AN ACT

To hold the current regime in Iran accountable for its threatening behavior and to support a transition to democracy in Iran.

1 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 Freedom Support Act”.

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TITLE I—CODIFICATION OF SANCTIONS AGAINST IRAN

SEC. 101. CODIFICATION OF SANCTIONS.

(a) CODIFICATION OF SANCTIONS.—United States sanctions, controls, and regulations with respect to Iran imposed pursuant to Executive Order No. 12957, sections
1(b) through (1)(g) and sections (2) through (6) of Executive Order No. 12959, and sections 2 and 3 of Executive Order No. 13059 (relating to exports and certain other transactions with Iran) as in effect on January 1, 2006, shall remain in effect until the President certifies to the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate that the Government of Iran has verifiably dismantled its weapons of mass destruction programs.

(b) No Effect on Other Sanctions Relating to Support for Acts of International Terrorism.—Subsection (a) shall have no effect on United States sanctions, controls, and regulations relating to a determination under section 6(j)(1)(A) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)(1)(A)), section 620A(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2371(a)), or section 40(d) of the Arms Export Control Act (22 U.S.C. 2780(d)) relating to support for acts of international terrorism by the Government of Iran, as in effect on January 1, 2006.

SEC. 102. LIABILITY OF PARENT COMPANIES FOR VIOLATIONS OF SANCTIONS BY FOREIGN ENTITIES.

(a) In General.—In any case in which an entity engages in an act outside the United States which, if committed in the United States or by a United States person,
would violate Executive Order No. 12959 of May 6, 1995, Executive Order No. 13059 of August 19, 1997, or any other prohibition on transactions with respect to Iran that is imposed under the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) and if that entity was created or availed of for the purpose of engaging in such an act, the parent company of that entity shall be subject to the penalties for such violation to the same extent as if the parent company had engaged in that act.

(b) DEFINITIONS.—In this section—

(1) an entity is a “parent company” of another entity if it owns, directly or indirectly, more than 50 percent of the equity interest in that other entity and is a United States person; and

(2) the term “entity” means a partnership, association, trust, joint venture, corporation, or other organization.
TITLE II—AMENDMENTS TO THE
IRAN AND LIBYA SANCTIONS
ACT OF 1996 AND OTHER PRO-
VISIONS RELATED TO INVEST-
MENT IN IRAN

SEC. 201. MULTILATERAL REGIME.

(a) Reports to Congress.—Section 4(b) of the
Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701
note) is amended to read as follows:

“(b) Reports to Congress.—Not later than six
months after the date of the enactment of the Iran Free-
dom Support Act and every six months thereafter, the
President shall submit to the appropriate congressional
committees a report regarding specific diplomatic efforts
undertaken pursuant to subsection (a), the results of those
efforts, and a description of proposed diplomatic efforts
pursuant to such subsection. Each report shall include—

“(1) a list of the countries that have agreed to
undertake measures to further the objectives of sec-
tion 3 with respect to Iran;

“(2) a description of those measures, includ-
ing—

“(A) government actions with respect to
public or private entities (or their subsidiaries)
located in their territories, that are engaged in
Iran;

“(B) any decisions by the governments of
these countries to rescind or continue the provi-
sion of credits, guarantees, or other govern-
mental assistance to these entities; and

“(C) actions taken in international fora to
further the objectives of section 3;

“(3) a list of the countries that have not agreed
to undertake measures to further the objectives of
section 3 with respect to Iran, and the reasons
therefor; and

“(4) a description of any memorandums of un-
derstanding, political understandings, or inter-
national agreements to which the United States has
acceded which affect implementation of this section
or section 5(a).”.

(b) WAIVER.—Section 4(c) of such Act (50 U.S.C.
1701 note) is amended to read as follows:

“(c) WAIVER.—

“(1) IN GENERAL.—The President may, on a
case by case basis, waive for a period of not more
than six months the application of section 5(a) with
respect to a national of a country, if the President
certifies to the appropriate congressional committees
at least 30 days before such waiver is to take effect that—

“(A) such waiver is vital to the national security interests of the United States; and

“(B) the country of the national has undertaken substantial measures to prevent the acquisition and development of weapons of mass destruction by the Government of Iran.

