To amend the Iran Sanctions Act of 1996 to enhance United States diplomatic efforts with respect to Iran by expanding economic sanctions against Iran.

IN THE HOUSE OF REPRESENTATIVES

APRIL 30, 2009

Mr. Berman (for himself, Ms. Ros-Lehtinen, Mr. Ackerman, Mr. Burton of Indiana, Mr. Sherman, Mr. Royce, Mr. Andrews, and Mr. Kirk) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on Financial Services, Oversight and Government Reform, and Ways and Means, 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 amend the Iran Sanctions Act of 1996 to enhance United States diplomatic efforts with respect to Iran by expanding economic sanctions against Iran.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Iran Refined Petroleum Sanctions Act of 2009”.
SEC. 2. FINDINGS; SENSE OF CONGRESS.

(a) FINDINGS.—Congress finds the following:

(1) The illicit nuclear activities of the Government of Iran—combined with its development of unconventional weapons and ballistic missiles, and support for international terrorism—represent a serious threat to the security of the United States and U.S. allies in Europe, the Middle East, and around the world.

(2) The United States and other responsible nations have a vital interest in working together to prevent the Government of Iran from acquiring a nuclear weapons capability.

(3) The International Atomic Energy Agency has repeatedly called attention to Iran’s unlawful nuclear activities, and, as a result, the United Nations Security Council has adopted a range of sanctions designed to encourage the Government of Iran to cease those activities and comply with its obligations under the Treaty on the Non-Proliferation of Nuclear Weapons (commonly known as the “Nuclear Non-Proliferation Treaty”).

(4) As a presidential candidate, then-Senator Obama stated that additional sanctions, especially those targeting Iran’s dependence on imported re-
fined petroleum, may help to persuade the Government of Iran to abandon its illicit nuclear activities.

(5) On October 7, 2008, then-Senator Obama stated, “Iran right now imports gasoline, even though it’s an oil producer, because its oil infrastructure has broken down. If we can prevent them from importing the gasoline that they need and the refined petroleum products, that starts changing their cost-benefit analysis. That starts putting the squeeze on them.”

(6) On June 4, 2008, then-Senator Obama stated, “We should work with Europe, Japan, and the Gulf states to find every avenue outside the U.N. to isolate the Iranian regime—from cutting off loan guarantees and expanding financial sanctions, to banning the export of refined petroleum to Iran.”

(7) Major European allies, including the United Kingdom, France, and Germany, have advocated that sanctions be significantly toughened should international diplomatic efforts fail to achieve verifiable suspension of Iran’s uranium enrichment program and an end to its nuclear weapons program and other illicit nuclear activities.

(8) The serious and urgent nature of the threat from Iran demands that the United States work to-
together with U.S. allies to do everything possible—
diplomatically, politically, and economically—to pre-
vent Iran from acquiring a nuclear weapons capa-
bility.

(b) Sense of Congress.—It is the sense of the
Congress that—

(1) international diplomatic efforts to address
Iran’s illicit nuclear efforts, unconventional and bal-
listic missile development programs, and support for
international terrorism are more likely to be effective
if the President is empowered with the explicit au-
thority to impose additional sanctions on the Gov-
ernment of Iran;

(2) the concerns of the United States regarding
Iran are strictly the result of the actions of the Gov-
ernment of Iran; and

(3) the people of the United States—

(A) have feelings of friendship for the peo-
ple of Iran;

(B) regret that developments in recent dec-
ades have created impediments to that friend-
ship; and

(C) hold the people of Iran, their culture,
and their ancient and rich history in the highest
esteem.
(c) Statement of Policy.—It should be the policy of the United States to—

(1) support international diplomatic efforts to end Iran’s uranium enrichment program and its nuclear weapons program;

(2) encourage foreign governments to direct state-owned entities to cease all investment in, and support of, Iran’s energy sector and all exports of refined petroleum products to Iran;

(3) encourage foreign governments to require private entities based in their territories to cease all investment in, and support of, Iran’s energy sector and all exports of refined petroleum products to Iran;

(4) impose sanctions on the Central Bank of Iran and any other Iranian bank or financial institution engaged in proliferation activities or support of terrorist groups; and

(5) work with the allies of the United States to take appropriate measures to protect the international financial system from deceptive and illicit practices by Iranian banks and financial institutions involved in proliferation activities or support of terrorist groups.
SEC. 3. AMENDMENTS TO THE IRAN SANCTIONS ACT OF 1996.

