

111TH CONGRESS
2D SESSION

H. R. 6296

To enhance United States diplomatic efforts with respect to Iran by imposing additional economic sanctions against Iran, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 29, 2010

Mr. SHERMAN (for himself, Mr. ROYCE, Mr. KLEIN of Florida, Mr. DEUTCH, Mr. ENGEL, Mr. POE of Texas, Mr. SIRES, Mrs. MALONEY, Ms. BERKLEY, and Mr. GENE GREEN of Texas) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on Ways and Means, the Judiciary, Financial Services, and Oversight and Government Reform, 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 enhance United States diplomatic efforts with respect to Iran by imposing additional economic sanctions against Iran, 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 AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Stop Iran’s Nuclear Weapons Program Act of 2010”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

- Sec. 1. Short title and table of contents.
- Sec. 2. Findings.

TITLE I—ADDITIONAL BILATERAL SANCTIONS AGAINST IRAN

- Sec. 101. Application to subsidiaries.
- Sec. 102. Additional export sanctions against Iran.
- Sec. 103. Temporary increase in fee for certain consular services.

TITLE II—ADDITIONAL MEASURES

- Sec. 201. Elimination of certain tax incentives for oil companies investing in Iran.
- Sec. 202. Expansion of sanctions under the Iran Sanctions Act of 1996.

TITLE III—APPLICATION OF SANCTIONS AGAINST AFFILIATES OF THE IRAN REVOLUTIONARY GUARD CORPS

- Sec. 301. Sanctions against affiliates of the Iran Revolutionary Guard Corps.
- Sec. 302. Measures against foreign persons or entities supporting the Iran Revolutionary Guard Corps.
- Sec. 303. Special measures against foreign governments supporting the Iran Revolutionary Guards Corps.
- Sec. 304. Definitions.

TITLE IV—OPPOSITION OF TRANSFER TO IRAN, NORTH KOREA, AND SYRIA OF GOODS, SERVICES, OR TECHNOLOGY RELEVANT TO THEIR CAPABILITY TO EXTRACT OR MILL URANIUM ORE

- Sec. 401. Statement of policy.
- Sec. 402. Reporting requirements under the Iran, North Korea, and Syria Non-proliferation Act.
- Sec. 403. Conforming amendments.

TITLE V—ROLLOVER OF GAIN FROM DIVESTING CERTAIN QUALIFIED SECURITIES OF BUSINESS ENTITIES ENGAGED IN DISCOURAGED ACTIVITIES IN IRAN OR SUDAN

- Sec. 501. Rollover of gain from divesting certain qualified securities of business entities engaged in discouraged activities in Iran or Sudan.

TITLE VI—PROHIBITION ON UNITED STATES GOVERNMENT CONTRACTS AND INVESTMENT FOR COMPANIES CONDUCTING BUSINESS IN IRAN

- Sec. 601. Prohibition on United States Government contracts.
- Sec. 602. Authority of State and local governments to prohibit contracts.
- Sec. 603. United States pension plans.
- Sec. 604. Sunset.
- Sec. 605. Definitions.

TITLE VII—TERMINATION OF LOAN DISBURSEMENTS TO IRAN FROM THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

- Sec. 701. Termination of loan disbursements to Iran from the International Bank for Reconstruction and Development.
- Sec. 702. United States opposition to new country assistance strategy for Iran.

Sec. 703. Sunset.

Sec. 704. Rule of interpretation.

1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

3 (1) On July 1, 2010, President Obama signed
4 into law the Comprehensive Iran Sanctions, Ac-
5 countability, and Divestment Act of 2010 (Public
6 Law 111–195).

7 (2) In the wake of this new United States law
8 and United Nations Security Council Resolution
9 1929 on Iran, the European Union, Japan, South
10 Korea, Australia, and other friends and allies of the
11 United States also imposed significant economic
12 sanctions on Iran.

13 (3) The latest report by the Director General of
14 the International Atomic Energy Agency to its
15 Board of Directors, issued on September 6, 2010,
16 notes that Iran has continued its record of insuffi-
17 cient cooperation with the agency, has continued to
18 fail to answer questions posed by the agency regard-
19 ing potential non-civilian nuclear activities by Iran,
20 and has failed to suspend sensitive nuclear activities,
21 as required by successive United Nations Security
22 Council resolutions.

23 (4) While the United States and several like-
24 minded countries have worked individually and in

1 concert to increase the diplomatic and economic iso-
2 lation of Iran to convince the Government of Iran to
3 abandon sensitive nuclear activities, the United
4 States and like-minded countries must do more in
5 the coming months to achieve that goal.

6 **TITLE I—ADDITIONAL BILAT-**
7 **ERAL SANCTIONS AGAINST**
8 **IRAN**

9 **SEC. 101. APPLICATION TO SUBSIDIARIES.**

10 (a) IN GENERAL.—Except as provided in subsection
11 (b), in any case in which an entity engages in an act out-
12 side the United States which, if committed in the United
13 States or by a United States person, would violate Execu-
14 tive Order No. 12959 of May 6, 1995, Executive Order
15 No. 13059 of August 19, 1997, section 103 of the Com-
16 prehensive Iran Sanctions, Accountability, and Divestment
17 Act of 2010 (Public Law 111–195; 22 U.S.C. 8512), or
18 any other prohibition on transactions with respect to Iran
19 that is imposed under the International Emergency Eco-
20 nomic Powers Act (50 U.S.C. 1701 et seq.), the parent
21 company of that entity shall be subject to the penalties
22 for such violation to the same extent as if the parent com-
23 pany had engaged in that act.

1 (b) EXCEPTION.—Subsection (a) shall not apply to
2 any act carried out under a contract or other obligation
3 of any entity if—

4 (1) the contract or obligation existed on the
5 date of the enactment of this Act, unless such con-
6 tract or obligation is extended in time in any man-
7 ner or expanded to cover additional activities beyond
8 the terms of the contract or other obligation as it ex-
9 isted on the date of the enactment of this Act; or

10 (2) the parent company acquired that entity not
11 knowing, and not having reason to know, that such
12 contract or other obligation existed, unless such con-
13 tract or other obligation is extended in time in any
14 manner or expanded to cover additional activities be-
15 yond the terms of such contract or other obligation
16 as it existed at the time of such acquisition.

17 (c) CONSTRUCTION.—Nothing in this section shall be
18 construed as prohibiting the issuance of regulations, or-
19 ders, directives, or licenses under the Executive orders de-
20 scribed in subsection (a) or as being inconsistent with the
21 authorities under the International Emergency Economic
22 Powers Act.

23 (d) DEFINITIONS.—In this section—

1 (1) the term “entity” means a partnership, as-
2 sociation, trust, joint venture, corporation, or other
3 organization;

4 (2) an entity is a “parent company” of another
5 entity if it controls, directly or indirectly, that other
6 entity and is a United States person; and

7 (3) the term “United States person” means any
8 United States citizen, any alien lawfully admitted for
9 permanent residence to the United States, any entity
10 organized under the laws of the United States, or
11 any person in the United States.