“(2) SUBSEQUENT RENEWAL OF WAIVER.—If the President determines that, in accordance with paragraph (1), such a waiver is appropriate, the President may, at the conclusion of the period of a waiver under paragraph (1), renew such waiver for subsequent periods of not more than six months each.”.

(e) INVESTIGATIONS.—Section 4 of such Act (50 U.S.C. 1701 note) is amended by adding at the end the following new subsection:

“(f) INVESTIGATIONS.—

“(1) IN GENERAL.—The President shall initiate an investigation into the possible imposition of sanctions against a person upon receipt by the United States of credible information indicating that such person is engaged in activity related to investment in Iran as described in section 5(a).
“(2) Determination and Notification.—

“(A) In general.—Not later than 180 days after an investigation is initiated in accordance with paragraph (1), the President shall determine, pursuant to section 5(a), whether or not to impose sanctions against a person engaged in activity related to investment in Iran as described in such section as a result of such activity and shall notify the appropriate congressional committees of the basis for such determination.

“(B) Extension.—If the President is unable to make a determination under subparagraph (A), the President shall notify the appropriate congressional committees and shall extend such investigation for a subsequent period, not to exceed 180 days, after which the President shall make the determination required under such subparagraph and shall notify the appropriate congressional committees of the basis for such determination in accordance with such subparagraph.

“(3) Determinations Regarding Pending Investigations.—Not later than 90 days after the date of the enactment of this Act, the President
shall, with respect to any investigation that was pending as of January 1, 2006, concerning a person engaged in activity related to investment in Iran as described in section 5(a), determine whether or not to impose sanctions against such person as a result of such activity and shall notify the appropriate congressional committees of the basis for such determination.

“(4) Publication.—Not later than 10 days after the President notifies the appropriate congressional committees under paragraphs (2) and (3), the President shall ensure publication in the Federal Register of the identification of the persons against which the President has made a determination that the imposition of sanctions is appropriate, together with an explanation for such determination.”.

SEC. 202. IMPOSITION OF SANCTIONS.

(a) Sanctions With Respect to Development of Petroleum Resources.—Section 5(a) of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended—

(1) in the heading, by striking “TO IRAN” and inserting “TO THE DEVELOPMENT OF PETROLEUM RESOURCES OF IRAN”;

(2) by striking “(6)” and inserting “(5)”; and
(3) by striking “with actual knowledge,”.

(b) SANCTIONS WITH RESPECT TO DEVELOPMENT
OF WEAPONS OF MASS DESTRUCTION OR OTHER MILI-
TARY CAPABILITIES.—Section 5(b) of such Act (50 U.S.C.
1701 note) is amended to read as follows:

“(b) MANDATORY SANCTIONS WITH RESPECT TO
DEVELOPMENT OF WEAPONS OF MASS DESTRUCTION OR
OTHER MILITARY CAPABILITIES.—Notwithstanding any
other provision of law, the President shall impose two or
more of the sanctions described in paragraphs (1) through
(5) of section 6 if the President determines that a person
has, on or after the date of the enactment of this Act,
exported, transferred, or otherwise provided to Iran any
goods, services, technology, or other items knowing that
the provision of such goods, services, technology, or other
items would contribute to the ability of Iran to—

“(1) acquire or develop chemical, biological, or
nuclear weapons or related technologies; or

“(2) acquire or develop destabilizing numbers
and types of advanced conventional weapons.”.

(c) PERSONS AGAINST WHICH THE SANCTIONS ARE
TO BE IMPOSED.—Section 5(c)(2) of such Act (50 U.S.C.
1701 note) is amended—

(1) in subparagraph (B), by striking “, with ac-
tual knowledge,” and by striking “or” at the end;
(2) in subparagraph (C), by striking “, with actual knowledge,” and by striking the period at the end and inserting “; or”; and

(3) by adding after subparagraph (C) the following new subparagraph:

“(D) is a private or government lender, insurer, underwriter, or guarantor of the person referred to in paragraph (1) if that private or government lender, insurer, underwriter, or guarantor engaged in the activities referred to in paragraph (1).”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to actions taken on or after March 15, 2006.

SEC. 203. TERMINATION OF SANCTIONS.

