included in the *Satversme* already in its initial wording. Namely, Article 82 of the *Satversme*, in the wording that entered into force on 7 November 1922, provided that all

citizens were equal before the law and court. It has been recognised in the legal doctrine that the subject of the provision included in Article 82 of the *Satversme* pertains to the rules on citizens' rights (*compare, see: Disterlo B. Juridiskas piezīmes pie Latvijas Republikas Satversmes. Tieslietu Ministrijas Vēstnesis, 1923, Nr. 7, 12. lpp.*).

Also the Constitutional Court, in cases initiated on the basis of a constitutional complaint, has examined the compliance of the contested norms with Article 91 of the *Satversme* as an independent fundamental right, without linking it to other fundamental rights that are beyond the boundaries of the concept of legal equality principle (*see, for example, Judgement by the Constitutional Court of 17 December 2019 in Case No. 2019-03-01 and Judgement of 13 June 2014 in Case No. 2014-02-01*).

Legal equality is derived from the general principle of justice, which is a fundamental value of a democratic state governed by the rule of law. It has been recognised that the right to legal equality is a protected fundamental right, binding upon the legislator (*see: Bryde B.-O. Das Verfassungsprinzip der Gleichheit. Halle an der Saale: Universitätsverlag Halle-Wittenberg, 2012, S. 8*). The requirement of legal equality means the legislator's obligation to be rational and impartial in defining a different legal status. Therefore, legal equality is not violated if the differential treatment caused by the legislator has been defined within the framework of admissible discretion and has reasonable and objective grounds.

Legal equality is inseparably linked to the principle of legal equality, which means that treatment is similar in similar actual and legal circumstances and is different in different circumstances (*see Judgement by the Constitutional Court of 29 October 2003 in Case No. 2003-05-01, Para 28*). The principle of legal equality allows differential approach if it is justifiable in democratic society (*see Judgement by the Constitutional Court of 26 June 2001 in Case No. 2001-02-0106, Para 4*). The principle of legal equality prohibits state institutions from issuing such norms that, without reasonable grounds, allow differential treatment of persons who are according to certain criteria comparable circumstances (*see*

Judgement by the Constitutional Court of 3 April 200 in Case No. 2000-07-0409, Para 1 of the Findings). With the aim of defending one's rights, a person may invoke the principle of legal equality directly.

Thus, the right to legal equality is an independent fundamental right under constitutional protection.

The Constitutional Court has repeatedly referred to the condition for submitting an application that the infringement on a person's fundamental rights should be direct, concrete and the contested norm must affect the applicants themselves (*compare, see Judgement by the Constitutional Court of 22 June 2010 in Case No. 2009-111-01, Para 10*).

The Applicant has participated in the election of the Talsi Regional Council in 2017 when it gained three seats of councillors and in 2021 when it gained four seats of councillors. Pursuant to Para 30 in the Transitional Provisions of the Party Financing Law, the contested norm is applied since 1 July 2021, and it does not envisage the Applicant's right to receive the State budget financing. Whereas six parties from among eight political organisations (parties), which had participated in the election of the Talsi Regional Council, had been represented also in the previous convocation of the *Saeima*. Therefore, in addition to the financing envisaged in Para 1 of Section 7¹ (1) of the Party Financing Law, they will receive also the financing defined in the contested norm, irrespectively of whether the particular party is even represented in the particular local government council.

Hence, the Constitutional Court will assess whether the contested norm is compatible with the first sentence of Article 91 of the *Satversme*.

12.2. Section 19² (4) of the Constitutional Court Law provides that a constitutional complaint may be submitted to the Constitutional Court within six months as of the moment when the infringement on fundamental rights occurred.