12 **SEC. 102. ADDITIONAL EXPORT SANCTIONS AGAINST IRAN.**

13 Notwithstanding section 103(b)(2)(B)(iv) of the
14 Comprehensive Iran Sanctions, Accountability, and Di-
15 vestment Act of 2010 (Public Law 111–195; 22 U.S.C.
16 8512(b)(2)(B)(iv)) or any other provision of law, effective
17 on the date of the enactment of this Act—

18 (1) licenses to export or reexport goods, serv-
19 ices, or technology relating to civil aviation that are
20 otherwise authorized by section 560.528 of title 31,
21 Code of Federal Regulations, as in effect on the date
22 of the enactment of this Act, may not be issued, and
23 any such license issued before such date of enact-
24 ment is no longer valid; and

1 (2) goods, services, or technology described in
2 paragraph (1) may not be exported or reexported.

3 **SEC. 103. TEMPORARY INCREASE IN FEE FOR CERTAIN**
4 **CONSULAR SERVICES.**

5 (a) INCREASE IN FEE.—Notwithstanding any other
6 provision of law, not later than 120 days after the date
7 of the enactment of this Act, the Secretary of State shall
8 increase by \$1.00 the fee or surcharge assessed under sec-
9 tion 140(a) of the Foreign Relations Authorization Act,
10 Fiscal Years 1994 and 1995 (Public Law 103–236; 8
11 U.S.C. 1351 note) for processing machine readable non-
12 immigrant visas and machine readable combined border
13 crossing identification cards and nonimmigrant visas.

14 (b) DEPOSIT OF AMOUNTS.—Fees collected under the
15 authority of subsection (a) shall be deposited in the Treas-
16 ury.

17 (c) DURATION OF INCREASE.—The fee increase au-
18 thorized under subsection (a) shall terminate on the date
19 that is one year after the date on which such fee is first
20 collected.

1 **TITLE II—ADDITIONAL**
2 **MEASURES**

3 **SEC. 201. ELIMINATION OF CERTAIN TAX INCENTIVES FOR**
4 **OIL COMPANIES INVESTING IN IRAN.**

5 (a) IN GENERAL.—Subsection (h) of section 167 of
6 the Internal Revenue Code of 1986 (relating to amortiza-
7 tion of geological and geophysical expenditures) is amend-
8 ed by adding at the end the following new paragraph:

9 “(6) DENIAL WHEN IRAN SANCTIONS IN EF-
10 FECT.—

11 “(A) IN GENERAL.—If sanctions are im-
12 posed under section 5(a) of the Iran Sanctions
13 Act of 1996 (relating to sanctions with respect
14 to the development of petroleum resources of
15 Iran) on any member of an expanded affiliated
16 group the common parent of which is a foreign
17 corporation, paragraph (1) shall not apply to
18 any expense paid or incurred by any such mem-
19 ber in any period during which the sanctions
20 are in effect.

21 “(B) EXPANDED AFFILIATED GROUP.—
22 For purposes of subparagraph (A), the term
23 ‘expanded affiliated group’ means an affiliated
24 group as defined in section 1504(a), deter-
25 mined—

1 “(i) by substituting ‘more than 50
2 percent’ for ‘at least 80 percent’ each place
3 it appears, and

4 “(ii) without regard to paragraphs
5 (2), (3), and (4) of section 1504(b).”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 subsection (a) shall apply to expenses paid or incurred on
8 or after January 1, 2010.

9 **SEC. 202. EXPANSION OF SANCTIONS UNDER THE IRAN**
10 **SANCTIONS ACT OF 1996.**

11 (a) IN GENERAL.—Section 5(a) of the Iran Sanctions
12 Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note)
13 is amended—

14 (1) in the heading, by inserting at the end be-
15 fore the period the following: “, ETC”; and

16 (2) by adding at the end the following new
17 paragraphs:

18 “(4) OTHER ACTIONS RELATING TO PETRO-
19 LEUM RESOURCES OF IRAN.—

20 “(A) IN GENERAL.—Except as provided in
21 subsection (f), the President shall impose 3 or
22 more of the sanctions described in section 6(a)
23 with respect to a person if the President deter-
24 mines that the person knowingly, on or after

1 the date of the enactment of the Stop Iran’s
2 Nuclear Weapons Program Act of 2010—

3 “(i) enters into a long-term agreement
4 to purchase petroleum resources from Iran;

5 “(ii) enters into an agreement to pro-
6 vide payment for future delivery of petro-
7 leum resources from Iran; or

8 “(iii) enters into an agreement with
9 the National Iranian Oil Company, any of
10 its affiliates, or any entity owned or con-
11 trolled by the Government of Iran to pro-
12 vide for the development of petroleum re-
13 sources wherever located.

14 “(B) DEFINITIONS.—

15 “(i) LONG-TERM AGREEMENT.—In
16 subparagraph (A)(i), the term ‘long-term
17 agreement’ means a contract or other
18 agreement that provides for delivery of pe-
19 troleum resources beginning more than 1
20 year after the date of entry into the con-
21 tract or agreement (as the case may be).

22 “(ii) FUTURE DELIVERY.—In sub-
23 paragraph (A)(ii), the term ‘future deliv-
24 ery’ means delivery that occurs more than

1 180 days after payment is effected under
2 the agreement.

3 “(5) PURCHASE, SUBSCRIPTION TO, OR FACILI-
4 TATION OF THE ISSUANCE OF IRANIAN SOVEREIGN
5 DEBT.—Except as provided in subsection (f), the
6 President shall impose 3 or more of the sanctions
7 described in section 6(a) with respect to a person if
8 the President determines that the person knowingly,
9 on or after the date of the enactment of the Stop
10 Iran’s Nuclear Weapons Program Act of 2010, pur-
11 chases, subscribes to, or facilitates the issuance of—

12 “(A) Iranian sovereign debt, including Ira-
13 nian governmental bonds; or

14 “(B) debt of any entity owned or con-
15 trolled by the Iranian Government, including
16 bonds”.

17 (b) EFFECTIVE DATE.—The amendments made by
18 this section shall—

19 (1) take effect on the date of the enactment of
20 this Act; and

21 (2) apply with respect to an investment or ac-
22 tivity described in subsection (a) of section 5 of the
23 Iran Sanctions Act of 1996, as amended by this sec-
24 tion, that is commenced on or after such date of en-
25 actment.

1 **TITLE III—APPLICATION OF**
2 **SANCTIONS AGAINST AFFILI-**
3 **ATES OF THE IRAN REVOLU-**
4 **TIONARY GUARD CORPS**

5 **SEC. 301. SANCTIONS AGAINST AFFILIATES OF THE IRAN**
6 **REVOLUTIONARY GUARD CORPS.**

7 (a) PUBLICATION OF NAMES OF AFFILIATES IN FED-
8 ERAL REGISTER.—Not later than 90 days after the date
9 of the enactment of this Act, and as appropriate there-
10 after, the President shall publish in the Federal Register
11 the name of each foreign person or foreign entity for which
12 there is credible information indicating that the person or
13 entity is as an agent, alias, front, instrumentality, official,
14 or affiliate of the Iran Revolutionary Guard Corps or is
15 an individual serving as a representative of the Iran Revo-
16 lutionary Guard Corps.