Section 8(a) of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended—

(1) in paragraph (1)(C), by striking “and” at the end;

(2) in paragraph (2), by striking the period at the end and inserting “; and”; and

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

“(3) poses no significant threat to United States national security, interests, or allies.”.
SEC. 204. SUNSET.

Section 13 of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended—

(1) in the section heading, by striking “; SUNSET’’;

(2) in subsection (a), by striking the subsection designation and heading; and

(3) by striking subsection (b).

SEC. 205. CLARIFICATION AND EXPANSION OF DEFINITIONS.

(a) PERSON.—Section 14(14)(B) of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended—

(1) by inserting after ‘‘trust,’’ the following: ‘‘financial institution, insurer, underwriter, guarantor, any other business organization, including any foreign subsidiaries of the foregoing,’’; and

(2) by inserting before the semicolon the following: ‘‘, such as an export credit agency’’.

(b) PETROLEUM RESOURCES.—Section 14(15) of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended by inserting after ‘‘petroleum’’ the second place it appears, the following: ‘‘, petroleum by-products,’’.

SEC. 206. UNITED STATES PENSION PLANS.

(a) FINDINGS.—Congress finds the following:
(1) The United States and the international community face no greater threat to their security than the prospect of rogue regimes who support international terrorism obtaining weapons of mass destruction, and particularly nuclear weapons.

(2) Iran is the leading state sponsor of international terrorism and is close to achieving nuclear weapons capability but has paid no price for nearly twenty years of deception over its nuclear program. Foreign entities that have invested in Iran’s energy sector, despite Iran’s support of international terrorism and its nuclear program, have afforded Iran a free pass while many United States entities have unknowingly invested in those same foreign entities.

(3) United States investors have a great deal at stake in preventing Iran from acquiring nuclear weapons.

(4) United States investors can have considerable influence over the commercial decisions of the foreign entities in which they have invested.

(b) PUBLICATION IN FEDERAL REGISTER.—Not later than six months after the date of the enactment of this Act and every six months thereafter, the Secretary of State shall ensure publication in the Federal Register of a list of all United States and foreign entities that have
invested more than $20,000,000 in Iran’s energy sector between August 5, 1996, and the date of such publication. Such list shall include an itemization of individual investments of each such entity, including the dollar value, intended purpose, and current status of each such investment.

(e) Sense of Congress Relating to Divestiture from Iran.—It is the sense of Congress that, upon publication of a list in the relevant Federal Register under subsection (b), managers of United States Government pension plans or thrift savings plans, managers of pension plans maintained in the private sector by plan sponsors in the United States, and managers of mutual funds sold or distributed in the United States should, to the extent consistent with the legal and fiduciary duties otherwise imposed on them, immediately initiate efforts to divest all investments of such plans or funds in any entity included on the list.

(d) Sense of Congress Relating to Prohibition on Future Investment.—It is the sense of Congress that, upon publication of a list in the relevant Federal Register under subsection (b), there should be, to the extent consistent with the legal and fiduciary duties otherwise imposed on them, no future investment in any entity included on the list by managers of United States Govern-
ment pension plans or thrift savings plans, managers of pension plans maintained in the private sector by plan sponsors in the United States, and managers of mutual funds sold or distributed in the United States.

SEC. 207. TECHNICAL AND CONFORMING AMENDMENTS.

(a) FINDINGS.—Section 2 of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended by striking paragraph (4).

(b) DECLARATION OF POLICY.—Section 3 of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended—

(1) in subsection (a), by striking “(a) POLICY WITH RESPECT TO IRAN.—”;

(2) by striking subsection (b).

(c) TERMINATION OF SANCTIONS.—Section 8 of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended—

(1) in subsection (a), by striking “(a) IRAN.—”;

(2) by striking subsection (b).

(d) DURATION OF SANCTIONS; PRESIDENTIAL WAIVER.—Section 9(c)(2)(C) of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended to read as follows:
“(C) an estimate of the significance of the provision of the items described in section 5(a) or section 5(b) to Iran’s ability to, respectively, develop its petroleum resources or its weapons of mass destruction or other military capabilities; and”.