At the court hearing, the representative of the *Saeima* noted that the first and the second part of Section 7¹ of the Party Financing Law constituted conditions for granting the State budget financing to political parties. Irrespectively of whether the particular political party participates in the *Saeima*

or the local government elections, the State budget financing is granted only to those political parties who had acquired more than two per cent of votes at the last *Saeima* election. Essentially, the Applicant is said to object not against the contested norm but against the legislator's choice to grant the State budget financing only to those political parties that have acquired a certain number of votes at the *Saeima* election. Such model for granting the State budget financing had been included in the Party Financing Law by the amendments that were adopted by the *Saeima* on 10 June 2010. Therefore the alleged infringement on the Applicant's right had occurred already in 2017, soon after its establishment and commencement of political activities and the term for submitting the constitutional complaint has been missed (*see Transcript of the Court Hearing of 27 October 2022 in Case Materials, Vol. 4, pp.43–44*).

The Party Financing Law and the fact of establishing a political party do not envisage a mandatory obligation for political parties to participate in elections. Activities of parties are based on the principle of freedom of association, included in Article 102 of the *Satversme*. Hence, political parties enjoy discretion as to their choice to participate in elections and the level of elections they are going to participate.

The Applicant was established on 25 February 2017 and was entered into the register of political parties on 20 March 2017. Hence, following its establishment in 2017, the Applicant could not come into the scope of Section 7¹ (1) of the Party Financing Law (*in the wording that was in force from 1 January 2014 until 1 January 2020*) because the respective legal regulation defined the right of political organisations (parties) to receive the State financing upon the condition that they had acquired more than two per cent of votes at the last *Saeima* election.

The contested norm entered into force on 1 January 2020. Whereas, pursuant to Para 30 in the Transitional Provisions of the Party Financing Law, the rule on granting financing for each vote acquired at the local government election was applied from 1 July 2021. Thus, the term for submitting an application must be counted from 1 July 2021. The Constitutional Court received

the application on 28 July 2021. Hence, the term for submitting a constitutional complaint has been abided by.

Therefore there are no grounds for terminating legal proceedings in the case.

13. The amendments of 24 February 2022 to the Party Financing Law, which entered into force on 1 November 2022, expressed the contested norm in new wording. Namely, in accordance with Para 2 of Section 7¹ (1) of the Party Financing Law, the State budget financing is calculated in the amount of 0.1 per cent of the minimum monthly salary, defined in the State, for each vote acquired at the last election of a local government council. Thus, the contested norm has been amended in the course of legal proceedings.

The term “contested norm”, in the meaning of Para 2 of Section 29 (1) of the Constitutional Court Law”, should not be understood formally, as merely the text, included in the regulatory enactment. The contested norm defines legal procedure, which the Applicant deems to be incompatible with a superior legal norm. Thus, also in those instances where the text of the contested norm has been formally amended, the Constitutional Court has to verify whether the legal situation, caused by the contested norm, has been substantially changed (*see, for example, Decision by the Constitutional Court of 11 March 2015 on Terminating Legal Proceedings in Case No. 2014-33-01, Para 7*). The new procedure for calculating the State financing, defined in the new wording of Para 2 of Section 7¹ (1) of the Party Financing Law, does not change the principle, in accordance with which the State budget financing is granted.

Hence, by the new wording of Para 2 of Section 7¹ (1) of the Party Financing Law the contested norm has not been substantially changed and there are no grounds for terminating legal proceedings in the present case.

14. In assessing whether the contested norm complies with the first sentence of Article 91 of the *Satversme*, the Constitutional Court must establish:

1) whether and which persons (groups of persons) are in similar and according to certain criteria comparable circumstances;

2) whether the contested norm envisages similar or differential treatment of these persons (groups of persons);

3) whether this treatment has been established by a legal norm adopted in the procedure set out in regulatory enactments;

4) whether there are objective and reasonable grounds for this treatment, i.e., whether it has a legitimate aim and whether the principle of proportionality has been complied with (*see, for example, Judgement by the Constitutional Court of 29 June 2018 in Case No. 2017-28-0306, Para 11*).

15. The contested norm provided that those political organisations (parties), for which more than two per cent of voters had voted in the last *Saeima* election, received the State budget financing in the amount of EUR 0.50 for each acquired vote at the election of a local government council.