17 (b) APPLICATION OF EXISTING SANCTIONS AGAINST
18 IRAN TO AFFILIATES.—The President shall designate
19 each foreign person or foreign entity identified in the Fed-
20 eral Register pursuant to subsection (a) for inclusion in
21 the Annex to Executive Order 13382 (70 Fed. Reg.
22 38567; relating to blocking property of weapons of mass
23 destruction proliferators and their supporters) and shall
24 apply to each such foreign person or foreign entity all ap-

1 plicable sanctions of the United States contained in Exec-
2 utive Order 13382.

3 (c) SANCTIONS UNDER EXECUTIVE ORDER 13438.—

4 (1) PUBLICATION OF NAMES OF AFFILIATES IN
5 FEDERAL REGISTER.—Not later than 90 days after
6 the date of the enactment of this Act, and as appro-
7 priate thereafter, the President shall publish in the
8 Federal Register the name of each foreign person or
9 foreign entity—

10 (A) for which there is credible information
11 indicating that the person or entity is as an
12 agent, alias, front, instrumentality, official, or
13 affiliate of the Iran Revolutionary Guard Corps
14 or is an individual serving as a representative
15 of the Iran Revolutionary Guard Corps; and

16 (B) for which there is credible evidence
17 that the foreign person or foreign entity—

18 (i) has committed, or poses a signifi-
19 cant risk of committing, an act or acts of
20 violence that have the purpose or effect
21 of—

22 (I) threatening the peace or sta-
23 bility of Iraq or the Government of
24 Iraq; or

1 (II) undermining efforts to pro-
2 mote economic reconstruction and po-
3 litical reform in Iraq or to provide hu-
4 manitarian assistance to the Iraqi
5 people;

6 (ii) has materially assisted, sponsored,
7 or provided financial, material, logistical,
8 or technical support for, or goods or serv-
9 ices in support of, such an act or acts of
10 violence or any person whose property and
11 interests in property are blocked pursuant
12 to Executive Order 13438; or

13 (iii) is owned or controlled by, or has
14 acted or purported to act for or on behalf
15 of, directly or indirectly, any person whose
16 property and interests in property are
17 blocked pursuant to Executive Order
18 13438.

19 (2) APPLICATION OF SANCTIONS UNDER EXEC-
20 UTIVE ORDER 13438.—The President shall apply to
21 each foreign person or foreign entity identified in the
22 Federal Register pursuant to paragraph (1) all ap-
23 plicable sanctions and measures of the United States
24 contained in Executive Order 13438 (72 Fed. Reg.

1 39719; relating to blocking property of certain per-
2 sons who threaten stabilization efforts in Iraq).

3 (d) **EXCLUSION FROM UNITED STATES.**—The Sec-
4 retary of State shall deny a visa to, and the Secretary of
5 Homeland Security shall exclude from the United States,
6 any alien who, on or after the date of the enactment of
7 this Act, is a foreign person identified in the Federal Reg-
8 ister pursuant to subsection (a) or (c).

9 (e) **RULE OF CONSTRUCTION.**—Nothing in this sec-
10 tion shall be construed to remove any sanction of the
11 United States in force against the Iran Revolutionary
12 Guard Corps as of the date of the enactment of this Act
13 by reason of the fact that the Iran Revolutionary Guard
14 Corps is an entity of the Government of Iran.

15 **SEC. 302. MEASURES AGAINST FOREIGN PERSONS OR ENTI-**
16 **TIES SUPPORTING THE IRAN REVOLU-**
17 **TIONARY GUARD CORPS.**

18 (a) **NOTIFICATION.**—Whenever the President deter-
19 mines that there is credible information indicating that a
20 foreign person or foreign entity, on or after the date of
21 the enactment of this Act, knowingly—

22 (1) provided material support to the Iran Revo-
23 lutionary Guard Corps or any affiliated foreign per-
24 son or foreign entity identified pursuant to section
25 301 (a) or (c), or

1 (2) conducted any commercial transaction or fi-
2 nancial transaction with the Iran Revolutionary
3 Guards Corps or any affiliated foreign person or for-
4 eign entity identified pursuant to section 301 (a) or
5 (c),

6 the President shall submit to the appropriate congres-
7 sional committees a notification that contains the name
8 of the foreign person or foreign entity (as the case may
9 be).

10 (b) FORM.—The President may submit the notifica-
11 tion required under subsection (a) in classified form.

12 (c) EXECUTIVE ORDER 12938 SANCTIONS.—Not
13 later than 60 days after the date on which the President
14 provides notice to the appropriate congressional commit-
15 tees pursuant to subsection (a), the President shall apply
16 to each foreign person or foreign entity identified in such
17 notice, for such time as the President may determine, the
18 measures set forth in section 4 of Executive Order 12938
19 (59 Fed. Reg. 59099; relating to proliferation of weapons
20 of mass destruction) and shall terminate such measures
21 in accordance with the provisions of such section.

22 (d) IEEPA SANCTIONS.—The President may exer-
23 cise the authorities the President has under section 203(a)
24 of the International Emergency Economic Powers Act (50
25 U.S.C. 1702(a)) to impose additional sanctions on each

1 foreign person or foreign entity identified pursuant to sub-
2 section (a) of this section, for such time as the President
3 may determine, without regard to section 202 of that Act.

4 (e) WAIVER.—The President may waive the applica-
5 tion of any measure described in subsection (c) with re-
6 spect to a foreign person or foreign entity if the Presi-
7 dent—

8 (1)(A) determines that the person or entity has
9 ceased the offending activity and has taken meas-
10 ures to prevent its recurrence; or

11 (B) determines that it is vital to the national
12 security interests of the United States to do so; and

13 (2) submits to the appropriate congressional
14 committees a report that contains the reasons for
15 the determination.

16 **SEC. 303. SPECIAL MEASURES AGAINST FOREIGN GOVERN-**
17 **MENTS SUPPORTING THE IRAN REVOLU-**
18 **TIONARY GUARDS CORPS.**

19 (a) EXECUTIVE ORDER 12938 SANCTIONS.—With
20 respect to any foreign entity identified pursuant to section
21 302(a) that is a foreign government, the President shall,
22 in addition to applying to the entity the measures de-
23 scribed in section 302(d), apply to the entity the measures
24 set forth in section 5(b) of Executive Order 12938.

1 (b) WAIVER.—The President may waive the applica-
2 tion of any measure described in subsection (a) with re-
3 spect to a foreign entity if the President—

4 (1)(A) determines that the entity has ceased
5 the offending activity and has taken measures to
6 prevent its recurrence; or

7 (B) determines that it is vital to the national
8 security interests of the United States to do so; and

9 (2) submits to the appropriate congressional
10 committees a report that contains the reasons for
11 the determination.

12 **SEC. 304. DEFINITIONS.**

13 In this title:

14 (1) APPROPRIATE CONGRESSIONAL COMMIT-
15 TEES.—The term “appropriate congressional com-
16 mittees” means the Committee on Foreign Affairs of
17 the House of Representatives and the Committee on
18 Foreign Relations of the Senate.

19 (2) FOREIGN PERSON.—The term “foreign per-
20 son” has the meaning given the term in section 14
21 of the Iran Sanctions Act of 1996.