(e) Reports Required.—Section 10(b)(1) of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended by striking “and Libya” each place it appears.

(f) Definitions.—Section 14 of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended—

(1) in paragraph (9)—

(A) in the matter preceding subparagraph (A), by—

(I) striking “, or with the Government of Libya or a nongovernmental entity in Libya,”; and

(ii) by striking “nongovernmental” and inserting “nongovernmental”; and

(B) in subparagraph (A), by striking “or Libya (as the case may be)”;

(2) by striking paragraph (12); and
(3) by redesignating paragraphs (13), (14),
(15), (16), and (17) as paragraphs (12), (13), (14),
(15), and (16), respectively.
(g) Short Title.—

(1) in General.—Section 1 of the Iran and
is amended by striking “and Libya”.

(2) References.—Any reference in any other
provision of law, regulation, document, or other
record of the United States to the “Iran and Libya
Sanctions Act of 1996” shall be deemed to be a ref-
ence to the “Iran Sanctions Act of 1996”.

TITLE III—DIPLOMATIC EFFORTS TO CURTAIL IRANIAN
NUCLEAR PROLIFERATION AND SPONSORSHIP OF INTERNATIONAL TERRORISM

SEC. 301. DIPLOMATIC EFFORTS.

(a) Sense of Congress Relating to United Na-
tions Security Council and the International
Atomic Energy Agency.—It is the sense of Congress
that the President should instruct the United States Per-
manent Representative to the United Nations to work to
secure support at the United Nations Security Council for
a resolution that would impose sanctions on Iran as a re-
result of its repeated breaches of its nuclear nonproliferation obligations, to remain in effect until Iran has verifiably dismantled its weapons of mass destruction programs.

(b) Prohibition on Assistance to Countries That Invest in the Energy Sector of Iran.—

(1) Withholding of assistance.—If, on or after April 13, 2005, a foreign person (as defined in section 14 of the Iran Sanctions Act of 1996 (50 U.S.C. 1701 note), as renamed pursuant to section 208(g)(1)) or an agency or instrumentality of a foreign government has more than $20,000,000 invested in Iran’s energy sector, the President shall, until the date on which such person or agency or instrumentality of such government terminates such investment, withhold assistance under the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) to the government of the country to which such person owes allegiance or to which control is exercised over such agency or instrumentality.

(2) Waiver.—Assistance prohibited by this section may be furnished to the government of a foreign country described in subsection (a) if the President determines that furnishing such assistance is important to the national security interests of the United States, furthers the goals described in this
Act, and, not later that 15 days before obligating such assistance, notifies the Committee on International Relations of the House of Representatives, the Committee on Foreign Relations of the Senate, the Committee on Appropriations of the House of Representatives, and the Committee on Appropriations of the Senate of such determination and submits to such committees a report that includes—

(A) a statement of the determination;
(B) a detailed explanation of the assistance to be provided;
(C) the estimated dollar amount of the assistance; and
(D) an explanation of how the assistance furthers United States national security interests.

SEC. 302. STRENGTHENING THE NUCLEAR NONPROLIFERATION TREATY.

(a) FINDINGS.—Congress finds the following:

(1) Article IV of the Treaty on the Non-Proliferation of Nuclear Weapons (commonly referred to as the “Nuclear Nonproliferation Treaty” or “NPT”) states that countries that are parties to the Treaty have the “inalienable right . . . to develop research, production and use of nuclear energy for
peaceful purposes without discrimination and in conformity with articles I and II of this Treaty.”.

(2) Iran has manipulated Article IV of the Nuclear Nonproliferation Treaty to acquire technologies needed to manufacture nuclear weapons under the guise of developing peaceful nuclear technology.

(3) Legal authorities, diplomatic historians, and officials closely involved in the negotiation and ratification of the Nuclear Nonproliferation Treaty state that the Treaty neither recognizes nor protects such a per se right to all nuclear technology, such as enrichment and reprocessing, but rather affirms that the right to the use of peaceful nuclear energy is qualified.

