

111TH CONGRESS
1ST SESSION

S. _____

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 SENATE OF THE UNITED STATES

Mr. BAYH (for himself, Mr. LIEBERMAN, Mr. KYL, and Ms. MIKULSKI) introduced the following bill; which was read twice and referred to the Committee on _____

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.

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 Sanctions En-
5 hancement Act of 2009”.

6 **SEC. 2. FINDINGS; SENSE OF CONGRESS.**

7 (a) FINDINGS.—Congress finds the following:

8 (1) The illicit nuclear activities of the Govern-
9 ment of Iran represent a serious threat to the secu-

1 rity of the United States and our allies in Europe,
2 the Middle East, and around the world.

3 (2) The United States and the international
4 community have a vital interest in working together
5 to prevent the Government of Iran from acquiring a
6 nuclear weapons capability.

7 (3) The international community, acting
8 through the International Atomic Energy Agency
9 and the United Nations, has already adopted a
10 range of sanctions designed to encourage the Gov-
11 ernment of Iran to cease its unlawful nuclear activi-
12 ties and comply with its obligations under the Trea-
13 ty on Non-Proliferation of Nuclear Weapons (com-
14 monly known as the “Nuclear Non-Proliferation
15 Treaty”).

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

21 (5) On October 7, 2008, then-Senator Obama
22 stated, “Iran right now imports gasoline, even
23 though it’s an oil producer, because its oil infra-
24 structure has broken down. If we can prevent them
25 from importing the gasoline that they need and the

1 refined petroleum products, that starts changing
2 their cost-benefit analysis. That starts putting the
3 squeeze on them.”.

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

10 (7) Our allies in the international community
11 have expressed support for additional sanctions
12 should the Government of Iran fail to verifiably sus-
13 pend its illicit nuclear activities.

14 (8) On March 17, 2009, British Prime Minister
15 Gordon Brown stated, “[L]et me be equally clear
16 that Iran’s current nuclear program is unacceptable.
17 Iran has concealed nuclear activities, refused to co-
18 operate with the IAEA, and flouted UN Security
19 Council Resolutions. Its refusal to play by the rules
20 leads us to view its nuclear program as a critical
21 proliferation threat. Iran therefore faces a clear
22 choice—continue in this way and face further and
23 tougher sanctions, or change to a UN overseen civil
24 nuclear energy program that will bring the greatest
25 benefits to its citizens.”.

1 (9) On February 7, 2009, British Foreign Sec-
2 retary David Miliband stated, “We welcome US will-
3 ingness to talk to Iran. But if Iran doesn’t respond
4 we will need to be ready to impose much tougher
5 sanctions, even if that imposes costs on us here in
6 Europe. In this instance, nuclear security must come
7 above commercial interests.”.

8 (10) On February 7, 2009, German Chancellor
9 Angela Merkel stated, “Let me be quite clear. We
10 have offered to enter into negotiations with Iran and
11 we want a diplomatic solution. These offers are on
12 the table. . . . We’re prepared to travel along this
13 road together, but we are also prepared to consider
14 tougher sanctions should there be no progress. It’s
15 imperative that we prevent Iran from acquiring nu-
16 clear weapons.”.

17 (11) On June 23, 2008, French President Nico-
18 las Sarkozy stated, “So that things are clear and
19 there is no ambiguity, I want to say that Iran’s mili-
20 tary nuclear program demands an extremely firm re-
21 sponse by the entire international community. . . .
22 France is determined to pursue with her partners a
23 policy of increasingly tough sanctions until there is
24 a shift in position.”.

1 (12) The serious and urgent nature of the
2 threat from Iran demands that the United States
3 work together with our allies to do everything possible—
4 diplomatically, politically, and economically—
5 to prevent Iran from acquiring a nuclear weapons
6 capability.

