

110TH CONGRESS
1ST SESSION

H. R. 3390

To impose sanctions on Iran and on other countries for assisting Iran in developing a nuclear program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 3, 2007

Mr. ISSA introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on Financial Services, Ways and Means, Oversight and Government Reform, and Select Intelligence (Permanent Select), for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To impose sanctions on Iran and on other countries for assisting Iran in developing a nuclear program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Iran Counter-Pro-
5 liferation Act of 2007”.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

1 (1) For more than 20 years, Iran has pursued
2 a secret nuclear program that is intended to produce
3 a nuclear weapons capability for Iran.

4 (2) The Government of Iran has consistently
5 misled the United Nations, the International Atomic
6 Energy Agency, and the United States as to the ob-
7 jectives and scope of its nuclear activities.

8 (3) Iran has refused to comply with United Na-
9 tions Security Council Resolution 1737, adopted on
10 December 23, 2006, which called for the suspension
11 of all enrichment-related and reprocessing activities
12 and is advancing work at its largest nuclear facility.

13 (4) The International Atomic Energy Agency is
14 unable to verify the absence of undeclared nuclear
15 material and activities in Iran and its Director-Gen-
16 eral has stated that Iran could be 6 months to a
17 year away from acquiring the material necessary to
18 make a nuclear weapon.

19 (5) An Iranian nuclear weapons capability poses
20 a grave threat to the security of the United States
21 and its allies around the world.

22 (6) It is in the national security interests of the
23 United States to prevent Iran from acquiring a nu-
24 clear weapons capability.

1 (7) The United States should use all political,
2 economic, and diplomatic tools at its disposal to pre-
3 vent Iran from acquiring a nuclear weapons capa-
4 bility.

5 (8) Nothing in this Act should be construed as
6 giving the President the authority to use military
7 force against Iran.

8 **SEC. 3. SENSE OF CONGRESS.**

9 The following is the sense of Congress:

10 (1) The United States should pursue vigorously
11 all measures in the international financial sector to
12 restrict Iran's ability to conduct international finan-
13 cial transactions, including prohibiting banks in the
14 United States from handling indirect transactions
15 with Iran's state-owned banks and prohibiting finan-
16 cial institutions that operate in United States cur-
17 rency from engaging in dollar transactions with Ira-
18 nian institutions.

19 (2) The United States Trade Representative or
20 any other Federal official should not take any action
21 that would extend preferential trade treatment to, or
22 lead to the accession to the World Trade Organiza-
23 tion of, any country that is determined by the Sec-
24 retary of State to offer government-backed export
25 credit guarantees to companies that invest in Iran or

1 any country in which the government owns or par-
2 tially owns an entity that invests in Iran.

3 (3) Iran should comply fully with its obligations
4 under United Nations Security Council Resolution
5 1737, and any subsequent United Nations resolu-
6 tions related to Iran's nuclear program, and in par-
7 ticular the requirement to suspend without delay all
8 enrichment-related and reprocessing activities, in-
9 cluding research and development, and all work on
10 all heavy water-related nuclear activities, including
11 research and development.

12 (4) The United Nations Security Council should
13 take further measures beyond Resolution 1737 to
14 tighten sanctions on Iran, including preventing new
15 investment in Iran's energy sector, as long as Iran
16 fails to comply with the international community's
17 demand to halt its nuclear enrichment campaign.

18 (5) The United States should encourage foreign
19 governments to direct state-owned entities to cease
20 all investment in Iran's energy sector and all im-
21 ports to and exports from Iran of refined petroleum
22 products and to persuade, and, where possible, re-
23 quire private entities based in their territories to
24 cease all investment in Iran's energy sector and all

1 imports to and exports from Iran of refined petro-
2 leum products.

3 (6) Administrators of Federal and State pen-
4 sion plans should divest all assets or holdings from
5 foreign companies and entities that have invested or
6 invest in the future in Iran’s energy sector.

7 (7) Iranian state-owned banks should not be
8 permitted to use the banking system of the United
9 States.