(b) Declaration of Congress Regarding United States Policy to Strengthen the Nuclear Nonproliferation Treaty.—Congress declares that it should be the policy of the United States to support diplomatic efforts to end the manipulation of Article IV of the Nuclear Nonproliferation Treaty, as undertaken by Iran, without undermining the Treaty itself.
TITLE IV—DEMOCRACY IN IRAN

SEC. 401. DECLARATION OF CONGRESS REGARDING UNITED STATES POLICY TOWARD IRAN.

(a) In General.—Congress declares that it should be the policy of the United States to support independent human rights and peaceful pro-democracy forces in Iran.

(b) Rule of Construction.—Nothing in this Act shall be construed as authorizing the use of force against Iran.

SEC. 402. ASSISTANCE TO SUPPORT DEMOCRACY IN IRAN.

(a) Authorization.—

(1) In General.—The President is authorized to provide financial and political assistance (including the award of grants) to foreign and domestic individuals, organizations, and entities that support democracy and the promotion of democracy in Iran. Such assistance may include the award of grants to eligible independent pro-democracy radio and television broadcasting organizations that broadcast into Iran.

(2) Limitation on Assistance.—In accordance with the rule of construction described in subsection (b) of section 401, none of the funds authorized under this section shall be used to support the use of force against Iran.
(b) Eligibility for Assistance.—Financial and political assistance under this section may be provided only to an individual, organization, or entity that—

(1) officially opposes the use of violence and terrorism and has not been designated as a foreign terrorist organization under section 219 of the Immigration and Nationality Act (8 U.S.C. 1189) at any time during the preceding four years;

(2) advocates the adherence by Iran to non-proliferation regimes for nuclear, chemical, and biological weapons and materiel;

(3) is dedicated to democratic values and supports the adoption of a democratic form of government in Iran;

(4) is dedicated to respect for human rights, including the fundamental equality of women;

(5) works to establish equality of opportunity for people; and

(6) supports freedom of the press, freedom of speech, freedom of association, and freedom of religion.

(c) Funding.—The President may provide assistance under this section using—

(1) funds available to the Middle East Partnership Initiative (MEPI), the Broader Middle East
and North Africa Initiative, and the Human Rights
and Democracy Fund; and

(2) amounts made available pursuant to the au-
 thorization of appropriations under subsection (g).

(d) NOTIFICATION.—Not later than 15 days before
each obligation of assistance under this section, and in ac-
cordance with the procedures under section 634A of the
Foreign Assistance Act of 1961 (22 U.S.C. 2394–l), the
President shall notify the Committee on International Re-
lations and the Committee on Appropriations of the House
of Representatives and the Committee on Foreign Rela-
tions and the Committee on Appropriations of the Senate.
Such notification shall include, as practicable, the types
of programs supported by such assistance and the recipi-
ents of such assistance.

(e) SENSE OF CONGRESS REGARDING DIPLOMATIC
ASSISTANCE.—It is the sense of Congress that—

(1) contacts should be expanded with opposition
groups in Iran that meet the criteria under sub-
section (b);

(2) support for a transition to democracy in
Iran should be expressed by United States rep-
resentatives and officials in all appropriate inter-
national fora;
(3) efforts to bring a halt to the nuclear weapons program of Iran, including steps to end the supply of nuclear components or fuel to Iran, should be intensified, with particular attention focused on the cooperation regarding such program—

(A) between the Government of Iran and the Government of the Russian Federation; and

(B) between the Government of Iran and individuals from China and Pakistan, including the network of Dr. Abdul Qadeer (A. Q.) Khan; and

(4) officials and representatives of the United States should—

(A) strongly and unequivocally support indigenous efforts in Iran calling for free, transparent, and democratic elections; and

(B) draw international attention to violations by the Government of Iran of human rights, freedom of religion, freedom of assembly, and freedom of the press.

(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Department of State such sums as may be necessary to carry out this section.
SEC. 403. WAIVER OF CERTAIN EXPORT LICENSE REQUIREMENTS.

The Secretary of State may, in consultation with the Secretary of Commerce, waive the requirement to obtain a license for the export to, or by, any person to whom the Department of State has provided a grant under a program to promote democracy or human rights abroad, any item which is commercially available in the United States without government license or permit, to the extent that such export would be used exclusively for carrying out the purposes of the grant.

Passed the House of Representatives April 26, 2006.

Attest: KAREN L. HAAS,

Clerk.