22 (3) IRAN REVOLUTIONARY GUARD CORPS.—The
23 term “Iran Revolutionary Guard Corps” includes the
24 Iran Revolutionary Guard Corps-Qods Force.

1 **TITLE IV—OPPOSITION OF**
2 **TRANSFER TO IRAN, NORTH**
3 **KOREA, AND SYRIA OF**
4 **GOODS, SERVICES, OR TECH-**
5 **NOLOGY RELEVANT TO THEIR**
6 **CAPABILITY TO EXTRACT OR**
7 **MILL URANIUM ORE**

8 **SEC. 401. STATEMENT OF POLICY.**

9 It shall be the policy of the United States—

10 (1) to oppose the transfer to Iran, North
11 Korea, and Syria of goods, services, or technology
12 relevant to their capability to extract or mill ura-
13 nium ore; and

14 (2) to work with like-minded countries to im-
15 pose restrictions on such transfers internationally.

16 **SEC. 402. REPORTING REQUIREMENTS UNDER THE IRAN,**
17 **NORTH KOREA, AND SYRIA NONPROLIFERA-**
18 **TION ACT.**

19 Section 2(a) of the Iran, North Korea, and Syria
20 Nonproliferation Act (50 U.S.C. 1701 note) is amended—

21 (1) in paragraph (1), by redesignating subpara-
22 graphs (A) through (E) as clauses (i) through (v),
23 respectively;

24 (2) by redesignating paragraphs (1) and (2) as
25 subparagraphs (A) and (B), respectively;

1 (3) in subparagraph (B), as redesignated—

2 (A) by striking “paragraph (1)” and in-
3 serting “subparagraph (A)”; and

4 (B) by striking the period at the end and
5 inserting “; or”;

6 (4) by striking all that precedes subparagraph
7 (A), as redesignated, and inserting the following:

8 “(a) REPORTS.—The President shall, at the times
9 specified in subsection (b), submit to the Committee on
10 Foreign Affairs of the House of Representatives and the
11 Committee on Foreign Relations of the Senate a report
12 identifying every foreign person with respect to whom
13 there is credible information indicating that person—

14 “(1) on or after January 1, 1999, transferred
15 to or acquired from Iran, on or after January 1,
16 2005, transferred to or acquired from Syria, or on
17 or after January 1, 2006, transferred to or acquired
18 from North Korea—”; and

19 (5) by adding at the end the following new
20 paragraph:

21 “(2) on or after January 1, 2009, transferred
22 to Iran, Syria, or North Korea goods, services, or
23 technology that could assist efforts to extract or mill
24 uranium ore within the territory or control of Iran,
25 North Korea, or Syria.”.

1 **SEC. 403. CONFORMING AMENDMENTS.**

2 The Iran, North Korea, and Syria Nonproliferation
3 Act (50 U.S.C. 1701 note) is further amended by striking
4 “Committee on International Relations” each place it ap-
5 pears and inserting “Committee on Foreign Affairs”.

6 **TITLE V—ROLLOVER OF GAIN**
7 **FROM DIVESTING CERTAIN**
8 **QUALIFIED SECURITIES OF**
9 **BUSINESS ENTITIES EN-**
10 **GAGED IN DISCOURAGED AC-**
11 **TIVITIES IN IRAN OR SUDAN**

12 **SEC. 501. ROLLOVER OF GAIN FROM DIVESTING CERTAIN**
13 **QUALIFIED SECURITIES OF BUSINESS ENTI-**
14 **TIES ENGAGED IN DISCOURAGED ACTIVITIES**
15 **IN IRAN OR SUDAN.**

16 (a) IN GENERAL.—Part III of subchapter O of chap-
17 ter 1 of the Internal Revenue Code of 1986 (relating to
18 common nontaxable exchanges) is amended by adding at
19 the end the following new section:

20 **“SEC. 1046. ROLLOVER OF GAIN FROM DIVESTING CERTAIN**
21 **QUALIFIED SECURITIES OF BUSINESS ENTI-**
22 **TIES ENGAGED IN DISCOURAGED ACTIVITIES**
23 **IN IRAN OR SUDAN.**

24 “(a) NONRECOGNITION OF GAIN.—

25 “(1) IN GENERAL.—In the case of any sale of
26 any qualified security held by a taxpayer with re-

1 spect to which such taxpayer elects the application
2 of this section, in any business entity that is en-
3 gaged in an Iran discouraged activity or a Sudan
4 discouraged activity, gain from such sale shall be
5 recognized only to the extent that the amount real-
6 ized on such sale exceeds—

7 “(A) the cost of any qualified replacement
8 property purchased by the taxpayer during the
9 30-day period beginning on the date of such
10 sale, reduced by

11 “(B) any portion of such cost previously
12 taken into account under this section.

13 “(2) EXCEPTION FOR ORDINARY INCOME
14 GAIN.—This section shall not apply to any gain
15 which is treated as ordinary income for purposes of
16 this title.

17 “(3) EXCEPTION WHERE TAXPAYER OWNS CON-
18 TROLLING INTEREST IN THE BUSINESS ENTITY.—

19 “(A) IN GENERAL.—Paragraph (1) shall
20 not apply to any sale if, immediately before
21 such sale, the taxpayer owns a controlling inter-
22 est in the business entity that is engaged in an
23 Iran discouraged activity or a Sudan discour-
24 aged activity.

1 “(B) CONTROLLING INTEREST.—For pur-
2 poses of subparagraph (A), the term ‘control-
3 ling interest’ means direct or indirect ownership
4 of at least 50 percent of the total voting power
5 and value of all classes of stock of a corpora-
6 tion. For purposes of the preceding sentence,
7 the rules of paragraphs (1) and (5) of section
8 267(c) shall apply.

9 “(C) AGGREGATION RULE.—For purposes
10 of this paragraph, all members of the same con-
11 trolled group of corporations (within the mean-
12 ing of section 267(f)) and all persons under
13 common control (within the meaning of section
14 52(b) but determined by treating an interest of
15 more than 50 percent as a controlling interest)
16 shall be treated as 1 person.

17 “(b) DEFINITIONS AND SPECIAL RULES RELATING
18 TO SECURITIES AND REPLACEMENT PROPERTY.—For
19 purposes of this section—

20 “(1) QUALIFIED SECURITY.—

21 “(A) IN GENERAL.—The term ‘qualified
22 security’ means any security held by a taxpayer
23 in any business entity that is engaged in an
24 Iran discouraged activity or a Sudan discour-
25 aged activity.

1 “(B) EXCEPTION.—Such term shall not in-
2 clude any security purchased or otherwise ac-
3 quired after the date of the enactment of this
4 section which, at the time of such purchase or
5 acquisition, was issued by a business entity
6 then engaged in an Iran discouraged activity or
7 a Sudan discouraged activity.

8 “(C) SECURITY DEFINED.—The term ‘se-
9 curity’ has the meaning given such term by sec-
10 tion 165(g)(2).

