To impose sanctions with respect to Iran, to provide for the divestment of assets in Iran by State and local governments and other entities, to identify locations of concern with respect to transshipment, reexportation, or diversion of certain sensitive items to Iran, and for other purposes.

IN THE SENATE OF THE UNITED STATES
AUGUST 1, 2008
Mr. DODD, from the Committee on Banking, Housing, and Urban Affairs, reported the following original bill; which was read twice and placed on the calendar

A BILL
To impose sanctions with respect to Iran, to provide for the divestment of assets in Iran by State and local governments and other entities, to identify locations of concern with respect to transshipment, reexportation, or diversion of certain sensitive items to Iran, and for other purposes.

Be it enacted by the Senate and House of Representa-

tives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the "Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2008".

(b) Table of Contents.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—SANCTIONS

Sec. 101. Definitions.
Sec. 102. Clarification and expansion of definitions.
Sec. 103. Economic sanctions relating to Iran.
Sec. 104. Liability of parent companies for violations of sanctions by foreign subsidiaries.
Sec. 105. Increased capacity for efforts to combat unlawful or terrorist financing.
Sec. 106. Reporting requirements.
Sec. 107. Sense of Congress regarding the imposition of sanctions on the Central Bank of Iran.

TITLE II—DIVESTMENT FROM CERTAIN COMPANIES THAT INVEST IN IRAN

Sec. 201. Definitions.
Sec. 202. Authority of State and local governments to divest from certain companies that invest in Iran.
Sec. 203. Safe harbor for changes of investment policies by asset managers.
Sec. 204. Sense of Congress regarding certain ERISA plan investments.

TITLE III—PREVENTION OF TRANSSHIPMENT, REEXPORTATION, OR DIVERSION OF SENSITIVE ITEMS TO IRAN

Sec. 301. Definitions.
Sec. 302. Identification of locations of concern with respect to transshipment, reexportation, or diversion of certain items to Iran.
Sec. 303. Destinations of Possible Diversion Concern and Destinations of Diversion Concern.
Sec. 304. Report on expanding diversion concern system to countries other than Iran.

TITLE IV—EFFECTIVE DATE; SUNSET

Sec. 401. Effective date; sunset.

TITLE I—SANCTIONS

SEC. 101. DEFINITIONS.

In this title:
(1) AGRICULTURAL COMMODITY.—The term “agricultural commodity” has the meaning given that term in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602).

(2) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term “appropriate congressional committees” has the meaning given that term in section 14(2) of the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note).

(3) EXECUTIVE AGENCY.—The term “executive agency” has the meaning given that term in section 4 of the Office of Federal Procurement Policy Act (41 U.S.C. 403).

(4) FAMILY MEMBER.—The term “family member” means, with respect to an individual, the spouse, children, grandchildren, or parents of the individual.

(5) INFORMATION AND INFORMATIONAL MATERIALS.—The term “information and informational materials”—

(A) means information and informational materials described in section 203(b)(3) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)(3)); and
(B) does not include information or informational materials—

(i) the exportation of which is otherwise controlled—

(I) under section 5 of the Export Administration Act of 1979 (50 U.S.C. App. 2404) (as in effect pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.)); or

(II) under section 6 of that Act (50 U.S.C. App. 2405), to the extent that such controls promote the non-proliferation or antiterrorism policies of the United States; or

(ii) with respect to which acts are prohibited by chapter 37 of title 18, United States Code.

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

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

(8) MEDICAL DEVICE.—The term “medical de-
vice” has the meaning given the term “device” in section 201 of the Federal Food, Drug, and Cos-

(9) MEDICINE.—The term “medicine” has the meaning given the term “drug” in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321).

SEC. 102. CLARIFICATION AND EXPANSION OF DEFINI-
TIONS.

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

(1) by inserting “financial institution, insurer,
underwriter, guarantor, and any other business or-
organization, including any foreign subsidiary, parent,
or affiliate of the foregoing,” after “trust,”; and

(2) by inserting “, such as an export credit agency” before the semicolon.
(b) PETROLEUM RESOURCES.—Section 14(14) of the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note) is amended by striking “petroleum and natural gas resources” and inserting “petroleum, petroleum by-products, oil or liquefied natural gas, oil or liquefied natural gas tankers, and products used to construct or maintain pipelines used to transport oil or liquefied natural gas”.

SEC. 103. ECONOMIC SANCTIONS RELATING TO IRAN.