10 (8) The Secretary of State should designate the
11 Iranian Revolutionary Guards as a Foreign Terrorist
12 Organization under section 219 of the Immigration
13 and Nationality Act (8 U.S.C. 1189) and the Sec-
14 retary of the Treasury should place the Iranian Rev-
15 olutionary Guards on the list of Specially Designated
16 Global Terrorists under Executive Order 13224 (66
17 Fed. Reg. 186; relating to blocking property and
18 prohibiting transactions with persons who commit,
19 threaten to commit, or support terrorism).

20 **SEC. 4. DEFINITIONS.**

21 In this Act:

22 (1) APPROPRIATE CONGRESSIONAL COMMIT-
23 TEES.—The term “appropriate congressional com-
24 mittees” has the meaning given that term in section

1 14(2) of the Iran Sanctions Act of 1996 (Public
2 Law 104–172; 50 U.S.C. 1701 note).

3 (2) INVESTMENT.—The term “investment” has
4 the meaning given that term in section 14(9) of the
5 Iran Sanctions Act of 1996 (Public Law 104–172;
6 50 U.S.C. 1701 note).

7 (3) IRANIAN DIPLOMATS AND REPRESENTA-
8 TIVES OF OTHER GOVERNMENT AND MILITARY OR
9 QUASI-GOVERNMENTAL INSTITUTIONS OF IRAN.—
10 The term “Iranian diplomats and representatives of
11 other government and military or quasi-govern-
12 mental institutions of Iran” has the meaning given
13 that term in section 14(11) of the Iran Sanctions
14 Act of 1996 (Public Law 104–172; 50 U.S.C. 1701
15 note).

16 (4) FAMILY MEMBER.—The term “family mem-
17 ber” means, with respect to an individual, the
18 spouse, children, grandchildren, or parents of the in-
19 dividual.

20 **SEC. 5. CLARIFICATION AND EXPANSION OF DEFINITIONS.**

21 (a) PERSON.—Section 14(13)(B) of the Iran Sanc-
22 tions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701
23 note) is amended—

24 (1) by inserting “financial institution, insurer,
25 underwriter, guarantor, and other business organiza-

1 tion, including any foreign subsidiary, parent, or af-
2 filiate of the foregoing,” after “trust,”; and

3 (2) by inserting “, such as an export credit
4 agency” before the semicolon.

5 (b) **PETROLEUM RESOURCES.**—Section 14(14) of the
6 Iran Sanctions Act of 1996 (Public Law 104–172; 50
7 U.S.C. 1701 note) is amended by striking “petroleum and
8 natural gas resources” and inserting “petroleum, petro-
9 leum by-products, liquefied natural gas, oil or liquefied
10 natural gas, oil or liquefied natural gas tankers, and prod-
11 ucts used to construct or maintain pipelines used to trans-
12 port oil or liquefied natural gas”.

13 **SEC. 6. ECONOMIC SANCTIONS RELATING TO IRAN.**

14 (a) **IN GENERAL.**—Notwithstanding any other provi-
15 sion of law, and in addition to any other sanction in effect,
16 beginning on the date that is 15 days after the date of
17 the enactment of this Act, the economic sanctions de-
18 scribed in subsection (b) shall apply with respect to Iran,
19 unless the President makes a certification to Congress de-
20 scribed in subsection (c).

21 (b) **SANCTIONS.**—The sanctions described in this
22 subsection are the following:

23 (1) **PROHIBITION ON IMPORTS.**—No article that
24 is grown, produced, or manufactured in Iran may be

1 imported directly or indirectly into the United
2 States.

3 (2) PROHIBITION ON EXPORTS.—

4 (A) IN GENERAL.—Except as provided in
5 subparagraph (B), no article that is the growth,
6 product, or manufacture of the United States
7 may be exported directly or indirectly to Iran.