The Constitutional Court has noted that two situations are never absolutely identical. A situation that has one or several common features with the situation to be reviewed must be chosen for comparison (*see, for example, Judgement by the Constitutional Court of 4 January 2007 in Case No. 2006-13-0103, Para 7*). In the assessment of whether the principle of legal equality is complied with, it is of decisive importance that several groups of persons are united by a common and significant inherent feature. In order to clarify whether and which groups of persons are in similar and according to certain criteria comparable circumstances, the feature that unites these groups must be identified (*see Judgement by the Constitutional Court of 23 November 2015 in Case No. 2015-10-01, Para 17*).

The Applicant holds that all political organisations (parties) that have submitted lists of candidates for the election of the local government council and the representatives of which have been elected to the local government council are in comparable circumstances. The feature that could be used to compare the abovementioned groups is said to be the submission of the list of candidates for

the election of the local government council and acquiring representation in the local government council (*see Case Materials, Vol. 1, p. 10*). The *Saeima*, in turn, notes that comparable groups of persons cannot be identified in the case because the political parties, referred to by the Applicant, are in different actual and legal circumstances. A political party, which is represented in one local government council but has not participated in the *Saeima* election, allegedly, cannot contribute greatly to the development of national-scale politics, moreover, such a party has not been equally involved in both national- and regional-level elections. Political parties of this kind, according to the specificity of their activities, do not perform the same or comparable tasks as those political parties that have submitted the lists of candidates for the *Saeima* elections and gained the support of more than two per cent of voters. Thus, regional political parties that function only in a certain local government do not have significant impact upon the general system of parliamentary democracy (*see Case Materials, Vol. 1, p.63–65*).

At the court hearing, the Ministry of Justice expressed the opinion that the criteria that are used to determine the features that allow identifying comparable groups of persons, cannot be arbitrary and should be objective and substantiated. The Applicant's statement, i.e., that all political parties that have participated in local government elections and the representatives of which have been elected to the local government council is a feature shared by both groups of persons; however, this feature is not uniting and cannot create a comparable group (*see Transcript of the Court Hearing of 16 November 2022 in Case Materials, Vol. 5, p. 4*). *Mg. iur.* Iveta Kažoka, in turn, is of the opinion that there are grounds for comparing the indicated groups of persons because both a political party that submits a list of candidates for the *Saeima* election and a political party that submits the list of candidates for the election of one local government council incur expenses for the maintenance of its activities (*see Case Materials, Vo. 3, pp. 94–95*).

Pursuant to the definition provided in Section 2 (1) of the Law on Political Parties, a party is an organisation that is established in order to perform political

activities, to participate in the election campaigns, to nominate candidates for deputy positions, to participate in the work of the *Saeima* or the local government councils, the European Parliament, to implement the party programme with the intermediation of deputies, as well as to be involved in the establishment of public administrative bodies. Thus, the establishment of political organisations (parties) and their lines of activities may be implemented on several levels. Namely, on the regional level – by participating in local government elections, the national – by participating in the *Saeima* election, and on the supranational level – by participating in the election of the European Parliament.

Section 15(1) of the Law on the Election of Local Government Council stipulates that the list of councillor candidates to the local government council may be submitted by a registered political party, a registered alliance of registered political parties, as well as by two or more registered political parties who have not joined in a registered alliance of registered political parties. Section 9 (1) of the Law on the Election of the *Saeima* provides that a list of candidates for the *Saeima* election may be submitted by a political party registered in accordance with the procedures laid down in law which has been established not later than one year before the election of the *Saeima* and which has at least 500 members, as well as by an alliance of political parties registered in accordance with the procedures laid down in law if all political parties belonging to the alliance of political parties have been established not later than one year before the election of the *Saeima* and if the alliance of political parties has at least 500 members.

It follows from the aforementioned provisions that the legal regulation sets different requirements regarding submission of lists of candidates for the election of a local government council and the *Saeima* election; moreover, the requirements for submitting the lists of candidates for deputy positions are higher. Thus, the feature – submitting a list of candidates for deputy positions at the election of a local government council – cannot be considered as an essential feature that unites the groups of persons, referred to by the Applicant.