(a) Expansion of Sanctions.—Section 5(a) of the Iran Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended to read as follows:

“(a) Sanctions With Respect to the Development of Petroleum Resources of Iran and Exportation of Refined Petroleum to Iran.—

“(1) Development of petroleum resources of Iran.—

“(A) Investment.—Except as provided in subsection (f), the President shall impose 2 or more of the sanctions described in paragraphs (1) through (6) of section 6(a) if the President determines that a person has, with actual knowledge, on or after the date of the enactment of this Act, made an investment of $20,000,000 or more (or any combination of investments of at least $5,000,000 each, which in the aggregate equals or exceeds $20,000,000 in any 12-month period), that directly and significantly contributed to the enhancement of Iran’s ability to develop petroleum resources of Iran.

“(B) Production of refined petroleum resources.—Except as provided in subsection (f), the President shall impose the sanc-
tions described in section 6(b) (in addition to any sanctions imposed under subparagraph (A)) if the President determines that a person has, with actual knowledge, on or after the date of the enactment of the Iran Refined Petroleum Sanctions Act of 2009, sold, leased, or provided to Iran any goods, services, technology, information, or support that would allow Iran to maintain or expand its domestic production of refined petroleum resources, including any assistance in refinery construction, modernization, or repair.

“(2) EXPORTATION OF REFINED PETROLEUM RESOURCES TO IRAN.—Except as provided in subsection (f), the President shall impose the sanctions described in section 6(b) if the President determines that a person has, with actual knowledge, on or after the date of the enactment of the Iran Refined Petroleum Sanctions Act of 2009, provided Iran with refined petroleum resources or engaged in any activity that could contribute to the enhancement of Iran’s ability to import refined petroleum resources, including—

“(A) providing ships or shipping services to deliver refined petroleum resources to Iran;
“(B) underwriting or otherwise providing insurance or reinsurance for such activity; or
“(C) financing or brokering such activity.”.

(b) DESCRIPTION OF SANCTIONS.—Section 6 of such Act is amended—

(1) by striking “The sanctions to be imposed on a sanctioned person under section 5 are as follows:” and inserting the following:

“(a) IN GENERAL.—The sanctions to be imposed on a sanctioned person under subsections (a)(1)(A) and (b) of section 5 are as follows:”; and

(2) by adding at the end the following:

“(b) ADDITIONAL SANCTIONS.—The sanctions to be imposed on a sanctioned person under paragraphs (1)(B) and (2) of section 5(a) are as follows:

“(1) FOREIGN EXCHANGE.—The President shall, under such regulations as the President may prescribe, prohibit any transactions in foreign exchange by the sanctioned person.

“(2) BANKING TRANSACTIONS.—The President shall, under such regulations as the President may prescribe, prohibit any transfers of credit or payments between, by, through, or to any financial institution, to the extent that such transfers or payments involve any interest of the sanctioned person.
“(3) Property Transactions.—The President shall, under such regulations as the President may prescribe, prohibit any acquisition, holding, withholding, use, transfer, withdrawal, transportation, importation, or exportation of, dealing in, or exercising any right, power, or privilege with respect to, or transactions involving, any property in which the sanctioned person has any interest by any person, or with respect to any property, subject to the jurisdiction of the United States.”.

(c) Presidential Waiver.—Section 9(c)(2) of such Act is amended by amending subparagraph (C) to read as follows:

“(C) an estimate of the significance of the provision of the items described in paragraph (1) or (2) of section 5(a) or section 5(b) to Iran’s ability to develop its petroleum resources, to maintain or expand its domestic production of refined petroleum resources, to import refined petroleum resources, or to develop its weapons of mass destruction or other military capabilities (as the case may be); and”.