8 (B) EXCEPTION FOR FOOD AND MEDI-
9 CINE.—The prohibition in subparagraph (A)
10 does not apply to exports to Iran of food and
11 medicine grown, produced, or manufactured in
12 the United States.

13 (3) ACCESSION TO WTO.—The United States
14 Trade Representative or any other Federal official
15 may not take any action that would extend pref-
16 erential trade treatment to, or lead to the accession
17 to the World Trade Organization of—

18 (A) Iran; or

19 (B) any other country that is determined
20 by the Secretary of State to be—

21 (i) engaged in nuclear cooperation
22 with Iran, including the transfer or sale of
23 any item, material, goods, or technology
24 that can contribute to uranium enrichment

1 or nuclear reprocessing activities of Iran;

2 or

3 (ii) contributing to the ballistic missile

4 programs of Iran.

5 (4) FREEZING ASSETS.—

6 (A) IN GENERAL.—At such time as the
7 United States has access to the names of Ira-
8 nian diplomats and representatives of other
9 government and military or quasi-governmental
10 institutions of Iran, the President shall take
11 such action as may be necessary to freeze im-
12 mediately the funds and other assets belonging
13 to anyone so named, the family members of
14 those so named, and any associates of those so
15 named to whom assets or property of those so
16 named were transferred on or after January 1,
17 2007. The action described in the preceding
18 sentence includes requiring any United States
19 financial institution that holds funds and assets
20 of a person so named to report promptly to the
21 Office of Foreign Assets Control information
22 regarding such funds and assets.

23 (B) ASSET REPORTING REQUIREMENT.—

24 Not later than 14 days after a decision is made
25 to freeze the property or assets of any person

1 under this paragraph, the President shall report
2 the name of such person to the appropriate con-
3 gressional committees.

4 (5) UNITED STATES GOVERNMENT CON-
5 TRACTS.—The United States Government may not
6 procure, or enter into a contract for the procurement
7 of, any goods or services from a person that meets
8 the criteria for the imposition of sanctions under
9 section 5(a) of the Iran Sanctions Act of 1996 (Pub-
10 lic Law 104–172; 50 U.S.C. 1701 note).

11 (c) CERTIFICATION DESCRIBED.—The certification
12 described in this subsection means a certification made by
13 the President to Congress beginning on the date that is
14 15 days after the date of the enactment of this Act that
15 the President has determined that Iran has completely,
16 verifiably, and irreversibly dismantled all nuclear enrich-
17 ment-related and reprocessing-related programs.

18 (d) TERMINATION OF SANCTIONS.—The sanctions
19 described in subsection (b) shall remain in effect until
20 such time as the President makes the certification to Con-
21 gress described in subsection (c).

22 **SEC. 7. LIABILITY OF PARENT COMPANIES FOR VIOLA-**
23 **TIONS OF SANCTIONS BY FOREIGN ENTITIES.**

24 (a) IN GENERAL.—In any case in which an entity en-
25 gages in an act outside the United States that, if com-

1 mitted in the United States or by a United States person,
2 would violate the provisions of Executive Order 12959 (60
3 Fed. Reg. 89) or Executive Order 13059 (62 Fed. Reg.
4 162), or any other prohibition on transactions with respect
5 to Iran imposed under the authority of the International
6 Emergency Economic Powers Act (50 U.S.C. 1701 et
7 seq.), the parent company of the entity shall be subject
8 to the penalties for the act to the same extent as if the
9 parent company had engaged in the act.

10 (b) APPLICABILITY.—Subsection (a) shall not apply
11 to a parent company of an entity on which the President
12 imposed a penalty for a violation described in subsection
13 (a) that was in effect on the date of the enactment of this
14 Act if the parent company divests or terminates its busi-
15 ness with such entity not later than 90 days after such
16 date of enactment.

17 (c) DEFINITIONS.—In this section:

18 (1) ENTITY.—The term “entity” means a part-
19 nership, association, trust, joint venture, corpora-
20 tion, or other organization.