Likewise, the State support system, established by the legislator, does not envisage that the national-level political parties should meet the criterion of gaining representation at a local government council. Pursuant to Para 3 of Section 7¹ (1) of the Party Financing Law, this criterion has not been envisaged for participation in the election of the European Parliament either. Namely, in granting the State budget financing, it is not important whether the political party, which has acquired more than two per cent of votes at the last *Saeima* election, gains representation also in another elected institution. Therefore the feature – representation at the local government council, acquired at the local government election, cannot be regarded as an essential feature uniting the groups of persons referred to either.

The system of State support to be granted to national-level political parties is linked to the number of votes acquired at the election. Namely, depending on the success of a national-level political party at the election of certain level, the amount of State budget financing to be granted to this party is calculated. The success of regional political parties at the local government elections is also measured by the votes they acquire. It follows from the above that the feature that unites both parties is the votes acquired by political organisations (parties) at the local government elections.

15.1. However, one common feature *per se* cannot always serve as a sufficient argument for establishing that two groups of persons are in similar and according to certain criteria comparable circumstances. The Constitutional Court must assess also whether there are important considerations that indicate that these groups of persons are not in similar and according to certain criteria comparable circumstances (*see Judgement by the Constitutional Court of 9 April 2013 in Case No. 2012-14-03, Para 17.2.*).

Functions of political parties and their role in the processes of democracy have been examined, *inter alia*, in international advisory documents that have been adopted to provide support to states in legislating and the practice of applying law (*see Judgement by the Constitutional Court of 10 May 2013 in Case No. 2012-16-01, Para 19*). The European Commission for Democracy Through

Law (Venice Commission) has noted: if the legislator chooses to provide financial support to political parties it should be done on the basis of objective, fair and reasonable criteria. States enjoy discretion in choosing the system for supporting political parties. However, if political parties are granted State support, as a priority, it should be ensured to political parties represented in the parliament (*see: Guidelines on Political Party Regulation. Venice Commission, 14 December 2020, CDL-AD(2020)032, paras 232–242*). United Nations High Commissioner for Human Rights has underscored that the target group of State financing are parties that are represented in the parliament; however, to ensure political pluralism and equal opportunities, it would be advisable to grant State financing also to such political parties that have had significant success in the parliamentary election but have not received a sufficient number of votes to gain representation in the parliament (*see: Guidelines and Report on the Financing of Political Parties. Venice Commission, 23 March 2001, CDL-INF (2001) 8, p. 2*). Also *Mg. sc. soc., Mg. oec.* Lelde Metla-Rozentāle at the court hearing pointed to the parliament's role in civil society, as well as to its functions. Allegedly, the Applicant does not contribute directly to strengthening of the entire State and parliamentary democracy and cannot be regarded as an equal applicant for the State financing (*see Case Materials, Vol. 3, pp. 112–114*). Thus, the State financial support granted to political parties depends on, *inter alia*, how large part of society or how many voters the particular political force represents and how essential are issues of public importance that it offers to resolve.

In the majority of Member States of the European Union financing of political organisations (parties) from the State budget resources is linked to meeting one particular criterion – representation in the parliament (*see Case Materials, Vol. 1, pp. 72–76*). Assessment of the Latvian system for financing political parties and its development allows concluding that already in 2010, when partial financing of political organisations (parties) from the State budget resources was introduced, the number of voters who had voted for the respective party at the last *Saeima* election was selected as the criterion for granting financing (*see Initial Impact Assessment (Annotation) of the Draft Law*

“Amendments to the Law on Financing Political Organisations (Parties)” (No. 1697/Lp9)).

At the court hearing, also the Ministry of Justice underscored that the legislator’s choice to introduce the differentiated model of granting State financing to political parties had been targeted and planned. When the possible models of financing political organisations (parties) from the State budget were considered, the opinions expressed by experts and assessments of the situation had shown that, in Latvia, compared to other two Baltic States, the existing State support provided to national-level political parties remained insufficient. Thus, taking into account the possibilities of the State budget, the differentiated model for financing political parties had been selected exactly for promoting the possibilities of national-level political parties to receive State support (*see Transcript of the Court Hearing of 16 November 2022 in Case Materials, Vol. 5, p. 7*).