7 (b) SENSE OF CONGRESS.—It is the sense of the
8 Congress that—

9 (1) the United States should continue to support
10 diplomatic efforts in the International Atomic
11 Energy Agency and the United Nations Security
12 Council to end Iran’s illicit nuclear activities;

13 (2) diplomatic efforts with Iran are more likely
14 to be effective if the President is empowered with
15 the explicit authority to impose additional sanctions
16 on the Government of Iran;

17 (3) it should be the policy of the United States
18 to encourage foreign governments to direct state-
19 owned entities to cease all investment in, and support of,
20 Iran’s energy sector and all exports of refined
21 petroleum products to Iran;

22 (4) it should be the policy of the United States
23 to encourage foreign governments to require private
24 entities based in their territories to cease all invest-

1 ment in, and support of, Iran's energy sector and all
2 exports of refined petroleum products to Iran;

3 (5) the President is urged to impose sanctions
4 on the Central Bank of Iran and any other Iranian
5 bank or financial institution engaged in proliferation
6 activities or support of terrorist groups;

7 (6) the Department of the Treasury should con-
8 tinue to work with our allies to take appropriate
9 measures to protect the international financial sys-
10 tem from deceptive and illicit practices by Iranian
11 banks and financial institutions involved in prolifera-
12 tion activities or support of terrorist groups;

13 (7) the concerns of the United States regarding
14 Iran are strictly the result of the actions of the Gov-
15 ernment of Iran; and

16 (8) the people of the United States—

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

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

22 (C) hold the people of Iran, their culture,
23 and their ancient and rich history in the highest
24 esteem.

1 **SEC. 3. AMENDMENTS TO THE IRAN SANCTIONS ACT OF**
2 **1996.**

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

6 “(a) SANCTIONS WITH RESPECT TO THE DEVELOP-
7 MENT OF PETROLEUM RESOURCES OF IRAN AND EXPOR-
8 TATION OF REFINED PETROLEUM TO IRAN.—

9 “(1) DEVELOPMENT OF PETROLEUM RE-
10 SOURCES OF IRAN.—

11 “(A) INVESTMENT.—Except as provided in
12 subsection (f), the President shall impose 2 or
13 more of the sanctions described in paragraphs
14 (1) through (6) of section 6(a) if the President
15 determines that a person has, with actual
16 knowledge, on or after the date of this Act,
17 made an investment of \$20,000,000 or more (or
18 any combination of investments of at least
19 \$5,000,000 each, which in the aggregate equals
20 or exceeds \$20,000,000 in any 12-month pe-
21 riod), that directly and significantly contributed
22 to the enhancement of Iran’s ability to develop
23 petroleum resources of Iran.

24 “(B) PRODUCTION OF REFINED PETRO-
25 LEUM RESOURCES.—Except as provided in sub-
26 section (f), the President shall impose the sanc-

1 tions described in section 6(b) (in addition to
2 any sanctions imposed under subparagraph (A))
3 if the President determines that a person has,
4 with actual knowledge, on or after the date of
5 the enactment of the Iran Sanctions Enhance-
6 ment Act of 2009, sold, leased, or provided to
7 Iran any goods, services, technology, informa-
8 tion, or support that would allow Iran to main-
9 tain or expand its domestic production of re-
10 fined petroleum resources, including any assist-
11 ance in refinery construction, modernization, or
12 repair.

13 “(2) EXPORTATION OF REFINED PETROLEUM
14 RESOURCES TO IRAN.—Except as provided in sub-
15 section (f), the President shall impose the sanctions
16 described in section 6(b) if the President determines
17 that a person has, with actual knowledge, on or after
18 the date of the enactment of the Iran Sanctions En-
19 hancement Act of 2009, provided Iran with refined
20 petroleum resources or engaged in any activity that
21 could contribute to the enhancement of Iran’s ability
22 to import refined petroleum resources, including—

23 “(A) providing ships or shipping services
24 to deliver refined petroleum resources to Iran;

1 “(B) underwriting or otherwise providing
2 insurance or reinsurance for such activity; or
3 “(C) financing or brokering such activity.”.