21 (2) PARENT COMPANY.—The term “parent
22 company” means an entity that is a United States
23 person and—

1 (A) the entity owns, directly or indirectly,
2 more than 50 percent of the equity interest by
3 vote or value in another entity;

4 (B) board members or employees of the en-
5 tity hold a majority of board seats of another
6 entity; or

7 (C) the entity otherwise controls or is able
8 to control the actions, policies, or personnel de-
9 cisions of another entity.

10 (3) UNITED STATES PERSON.—The term
11 “United States person” means—

12 (A) a natural person who is a citizen of the
13 United States or who owes permanent alle-
14 giance to the United States; and

15 (B) an entity that is organized under the
16 laws of the United States, any State or terri-
17 tory thereof, or the District of Columbia, if nat-
18 ural persons described in subparagraph (A)
19 own, directly or indirectly, more than 50 per-
20 cent of the outstanding capital stock or other
21 beneficial interest in such entity.

22 **SEC. 8. ELIMINATION OF CERTAIN TAX INCENTIVES FOR**
23 **OIL COMPANIES INVESTING IN IRAN.**

24 (a) IN GENERAL.—Subsection (h) of section 167 of
25 the Internal Revenue Code of 1986 (relating to amortiza-

1 tion of geological and geophysical expenditures) is amend-
2 ed by adding at the end the following new paragraph:

3 “(6) DENIAL WHEN IRAN SANCTIONS IN EF-
4 FECT.—

5 “(A) IN GENERAL.—If sanctions are im-
6 posed under section 5(a) of the Iran Sanctions
7 Act of 1996 or section 7 of the Iran Counter-
8 Proliferation Act of 2007 (relating to sanctions
9 with respect to the development of petroleum
10 resources of Iran) on any member of an ex-
11 panded affiliated group the common parent of
12 which is a foreign corporation, paragraph (1)
13 shall not apply to any expense paid or incurred
14 by any such member in any period during which
15 the sanctions are in effect.

16 “(B) EXPANDED AFFILIATED GROUP.—
17 For purposes of subparagraph (A), the term
18 ‘expanded affiliated group’ means an affiliated
19 group as defined in section 1504(a), deter-
20 mined—

21 “(i) by substituting ‘more than 50
22 percent’ for ‘at least 80 percent’ each place
23 it appears, and

24 “(ii) without regard to paragraphs
25 (2), (3), and (4) of section 1504(b).”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall apply to expenses paid or incurred on
3 or after January 1, 2007.

4 **SEC. 9. WORLD BANK LOANS TO IRAN.**

5 (a) REPORT.—Not later than 180 days after the date
6 of the enactment of this Act, and every 180 days there-
7 after, the Secretary of the Treasury shall submit to the
8 appropriate congressional committees a report on—

9 (1) the number of loans provided by the World
10 Bank to Iran;

11 (2) the dollar amount of such loans; and

12 (3) the voting record of each member of the
13 World Bank on such loans.

14 (b) REDUCTION OF CONTRIBUTION OF THE UNITED
15 STATES.—The President shall reduce the total amount
16 otherwise payable on behalf of the United States to the
17 World Bank for fiscal year 2008 and each fiscal year
18 thereafter by an amount that bears the same ratio to the
19 total amount otherwise payable as—

20 (1) the total of the amounts provided by the
21 Bank to entities in Iran, and for projects and activi-
22 ties in Iran, in the preceding fiscal year, bears to

23 (2) the total of the amounts provided by the
24 Bank to all entities, and for all projects and activi-
25 ties, in the preceding fiscal year.

1 (c) ALLOCATION OF AMOUNTS NOT CONTRIBUTED
2 TO THE WORLD BANK.—There is authorized to be appro-
3 priated to the United States Agency for International De-
4 velopment for fiscal year 2008 and each fiscal year there-
5 after an amount equal to the revenues made available as
6 a result of the application of subsection (b). Funds appro-
7 priated pursuant to this subsection shall be made available
8 for the Child Survival and Health Programs Fund to carry
9 out programs relating to maternal and child health, vul-
10 nerable children, and infectious diseases other than HIV/
11 AIDS.