(d) Strengthening of Waiver Authority and Sanctions Implementation.—
(1) INVESTIGATIONS.—Section 4(f) of the Iran Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended—

(A) in paragraph (1)—

(i) by striking “should initiate” and inserting “shall immediately initiate”;

(ii) by inserting “or 5(b)” after “section 5(a)”;

(iii) by striking “as described in such section” and inserting “as described in section 5(a)(1) or other activity described in section 5(a)(2) or 5(b) (as the case may be)”;

(B) in paragraph (2), by striking “, pursuant to section 5(a), if a person has engaged in investment activity in Iran as described in such section” and inserting “, pursuant to section 5(a) or (b) (as the case may be), if a person has engaged in investment activity in Iran as described in section 5(a)(1) or other activity described in section 5(a)(2) or 5(b) (as the case may be)”;

(C) by adding at the end the following new paragraph:
“(3) Definition of credible information.—For the purposes of this subsection, the term ‘credible information’ means public or classified information or reporting supported by other substantiating evidence.”.

(2) Exception for proliferation security initiative.—Section 5(f) of the Iran Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended—

(A) in paragraph (6), by striking “or” at the end;

(B) in paragraph (7), by striking the period at the end and inserting “; or”; and

(C) by adding at the end the following new paragraph:

“(8) if the President determines in writing that the person to which the sanctions would otherwise be applied is—

“(A) a citizen or resident of a country that is a participant in the Proliferation Security Initiative; or

“(B) a foreign person that is organized under the laws of a country described in subparagraph (A) and is a subsidiary of a United States person.”.
(3) General waiver authority.—Section 9(e)(1) of the Iran Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended by striking “important to the national interest of the United States” and inserting “vital to the national security interest of the United States”.

(4) Rule of construction.—The amendments made by this subsection shall not be construed to affect any exercise of the authority of section 4(f) or section 9(c) of the Iran Sanctions Act of 1996 as in effect on the day before the date of the enactment of this Act.

(e) Reports on United States efforts to curb certain business transactions relating to Iran.—Section 10 of such Act is amended by adding at the end the following:

“(d) Reports on certain business transactions relating to Iran.—

“(1) In general.—Not later than 90 days after the date of the enactment of the Iran Refined Petroleum Sanctions Act of 2009, and every 6 months thereafter, the President shall submit a report to the appropriate congressional committees regarding any person who has—
“(A) provided Iran with refined petroleum resources;

“(B) sold, leased, or provided to Iran any goods, services, or technology that would allow Iran to maintain or expand its domestic production of refined petroleum resources; or

“(C) engaged in any activity that could contribute to the enhancement of Iran’s ability to import refined petroleum resources.

“(2) DESCRIPTION.—For each activity set forth in subparagraphs (A) through (C) of paragraph (1), the President shall provide a complete and detailed description of such activity, including—

“(A) the date or dates of such activity;

“(B) the name of any persons who participated or invested in or facilitated such activity;

“(C) the United States domiciliary of the persons referred to in subparagraph (B);

“(D) any Federal Government contracts to which the persons referred to in subparagraph (B) are parties; and

“(E) the steps taken by the United States to respond to such activity.

“(3) FORM OF REPORTS; PUBLICATION.—The reports required under this subsection shall be—
“(A) submitted in unclassified form, but may contain a classified annex; and

“(B) published in the Federal Register.”.

(f) CLARIFICATION AND EXPANSION OF DEFINITIONS.—Section 14 of such Act is amended—

(1) in paragraph (13)(B)—

(A) by inserting “financial institution, insurer, underwriter, guarantor, any other business organization, including any foreign subsidiary, parent, or affiliate of such a business organization,” after “trust,”; and

(B) by inserting “, such as an export credit agency” before the semicolon at the end; and

(2) by amending paragraph (14) to read as follows:

“(14) PETROLEUM RESOURCES.—

“(A) IN GENERAL.—The term ‘petroleum resources’ includes petroleum, petroleum by-products, oil or liquefied natural gas, oil or liquefied natural gas tankers, and products used to construct or maintain pipelines used to transport oil or compressed or liquefied natural gas.

“(B) PETROLEUM BY-PRODUCTS.—The term ‘petroleum by-products’ means gasoline,
kerosene, distillates, propane or butane gas, diesel fuel, residual fuel oil, and other goods classified in headings 2709 and 2710 of the Harmonized Tariff Schedule of the United States.”.

(g) CONFORMING AMENDMENTS.—

(1) MULTILATERAL REGIME.—Section 4 of such Act is amended—

(A) in subsection (b)(2), by striking “(in addition to that provided in subsection (d))”;

and

(B) by striking subsection (d) and redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

(2) IMPOSITIONS OF SANCTIONS.—Section 5(b) of such Act is amended by striking “section 6” and inserting “section 6(a)”.

○