11 “(2) QUALIFIED REPLACEMENT PROPERTY.—

12 “(A) IN GENERAL.—The term ‘qualified
13 replacement property’ means any security of a
14 business entity that, on the date of purchase by
15 the taxpayer—

16 “(i) is not engaged in an Iran discour-
17 aged activity or a Sudan discouraged activ-
18 ity on such date,

19 “(ii) is not a member of an expanded
20 affiliated group, any member of which is
21 engaged in an Iran discouraged activity or
22 a Sudan discouraged activity on such date,
23 and

24 “(iii) meets the requirements of sub-
25 paragraph (B).

1 “(B) REPLACEMENT PROPERTY.—Property
2 meets the requirements of this paragraph if,
3 with respect to the sale of any security—

4 “(i) except as provided in clause (ii),
5 in the case that the security is a share of
6 stock in a corporation, the replacement
7 property is a share of stock in a corpora-
8 tion,

9 “(ii) in the case that the security is a
10 share of stock of a regulated investment
11 company, real estate investment trust,
12 hedge fund, investment partnership, or
13 similar business entity, the replacement
14 property is a share of stock in a regulated
15 investment company, real estate invest-
16 ment trust, hedge fund, investment part-
17 nership, or similar business entity,

18 “(iii) in the case that the security is
19 a right to subscribe for, or to receive, a
20 share of stock in a corporation, the re-
21 placement property is a right to subscribe
22 for, or to receive, a share of stock in a cor-
23 poration, and

24 “(iv) in the case that the security is
25 a bond, debenture, note, or certificate, or

1 other evidence of indebtedness issued by a
2 corporation, with interest coupons or in
3 registered form, the replacement property
4 is a bond, debenture, note, or certificate,
5 or other evidence of indebtedness issued by
6 a corporation, with interest coupons or in
7 registered form.

8 “(C) DEEMED INVESTMENT IF INVESTING
9 IN ENTITIES ENGAGED IN DISCOURAGED AC-
10 TIVITIES.—Any regulated investment company,
11 real estate investment trust, hedge fund, invest-
12 ment partnership, or similar business entity,
13 which invests in the securities—

14 “(i) issued by a business entity deter-
15 mined to be engaging in Iran discouraged
16 activities or Sudan discouraged activities,
17 or

18 “(ii) issued by the government of
19 Sudan or Iran or any agency thereof,
20 shall be deemed to be a business entity engag-
21 ing in Iran discouraged activities or Sudan dis-
22 couraged activities.

23 “(D) BUSINESS DECLARATION OF POL-
24 ICY.—

1 “(i) IN GENERAL.—Notwithstanding
2 any other provision of this section, in the
3 case of a business entity described in
4 clause (iii), a security in such business en-
5 tity shall not be treated as qualified re-
6 placement property unless the business en-
7 tity has made the following declaration: ‘It
8 is our policy not to make investments in
9 business entities which engage in Iran dis-
10 couraged activities or Sudan discouraged
11 activities as defined in section 1046 of the
12 Internal Revenue Code of 1986, and to use
13 due diligence to avoid making such invest-
14 ments. It is our policy to divest on or be-
15 fore December 31, 2010, from business en-
16 tities engaged in Iran discouraged activi-
17 ties and Sudan discouraged activities.’.

18 “(ii) NOT QUALIFIED SECURITY.—If a
19 business entity described in clause (iii) has
20 made the declaration specified in clause (i),
21 then from the time of such declaration an
22 interest in such business entity shall not be
23 treated as a qualified security.

24 “(iii) BUSINESS ENTITY DE-
25 SCRIBED.—A business entity described in

1 this clause is a regulated investment com-
2 pany, real estate investment trust, hedge
3 fund, investment partnership, or similar
4 business entity.

5 “(E) EXPANDED AFFILIATED GROUP.—
6 The term ‘expanded affiliated group’ means an
7 affiliated group as defined in section 1504(a),
8 determined—

9 “(i) by substituting ‘more than 50
10 percent’ for ‘at least 80 percent’ each place
11 it appears, and

12 “(ii) without regard to paragraphs (2)
13 and (4) of section 1504(b).

14 “(F) BASIS ADJUSTMENTS.—If gain from
15 any sale is not recognized by reason of sub-
16 section (a), such gain shall be applied to reduce
17 (in the order acquired) the basis for deter-
18 mining gain or loss of any qualified replacement
19 property which is purchased by the taxpayer
20 during the 30-day period described in sub-
21 section (a).

22 “(G) HOLDING PERIOD.—For purposes of
23 determining the period for which the taxpayer
24 has held qualified replacement property the ac-
25 quisition of which resulted in the nonrecognition

1 under subsection (a) of any part of the gain re-
2 realized on the sale of a qualified security, there
3 shall be included the period for which such
4 qualified security had been held by the tax-
5 payer.

6 “(3) SPECIAL RULE FOR SECURITIES OF CER-
7 TAIN ENTITIES.—

8 “(A) IN GENERAL.—For any business enti-
9 ty described in subparagraph (C), a security in
10 such business entity shall be treated as quali-
11 fied replacement property if the business entity
12 has made the following declaration: ‘It is our
13 policy not to make investments in any person
14 having an investment in, or carrying on a trade
15 or business (within the meaning of section 162)
16 in or with, Iran and Sudan. This policy may or
17 may not include investments concerning the
18 provision of food, medicine, humanitarian serv-
19 ices in or to Iran or Sudan or investments con-
20 cerning marginalized areas of Sudan (as de-
21 fined in section 2 of the Sudan Accountability
22 and Divestment Act of 2007 (121 Stat.
23 2518)).’.

24 “(B) NOT QUALIFIED SECURITY.—If a
25 business entity described in subparagraph (C)

1 has made the declaration specified in subpara-
2 graph (A), then from the time of such declara-
3 tion an interest in such business entity shall not
4 be treated as a qualified security.

5 “(C) BUSINESS ENTITY DESCRIBED.—A
6 business entity described in this subparagraph
7 is a regulated investment company, real estate
8 investment trust, hedge fund, investment part-
9 nership, or similar business entity.

10 “(D) CERTAIN BUSINESS ENTITIES AS RE-
11 PLACEMENT PROPERTY.—A business entity de-
12 scribed in subparagraph (C) making the dec-
13 laration described in subparagraph (A) may
14 qualify as replacement property if it has adopt-
15 ed restrictions on investment in persons that in-
16 vest in or carrying on a trade or business (with-
17 in the meaning of section 162) in or with coun-
18 tries other than Iran and Sudan that are des-
19 igned as state sponsors of terrorism under
20 section 6(j) of the Export Administration Act of
21 1979, section 40 of the Arms Export Control
22 Act, or section 620A of the Foreign Assistance
23 Act of 1961.

24 “(4) BUSINESS ENTITY.—The term ‘business
25 entity’ means any corporation, limited liability part-

1 nership, limited liability company, or any other busi-
2 ness entity conducting business activities in which
3 the taxpayer has purchased or can purchase securi-
4 ties.

5 “(c) DEFINITIONS AND RULES RELATING TO SUDAN
6 DISCOURAGED ACTIVITY.—For purposes of this section,
7 the term ‘Sudan discouraged activity’ means an invest-
8 ment in any business operation described in section 3(d)
9 of the Sudan Accountability and Divestment Act of 2007
10 (121 Stat. 2518).