12 **SEC. 10. INCREASED CAPACITY FOR EFFORTS TO COMBAT**
13 **UNLAWFUL OR TERRORIST FINANCING.**

14 (a) FINDINGS.—The work of the Office of Terrorism
15 and Financial Intelligence of the Department of Treasury,
16 which includes the Office of Foreign Assets Control and
17 the Financial Crimes Enforcement Center, is critical to
18 ensuring that the international financial system is not
19 used for purposes of supporting terrorism and developing
20 weapons of mass destruction.

21 (b) AUTHORIZATION.—There is authorized to be ap-
22 propriated to the Secretary of the Treasury for the Office
23 of Terrorism and Financial Intelligence—

24 (1) \$59,466,000 for fiscal year 2008; and

1 practicable in a manner consistent with the eligibility for
2 assistance requirements specified in section 302(b) of the
3 Iran Freedom Support Act (Public Law 109–293; 120
4 Stat. 1348).

5 (c) AUTHORIZATION.—Of the amounts available
6 under the heading “Educational and Cultural Exchange
7 Programs”, under the heading “Administration of Foreign
8 Affairs”, under title IV of the Science, State, Justice,
9 Commerce, and Related Agencies Appropriations Act,
10 2006 (Public Law 109–108; 119 Stat. 2321), there is au-
11 thorized to be appropriated to the President to carry out
12 this section \$10,000,000 for fiscal year 2008.

13 **SEC. 13. RADIO BROADCASTING TO IRAN.**

14 The Broadcasting Board of Governors shall devote a
15 greater proportion of the programming of the Radio Farda
16 service to programs offering news and analysis to further
17 the open communication of information and ideas to Iran.

18 **SEC. 14. INTERNATIONAL REGIME FOR THE ASSURED SUP-**
19 **PLY OF NUCLEAR FUEL FOR PEACEFUL**
20 **MEANS.**

21 (a) SENSE OF CONGRESS.—It is the sense of Con-
22 gress that—

23 (1) the Concept for a Multilateral Mechanism
24 for Reliable Access to Nuclear Fuel, proposed by the
25 United States, France, the Russian Federation, the

1 Federal Republic of Germany, the United Kingdom,
2 and the Netherlands on May 31, 2006, is welcome
3 and should be expanded upon at the earliest possible
4 opportunity;

5 (2) the proposal by the Government of the Rus-
6 sian Federation to bring one of its uranium enrich-
7 ment facilities under international management and
8 oversight is also a welcome development and should
9 be encouraged by the United States;

10 (3) the offer by the Nuclear Threat Initiative
11 (NTI) of \$50,000,000 in funds to support the cre-
12 ation of an international nuclear fuel bank by the
13 International Atomic Energy Agency (IAEA) is also
14 welcome, and the United States and other member
15 states of the IAEA should pledge collectively at least
16 an additional \$100,000,000 in matching funds to
17 fulfill the NTI proposal; and

18 (4) the Global Nuclear Energy Partnership, ini-
19 tiated by President Bush in January 2006, is in-
20 tended to provide a reliable fuel supply throughout
21 the fuel cycle and promote the nonproliferation goals
22 of the United States.

23 (b) POLICY.—It is the policy of the United States to
24 support the establishment of an international regime for
25 the assured supply of nuclear fuel for peaceful means

1 under a multilateral authority, such as the International
2 Atomic Energy Agency.

3 (c) CONTRIBUTIONS TO IAEA.—

4 (1) IN GENERAL.—Subject to the requirements
5 of paragraph (2), the President is authorized to
6 make voluntary contributions on a grant basis to the
7 International Atomic Energy Agency (referred to in
8 this subsection as the “IAEA”) for the purpose of
9 supporting the establishment of an international nu-
10 clear fuel bank to maintain a reserve of low-enriched
11 uranium for the production of reactor fuel to provide
12 to eligible countries in the case of a disruption in the
13 supply of reactor fuel by normal market mecha-
14 nisms.