The legislator introduced the system for financing political parties from the State budget resources by the amendments of 10 June 2010 to the Party Financing Law. Whereas by adopting the amendments of 14 November 2019 to the Party Financing Law, the legislator continued to improve this system. In addition to the support that is granted to national-level political parties for the votes acquired at the *Saeima* election, the legislator created a differentiated model for granting the State budget financing, providing that national-level political parties, which have acquired more than two per cent of votes at the last *Saeima* election, are entitled to the State budget financing also for each vote acquired at the local government elections. In view of the above, it can be concluded that the legislator’s choice to support exactly national-level parties has not substantially changed.

15.2. The freedom of association, included in Article 102 of the *Satversme*, envisages guaranteed rights of persons to unite in associations, political parties and other public organisations and that such conditions are created that allow persons to exercise their right to association. Everyone’s right to unite with others in a political party is an essential pre-condition for the

existence of a democratic state order (*see Judgement by the Constitutional Court of 10 May 2013 in Case No. 2012-16-01, Para 18.3.*). Political parties is an important element of a democratic state and they create a link between society and the state power, by ensuring society's involvement in political processes.

National-level political parties differ from regional political parties in that they offer to voters a comprehensive model of society and are able to implement this model if they come to power (*compare see Judgement by the Constitutional Court of 5 February 2015 in Case No. 2014-03-01, Para 14*). Political parties whose aim is to gain representation in the *Saeima* fulfil functions that differ from the ones of regional political parties. Every citizen of Latvia, by participating in the *Saeima* election, may participate in determining the common aims and directions of development for the State. Through this, the involvement and participation of civil society in the governance of the State is ensured, as well as the possibility to decide on the common public good. From the perspective of common national interests, the decisions that are adopted on the national level, are comprehensive, in difference to the decisions adopted at local governments. Therefore also national-level political parties that have acquired more than two per cent of votes have greater possibilities than the regional political parties to represent the sovereign's will in the name of common public good. The activities of regional political parties, in turn, is an important element of the local government and functions of these parties are linked to the economic and financial development of the local government.

It can be concluded from the above that the political parties that operate on the national level and have been able to gain the support of more than two per cent of voters and those political parties that operate on the regional level have different functions in creating sustainable politics and reinforcing democracy.

Activities of political parties to pursue the common interests of the entire Latvian society should be differentiated from activities to pursue the interests of a particular local government. The functions of national-level and regional-level political parties are different and cannot be compared. The legislator has weighed the objective differences between national-level and local government level

elections and, by exercising its discretion, has chosen to grant the State financing only to those political parties that participate in the national-level election and have acquired a certain number of votes. This decision cannot be regarded as being biased or irrational.

The Applicant and those political parties that have acquired more than two per cent of votes at the last *Saeima* election are in different and incomparable circumstances. The granting of State financing to political organisations (parties) is a law policy choice made by the legislator, based on the fundamental principles of a democratic state governed by the rule of law. Thus, the Applicant cannot demand, by referring to the first sentence of Article 91 of the *Satversme*, to be ensured the same rights as the national-level political parties. In view of the above, it can be concluded that, in the present case, an obligation to envisage equal treatment of persons who are in different and incomparable circumstances does not follow from the first sentence of Article 91 of the *Satversme*.

Thus, the contested norm complies with the first sentence of Article 91 of the *Satversme*.

The Substantive Part

On the basis of Sections 30-32 of the Constitutional Court Law, the
Constitutional Court

held:

To recognise Para 2 of Section 7¹ (1) of the Law on Financing Political Organisations (Parties) (in the wording that was in force from 1 January 2020 until 1 January 2022) as being compatible with the first sentence of Article 91 of the *Satversme* of the Republic of Latvia.

The judgement is final and not subject to appeal.

The judgement enters into force at the moment it is pronounced.

Chairperson of the court hearing Aldis Laviņš