11 “(d) DEFINITIONS AND RULES RELATING TO IRAN
12 DISCOURAGED ACTIVITIES.—For purposes of this sec-
13 tion—

14 “(1) IRAN DISCOURAGED ACTIVITY.—The term
15 ‘Iran discouraged activity’ means—

16 “(A) an investment of \$20,000,000 or
17 more—

18 “(i) in the energy sector of Iran; or

19 “(ii) in a person that provides oil or
20 liquefied natural gas tankers, or products
21 used to construct or maintain pipelines
22 used to transport oil or liquefied natural
23 gas, for the energy sector in Iran;

24 “(B) an extension of \$20,000,000 or more
25 in credit to another person, for 45 days or

1 more, if that person will use the credit to invest
2 in the energy sector in Iran;

3 “(C) except as provided in section 5(f) of
4 the Iran Sanctions Act of 1996 (50 U.S.C.
5 1701 note), an investment of \$20,000,000 or
6 more (or any combination of investments of at
7 least \$5,000,000 each, which in the aggregate
8 equals or exceeds \$20,000,000 in any 12-month
9 period), that directly and significantly contrib-
10 uted to the enhancement of Iran’s ability to de-
11 velop petroleum resources of Iran;

12 “(D) except as provided in section 5(f) of
13 the Iran Sanctions Act of 1996 (50 U.S.C.
14 1701 note), the sale, lease, or provision to Iran
15 of any goods, services, technology, information,
16 or support that would allow Iran to maintain or
17 expand its domestic production of refined petro-
18 leum resources, including any assistance in re-
19 finery construction, modernization, or repair; or

20 “(E) except as provided in section 5(f) of
21 the Iran Sanctions Act of 1996 (50 U.S.C.
22 1701 note), providing Iran with refined petro-
23 leum resources or engaging in any activity that
24 could contribute to the enhancement of Iran’s

1 ability to import refined petroleum resources,
2 including—

3 “(i) providing ships or shipping serv-
4 ices to deliver refined petroleum resources
5 to Iran;

6 “(ii) underwriting or otherwise pro-
7 viding insurance or reinsurance for such
8 activity; or

9 “(iii) financing or brokering such ac-
10 tivity.

11 “(2) INVESTMENT.—The ‘investment’ of assets,
12 with respect to a State or local government, in-
13 cludes—

14 “(A) a commitment or contribution of as-
15 sets;

16 “(B) a loan or other extension of credit; or

17 “(C) the entry into or renewal of a con-
18 tract for goods or services.

19 “(3) ENERGY SECTOR.—The term ‘energy sec-
20 tor’ refers to activities to develop petroleum or nat-
21 ural gas resources or nuclear power.

22 “(4) IRAN.—The term ‘Iran’ includes any agen-
23 cy or instrumentality of Iran.

24 “(e) DOING BUSINESS WITH TERRORISTS.—

1 “(1) IN GENERAL.—For purposes of this sec-
2 tion—

3 “(A) A business entity has engaged in Iran
4 discouraged activities if it conducts business
5 with or makes any charitable donation to any
6 Iranian person designated as a terrorist or to
7 any foreign terrorist organization.

8 “(B) A business entity has engaged in
9 Sudan discouraged activities if it conducts busi-
10 ness with or makes any charitable donation to
11 any Sudanese person designated as a terrorist
12 or to any foreign terrorist organization.

13 “(2) TERRORIST.—A person is designated as a
14 terrorist for purposes of paragraph (1) if such per-
15 son is designated or otherwise individually identified
16 in or pursuant to an Executive Order which is re-
17 lated to terrorism and issued under the authority of
18 the International Emergency Economic Powers Act
19 or section 5 of the United Nations Participation Act
20 of 1945 for the purpose of imposing on such organi-
21 zation an economic or other sanction.

22 “(3) FOREIGN TERRORIST ORGANIZATION.—
23 For purposes of paragraph (1), the term ‘foreign
24 terrorist organization’ means an organization des-
25 ignated under section 219 of the Immigration and

1 Nationality Act (8 U.S.C. 1189) as a foreign ter-
2 rorist organization.

3 “(f) IDENTIFICATION OF BUSINESS ENTITIES EN-
4 GAGING IN IRAN DISCOURAGED ACTIVITIES OR SUDAN
5 DISCOURAGED ACTIVITIES.—

6 “(1) PUBLICATION OF LIST.—For purposes of
7 this section, the Secretary shall publish and update
8 at least every six months a list of business entities
9 engaging in any Sudan discouraged activities or Iran
10 discouraged activities, or both.

11 “(2) REGULATIONS.—The Secretary shall issue
12 regulations defining how a business entity shall not
13 be deemed to be engaged in an Iran discouraged ac-
14 tivity or Sudan discouraged activity, if—

15 “(A) with regard to activities on the date
16 this section becomes effective, the business enti-
17 ty limits its activity to continuing existing con-
18 tracts, without extension or expansion (except
19 that an investment (as defined in section 14 of
20 the Iran Sanctions Act of 1996) that would
21 subject a business entity to sanctions under sec-
22 tion 5 of the Iran Sanctions Act of 1996 shall
23 be considered an Iran discouraged activity, not-
24 withstanding contracts entered into prior to the
25 effective date of this section), and

1 “(B) with regard to any Iran discouraged
2 activity or Sudan discouraged activity carried
3 on under contracts entered into or expanded
4 after the effective date of this section, the con-
5 tract was entered into at a time when the busi-
6 ness entity did not own or control the sub-
7 sidiary business entity, and after acquiring such
8 ownership or control the business entity has not
9 extended or expanded or renewed such contract.

10 “(3) TAXPAYER SELF-HELP.—Until such time
11 as the Secretary publishes a list of those engaging
12 in Iran discouraged activities or Sudan discouraged
13 activities or if the Secretary fails to update that list
14 as required in paragraph (1), the taxpayer may de-
15 termine, using credible, publicly available informa-
16 tion, which business entities engage in an Iran dis-
17 couraged activity or a Sudan discouraged activity.

18 “(g) IMPROVEMENT IN THE ACTIONS OF THE GOV-
19 ERNMENT OF THE SUDAN.—Effective on the date when
20 the President certifies under a section 12 of the Sudan
21 Accountability and Divestment Act of 2007 (121 Stat.
22 2523), subsection (a) shall not apply to any Sudan dis-
23 couraged activity after such date.

24 “(h) IMPROVEMENT IN THE ACTIONS OF THE GOV-
25 ERNMENT OF IRAN.—

1 “(1) TERMINATION OF NONRECOGNITION
2 TREATMENT.—Effective on the date when the re-
3 quirements described in paragraph (2) are met, sub-
4 section (a) shall not apply to any Iran discouraged
5 activity after such date.

6 “(2) REQUIREMENTS.—The requirements de-
7 scribed in this paragraph are—

8 “(A) a declaration by the President which
9 states that, in the opinion of the President,
10 Iran is no longer engaging in efforts to develop
11 or retain weapons of mass destruction, and has
12 not developed and is not developing the capacity
13 to enrich or reprocess uranium or plutonium,
14 and

15 “(B) a determination by the Secretary of
16 State that Iran should no longer be listed as a
17 state sponsor of acts of international terrorism
18 pursuant to section 6(j) of the Export Adminis-
19 tration Act of 1979, section 620A of the For-
20 eign Assistance Act of 1961, section 40 of the
21 Arms Export Control Act, or any other provi-
22 sion of law.”.