15 (2) REQUIREMENTS FOR CONTRIBUTIONS.—Be-
16 fore making a contribution under paragraph (1), the
17 President shall certify to the Committee on Foreign
18 Affairs of the House of Representatives and the
19 Committee on Foreign Relations of the Senate
20 that—

21 (A) the IAEA has received pledges in a
22 total amount of not less than \$100,000,000
23 from other governments or entities for the pur-
24 pose of supporting the establishment of the

1 international nuclear fuel bank referred to in
2 paragraph (1);

3 (B) the international nuclear fuel bank re-
4 ferred to in paragraph (1) will be under the
5 oversight of the IAEA or another multilateral
6 authority; and

7 (C) the international nuclear fuel bank will
8 provide nuclear reactor fuel to a country only
9 if—

10 (i) at the time of the request for nu-
11 clear reactor fuel, the country is in full
12 compliance with its IAEA safeguards
13 agreement and has an additional protocol
14 for safeguards in force;

15 (ii) in the case of a country that at
16 any time prior to the request for nuclear
17 reactor fuel has been determined to be in
18 noncompliance with its IAEA safeguards
19 agreement, the IAEA Board of Governors
20 determines that the country has taken all
21 necessary actions to satisfy any concerns of
22 the IAEA Director General regarding the
23 activities that led to the prior determina-
24 tion of noncompliance;

1 (iii) the country agrees to use the nu-
2 clear reactor fuel in accordance with its
3 IAEA safeguards agreement; and

4 (iv) the country does not operate ura-
5 nium enrichment or spent-fuel reprocessing
6 facilities of any scale.

7 (3) AUTHORIZATION OF APPROPRIATIONS.—
8 There is authorized to be appropriated \$50,000,000
9 to carry out this section for fiscal year 2008.
10 Amounts appropriated for this section are author-
11 ized to remain available until September 30, 2010.

12 **SEC. 15. DISCLOSURE TO S.E.C. OF INVESTMENTS IN IRAN'S**
13 **ENERGY SECTOR.**

14 (a) DISCLOSURE REQUIRED.—Section 13 of the Se-
15 curities Exchange Act of 1934 (15 U.S.C. 78m) is amend-
16 ed by adding at the end the following new subsection:

17 “(m) DISCLOSURE OF ACTIVITIES RELATING TO THE
18 ENERGY SECTOR IN IRAN.—Not later than 120 days after
19 the date of the enactment of this subsection, the Commis-
20 sion shall promulgate rules requiring any issuer of securi-
21 ties registered under section 12, that, either directly or
22 through a wholly owned subsidiary, has investments in
23 Iran’s energy sector of more than \$20,000,000 made after
24 January 1, 2007, to disclose such investments to the Secu-
25 rities and Exchange Commission.”.

1 (b) DISCLOSURE ON SEC WEBSITE.—After promul-
2 gating the rules required by section 13(m) of the Securi-
3 ties Exchange Act of 1934, as added by subsection (a),
4 the Securities and Exchange Commission shall make avail-
5 able on its website, in an easily accessible and searchable
6 format, the information collected pursuant to the dislo-
7 sure requirements of such section 13(m), including—

8 (1) the names of issuers of securities that made
9 disclosures under such section 13(m); and

10 (2) the specific activities related to the energy
11 sector of Iran in which such issuers of securities or
12 their wholly owned subsidiaries engaged.

13 The Commission shall maintain and regularly update such
14 information on such website.

15 **SEC. 16. WAIVER.**

16 The President may waive any provision of this Act,
17 or any amendment made by this Act, if the President—

18 (1) determines that such a waiver is in the na-
19 tional interest of the United States; and

20 (2) not later than 7 days before issuing the
21 waiver, reports to the appropriate congressional
22 committees regarding the intention of the President
23 to waive the provision and the reasons the waiver is
24 in the national interest of the United States.

○