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

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

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

12 (2) by adding at the end the following:

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

16 “(1) FOREIGN EXCHANGE.—The President
17 shall, under such regulations as the President may
18 prescribe, prohibit any transactions in foreign ex-
19 change by the sanctioned person.

20 “(2) BANKING TRANSACTIONS.—The President
21 shall, under such regulations as the President may
22 prescribe, prohibit any transfers of credit or pay-
23 ments between, by, through, or to any financial in-
24 stitution, to the extent that such transfers or pay-
25 ments involve any interest of the sanctioned person.

1 “(3) PROPERTY TRANSACTIONS.—The Presi-
2 dent shall, under such regulations as the President
3 may prescribe, prohibit any acquisition, holding,
4 withholding, use, transfer, withdrawal, transpor-
5 tation, importation, or exportation of, dealing in, or
6 exercising any right, power, or privilege with respect
7 to, or transactions involving, any property in which
8 the sanctioned person has any interest by any per-
9 son, or with respect to any property, subject to the
10 jurisdiction of the United States.”.

11 (c) PRESIDENTIAL WAIVER.—Section 9(c)(2) of such
12 Act is amended by amending subparagraph (C) to read
13 as follows:

14 “(C) an estimate of the significance of the
15 provision of the items described in paragraph
16 (1) or (2) of section 5(a) or section 5(b) to
17 Iran’s ability to develop its petroleum resources,
18 enhance its ability to import refined petroleum
19 resources, or develop its weapons of mass de-
20 struction or other military capabilities (as the
21 case may be); and”.

22 (d) REPORTS ON UNITED STATES EFFORTS TO CUR-
23 TAIL CERTAIN BUSINESS TRANSACTIONS RELATING TO
24 IRAN.—Section 10 of such Act is amended by adding at
25 the end the following:

1 “(d) REPORTS ON CERTAIN BUSINESS TRANS-
2 ACTIONS RELATING TO IRAN.—

3 “(1) IN GENERAL.—Not later than 90 days
4 after the date of the enactment of the Iran Sanc-
5 tions Enhancement Act of 2009, and every 6 months
6 thereafter, the President shall submit a report to the
7 appropriate congressional committees regarding any
8 person who has—

9 “(A) provided Iran with refined petroleum
10 resources;

11 “(B) engaged in any activity that could
12 contribute to the enhancement of Iran’s ability
13 to import refined petroleum resources; or

14 “(C) sold, leased, or provided to Iran any
15 goods, services, or technology that would allow
16 Iran to maintain or expand its domestic produc-
17 tion of refined petroleum resources.

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

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

23 “(B) the name of any persons who partici-
24 pated or invested in or facilitated such activity;

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

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

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

8 “(3) FORM OF REPORTS; PUBLICATION.—The
9 reports required under this subsection shall be—

10 “(A) submitted in unclassified form, but
11 may contain a classified annex; and

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

13 (e) CLARIFICATION AND EXPANSION OF DEFINI-
14 TIONS.—Section 14 of such Act is amended—

15 (1) in paragraph (13)(B)—

16 (A) by inserting “financial institution, in-
17 surer, underwriter, guarantor, any other busi-
18 ness organization, including any foreign sub-
19 sidiary, parent, or affiliate of such a business
20 organization,” after “trust,”; and

21 (B) by inserting “, such as an export cred-
22 it agency” before the semicolon at the end; and

23 (2) in paragraph (14), by striking “petroleum
24 and natural gas resources” and inserting “petro-
25 leum, petroleum by-products, oil or liquefied natural

1 gas, oil or liquefied natural gas tankers, and prod-
2 ucts used to construct or maintain pipelines used to
3 transport oil or liquefied natural gas”.

4 (f) CONFORMING AMENDMENT.—Section 4 of such
5 Act is amended—

6 (1) in subsection (b)(2), by striking “(in addi-
7 tion to that provided in subsection (d))”; and

8 (2) by striking subsection (d).