23 (b) CLERICAL AMENDMENT.—The table of sections
24 for part III of subchapter O of chapter 1 of such Code
25 is amended by adding at the end the following new item:

“Sec. 1046. Rollover of gain from divesting certain qualified securities of business entities engaged in discouraged activities in Iran or Sudan.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to with respect to sales of securities
3 after the date of the enactment of this Act.

4 **TITLE VI—PROHIBITION ON**
5 **UNITED STATES GOVERN-**
6 **MENT CONTRACTS AND IN-**
7 **VESTMENT FOR COMPANIES**
8 **CONDUCTING BUSINESS IN**
9 **IRAN**

10 **SEC. 601. PROHIBITION ON UNITED STATES GOVERNMENT**
11 **CONTRACTS.**

12 (a) CERTIFICATION REQUIREMENT.—The head of
13 each executive agency shall ensure that each contract with
14 a company entered into by such executive agency for the
15 procurement of goods or services or agreement for the use
16 of Federal funds as part of a grant, loan, or loan guar-
17 antee, the provision of insurance or reinsurance, or the
18 provision of technical assistance to a company, includes
19 a clause that requires the company to certify to the con-
20 tracting officer that the company does not conduct busi-
21 ness operations in Iran described in section 605.

22 (b) REMEDIES.—

23 (1) IN GENERAL.—The head of an executive
24 agency may impose remedies as provided in this sub-

1 section if the head of the executive agency deter-
2 mines that the contractor has submitted a false cer-
3 tification under subsection (a) after the date the
4 Federal Acquisition Regulation is revised pursuant
5 to subsection (e) to implement the requirements of
6 this section.

7 (2) TERMINATION.—The head of an executive
8 agency may terminate a covered contract with a
9 company upon the determination of a false certifi-
10 cation under paragraph (1).

11 (3) SUSPENSION AND DEBARMENT.—The head
12 of an executive agency may debar or suspend a con-
13 tractor from eligibility for Federal contracts upon
14 the determination of a false certification under para-
15 graph (1). The debarment period may not exceed 3
16 years.

17 (4) INCLUSION ON LIST OF PARTIES EXCLUDED
18 FROM FEDERAL PROCUREMENT AND NONPROCURE-
19 MENT PROGRAMS.—The Administrator of General
20 Services shall include on the List of Parties Ex-
21 cluded from Federal Procurement and Nonprocure-
22 ment Programs maintained by the Administrator
23 under part 9 of the Federal Acquisition Regulation
24 issued under section 25 of the Office of Federal Pro-
25 curement Policy Act (41 U.S.C. 421) each con-

1 tractor that is debarred, suspended, proposed for de-
2 barment or suspension, or declared ineligible by the
3 head of an executive agency on the basis of a deter-
4 mination of a false certification under paragraph
5 (1).

6 (5) RULE OF CONSTRUCTION.—This section
7 shall not be construed to limit the use of other rem-
8 edies available to the head of an executive agency or
9 any other official of the Federal Government on the
10 basis of a determination of a false certification
11 under paragraph (1).

12 (c) WAIVER.—

13 (1) IN GENERAL.—The President may waive
14 the requirement of subsection (a) on a case-by-case
15 basis if the President determines and certifies in
16 writing to the appropriate congressional committees
17 that it is in the national interest to do so.

18 (2) REPORTING REQUIREMENT.—Not later than
19 120 days after the date of the enactment of this Act
20 and semi-annually thereafter, the Administrator for
21 Federal Procurement Policy shall submit to the ap-
22 propriate congressional committees a report on waiv-
23 ers granted under paragraph (1).

24 (d) IMPLEMENTATION THROUGH THE FEDERAL AC-
25 QUISSION REGULATION.—Not later than 120 days after

1 the date of the enactment of this Act, the Federal Acquisi-
2 tion Regulation issued pursuant to section 25 of the Office
3 of Federal Procurement Policy Act (41 U.S.C. 421) shall
4 be revised to provide for the implementation of the re-
5 quirements of this section.

6 (e) REPORT.—Not later than one year after the date
7 the Federal Acquisition Regulation is revised pursuant to
8 subsection (e) to implement the requirements of this sec-
9 tion, the Administrator of General Services, with the as-
10 sistance of other executive agencies, shall submit to the
11 Office of Management and Budget and the appropriate
12 congressional committees a report on the actions taken
13 under this section.

14 **SEC. 602. AUTHORITY OF STATE AND LOCAL GOVERN-**
15 **MENTS TO PROHIBIT CONTRACTS.**

16 Notwithstanding any other provision of law, a State
17 or local government may adopt and enforce measures to
18 prohibit the State or local government, as the case may
19 be, from entering into or renewing a contract for the pro-
20 curement of goods or services with persons that conduct
21 business operations in Iran described in section 605.

22 **SEC. 603. UNITED STATES PENSION PLANS.**

23 (a) DIVESTITURE FROM IRAN.—The managers of
24 United States Government pension plans or thrift savings
25 plans, shall take, to the extent consistent with the legal

1 and fiduciary duties otherwise imposed on them, imme-
2 diate steps to divest all investments in any entity with re-
3 spect to which sanctions are applied for activities de-
4 scribed in section 5(a) of the Iran Sanctions Act of 1996
5 (Public Law 104–172; 50 U.S.C. 1701 note), as amended
6 by this Act, section 302(a) of this Act, or section 106(a)
7 of the Comprehensive Iran Sanctions, Accountability, and
8 Divestment Act of 2010 (Public Law 111–195; 22 U.S.C.
9 8515).

10 (b) PROHIBITION ON FUTURE INVESTMENT.—The
11 managers of United States Government pension plans or
12 thrift savings plans shall ensure that there is no future
13 investment in any entity described in subsection (a) for
14 the duration of the period of time during which the entity
15 is sanctioned under the applicable provision of law de-
16 scribed in subsection (a).

17 **SEC. 604. SUNSET.**

18 This title shall terminate 30 days after the date on
19 which—

20 (1) the President has certified to Congress that
21 the Government of Iran has ceased providing sup-
22 port for acts of international terrorism and no
23 longer satisfies the requirements for designation as
24 a state-sponsor of terrorism for purposes of section
25 6(j) of the Export Administration Act of 1979, sec-

1 tion 620A of the Foreign Assistance Act of 1961,
2 section 40 of the Arms Export Control Act, or any
3 other provision of law; and

4 (2) Iran has permanently ceased the pursuit,
5 acquisition, and development of nuclear, biological,
6 and chemical weapons and missiles.

7 **SEC. 605. DEFINITIONS.**

8 In this title:

9 (1) COMPANY.—The term “company” means—

10 (A) a sole proprietorship, organization, as-
11 sociation, corporation, partnership, limited li-
12 ability company, venture, or other entity, its
13 subsidiary or affiliate; and

14 (B) includes a company owned or con-
15 trolled, either directly or indirectly, by the gov-
16 ernment of a foreign country, that is estab-
17 lished or organized under the laws of, or has its
18 principal place of business in, such foreign
19 country and includes United States subsidiaries
20 of the same.

21 (2) AFFILIATE.—The term “affiliate” means
22 any individual or entity that directly or indirectly
23 controls, is controlled by, or is under common con-
24 trol with, the company, including without limitation
25 direct and indirect subsidiaries of the company.

1 (3) ENTITY.—The term “entity” means a sole
2 proprietorship, a partnership, limited liability cor-
3 poration, association, trust, joint venture, corpora-
4 tion, or other organization.

5 (4) FEDERAL FUNDS.—The term “Federal
6 funds” means a sum of money or other resources de-
7 rived from United States taxpayers, which the
8 United States Government may provide to compa-
9 nies through government grants or loans, or through
10 the terms of a contract with the Federal Govern-
11 ment, or through the Emergency Economic Sta-
12 bilization Act of 2008 “Troubled Asset Relief Pro-
13 gram” or other similar and related transaction vehi-
14 cles, including a grant, loan, or loan guarantee, the
15 provision of insurance or reinsurance, or the provi-
16 sion of technical assistance.

17 (5) BUSINESS OPERATIONS.—The term “busi-
18 ness operations” means—

19 (A) carrying out any of the activities de-
20 scribed in section 5 (a) and (b) of the Iran
21 Sanctions Act of 1996 (Public Law 104–172;
22 50 U.S.C. 1701 note), as amended by this Act,
23 that are sanctionable under such section;

24 (B) providing sensitive technology (as de-
25 fined in section 106(c) of the Comprehensive

1 Iran Sanctions, Accountability, and Divestment
2 Act of 2010 (Public Law 111–195; 22 U.S.C.
3 8515(c)) to the Government of Iran; and

4 (C) carrying out any of the activities de-
5 scribed in section 302(a) of this Act.

6 (6) GOVERNMENT OF IRAN.—The term “Gov-
7 ernment of Iran” includes the Government of Iran,
8 any political subdivision, agency, or instrumentality
9 thereof, and any person owned or controlled by, or
10 acting for or on behalf of, the Government of Iran.

11 (7) PETROLEUM RESOURCES.—

12 (A) IN GENERAL.—The term “petroleum
13 resources” includes petroleum, petroleum by-
14 products, oil or liquefied natural gas, oil or liq-
15 uefied natural gas tankers, and products used
16 to construct or maintain pipelines used to
17 transport oil or compressed or liquefied natural
18 gas.

19 (B) PETROLEUM BY-PRODUCTS.—The
20 term “petroleum by-products” means gasoline,
21 kerosene, distillates, propane or butane gas, die-
22 sel fuel, residual fuel oil, and other goods classi-
23 fied in headings 2709 and 2710 of the Har-
24 monized Tariff Schedule of the United States.

1 (8) SENSITIVE TECHNOLOGY.—The term “sen-
2 sitive technology” means hardware, software, tele-
3 communications equipment, or any other technology
4 that the President determines may be used by the
5 Government of Iran—

6 (A) to restrict the free flow of unbiased in-
7 formation in Iran; or

8 (B) to disrupt, monitor, or otherwise re-
9 strict speech by the people of Iran.

10 (9) APPROPRIATE CONGRESSIONAL COMMIT-
11 TEES.—The term “appropriate congressional com-
12 mittees” means—

13 (A) the Committee on Banking, Housing,
14 and Urban Affairs, the Committee on Foreign
15 Relations, and the Select Committee on Intel-
16 ligence of the Senate; and

17 (B) the Committee on Financial Services,
18 the Committee on Foreign Affairs, and the Per-
19 manent Select Committee on Intelligence of the
20 House of Representatives.

21 (10) EXECUTIVE AGENCY.—The term “execu-
22 tive agency” has the meaning given the term in sec-
23 tion 4 of the Office of Federal Procurement Policy
24 Act (41 U.S.C. 403).

1 **TITLE VII—TERMINATION OF**
2 **LOAN DISBURSEMENTS TO**
3 **IRAN FROM THE INTER-**
4 **NATIONAL BANK FOR RECON-**
5 **STRUCTION AND DEVELOP-**
6 **MENT**

7 **SEC. 701. TERMINATION OF LOAN DISBURSEMENTS TO**
8 **IRAN FROM THE INTERNATIONAL BANK FOR**
9 **RECONSTRUCTION AND DEVELOPMENT.**

10 (a) IN GENERAL.—The President of the United
11 States shall take all action available to seek a termination
12 of disbursements of funds under loans made by the Inter-
13 national Bank for Reconstruction and Development to
14 Iran.

15 (b) REPORT TO THE CONGRESS.—On the date that
16 is 6 months after the date of the enactment of this Act,
17 and every 6 months thereafter, the President shall submit
18 to the Committee on Financial Services of the House of
19 Representatives and the Committee on Foreign Relations
20 of the Senate a report on the efforts made by the United
21 States to terminate the loan disbursements referred to in
22 subsection (a).

1 **SEC. 702. UNITED STATES OPPOSITION TO NEW COUNTRY**
2 **ASSISTANCE STRATEGY FOR IRAN.**

3 (a) STATEMENT OF POLICY.—It is the policy of the
4 United States to oppose a new Country Assistance Strat-
5 egy for Iran.

6 (b) ACTIONS TO BE TAKEN IF THE WORLD BANK
7 VIOLATES THE POLICY OR MAKES A NEW LOAN TO
8 IRAN.—If, after the date of the enactment of this Act, the
9 International Bank for Reconstruction and Development
10 approves a Country Assistance Strategy for Iran, or ap-
11 proves a loan to Iran, the President of the United States
12 shall—

13 (1) terminate any contribution by the United
14 States to the International Bank for Reconstruction
15 and Development, the International Finance Cor-
16 poration, and the Multilateral Investment Guarantee
17 Corporation for the fiscal year in which the Country
18 Assistance Strategy or loan is approved, or (if loan
19 disbursements to Iran for that fiscal year have been
20 made by such institutions) for the following fiscal
21 year;

22 (2) prohibit the sale of debt instruments of the
23 International Bank for Reconstruction and Develop-
24 ment in the United States, prohibit the purchase of
25 any such debt instrument by any United States per-
26 son; and

1 (3) prohibit the United States Government and
2 any state or municipal governmental entity from
3 purchasing any such debt instrument.

4 **SEC. 703. SUNSET.**

5 Sections 701 and 702 shall terminate 30 days after
6 the date on which the President has certified to Congress
7 that—

8 (1) the Government of Iran has ceased pro-
9 viding support for acts of international terrorism
10 and no longer satisfies the requirements for designa-
11 tion as a state-sponsor of terrorism for purposes of
12 section 6(j) of the Export Administration Act of
13 1979, section 620A of the Foreign Assistance Act of
14 1961, section 40 of the Arms Export Control Act,
15 or any other provision of law; and

16 (2) Iran has ceased the pursuit, acquisition,
17 and development of nuclear, biological, and chemical
18 weapons and ballistic missiles and ballistic missile
19 launch technology.

20 **SEC. 704. RULE OF INTERPRETATION.**

21 Nothing in section 701 or 702 shall be interpreted
22 to affect United States contributions to, or the participa-
23 tion of the United States in, the International Develop-
24 ment Association.

○