(a) IN GENERAL.—Notwithstanding any other provision of law, and in addition to any other sanction in effect, beginning on the date that is 15 days after the effective date of this Act, the economic sanctions described in subsection (b) shall apply with respect to Iran.

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

(1) PROHIBITION ON IMPORTS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), no article that is the growth, product, or manufacture of Iran may be imported directly or indirectly into the United States.

(B) EXCEPTION.—The prohibition in subparagraph (A) does not apply to imports from
Iran of information and informational materials.

(2) Prohibition on exports.—

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

(B) EXCEPTIONS.—The prohibition in subparagraph (A) does not apply to exports to Iran of—

(i) agricultural commodities, food, medicine, or medical devices;

(ii) articles exported to Iran to provide humanitarian assistance to the people of Iran;

(iii) information or informational materials; or

(iv) goods, services, or technologies necessary to ensure the safe operation of commercial passenger aircraft produced in the United States if the exportation of such goods, services, or technologies is approved by the Secretary of the Treasury, in consultation with the Secretary of Commerce, pursuant to regulations for licens-
ing the exportation of such goods, services, or technologies, if appropriate.

(3) Freezing Assets.—

(A) In General.—At such time as the United States has access to the names of persons in Iran, including Iranian diplomats and representatives of other government and military or quasi-governmental institutions of Iran, that are determined to be subject to sanctions imposed under the authority of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) or any other provision of law relating to the imposition of sanctions with respect to Iran, the President shall take such action as may be necessary to freeze immediately the funds and other assets belonging to anyone so named and any family members or associates of those so named to whom assets or property of those so named were transferred on or after January 1, 2008. The action described in the preceding sentence includes requiring any United States financial institution that holds funds and assets of a person so named to report promptly to the Office of Foreign Assets
Control information regarding such funds and assets.

(B) Asset Reporting Requirement.—Not later than 14 days after a decision is made to freeze the property or assets of any person under this paragraph, the President shall report the name of such person to the appropriate congressional committees.

(4) United States Government Contracts.—The head of an executive agency may not procure, or enter into a contract for the procurement of, any goods or services from a person that meets the criteria for the imposition of sanctions under section 5(a) of the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note).

(e) Waiver.—The President may waive the application of the sanctions described in subsection (b) if the President—

(1) determines that such a waiver is in the national interest of the United States; and

(2) submits to the appropriate congressional committees a report describing the reasons for the determination.
SEC. 104. LIABILITY OF PARENT COMPANIES FOR VIOLATIONS OF SANCTIONS BY FOREIGN SUBSIDIARIES.

(a) Definitions.—In this section:

(1) Entity.—The term “entity” means a partnership, association, trust, joint venture, corporation, or other organization.

(2) Own or control.—The term “own or control” means, with respect to an entity—

(A) to hold more than 50 percent of the equity interest by vote or value in the entity;

(B) to hold a majority of seats on the board of directors of the entity; or

(C) to otherwise control the actions, policies, or personnel decisions of the entity.

(3) Subsidiary.—The term “subsidiary” means an entity that is owned or controlled, directly or indirectly, by a United States person.

(4) United States person.—The term “United States person” means—

(A) a natural person who is a citizen, resident, or national of the United States; and

(B) an entity that is organized under the laws of the United States, any State or territory thereof, or the District of Columbia, if nat-
ural persons described in subparagraph (A) own
or control the entity.

(b) IN GENERAL.—A United States person shall be
subject to a penalty for a violation of the provisions of
Executive Order 12959 (50 U.S.C. 1701 note) or Execu-
tive Order 13059 (50 U.S.C. 1701 note), or any other pro-
hibition on transactions with respect to Iran imposed
under the authority of the International Emergency Eco-
nomic Powers Act (50 U.S.C. 1701 et seq.), if—

(1) the President determines that the United
States person establishes or maintains a subsidiary
outside of the United States for the purpose of cir-
cumventing such provisions; and

(2) that subsidiary engages in an act that, if
committed in the United States or by a United
States person, would violate such provisions.

(c) WAIVER.—The President may waive the applica-
tion of subsection (b) if the President—

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

(2) submits to the appropriate congressional
committees a report describing the reasons for the
determination.

(d) EFFECTIVE DATE.—
(1) IN GENERAL.—Subsection (b) shall take effect on the date of the enactment of this Act and apply with respect to acts described in subsection (b)(2) that are—

(A) commenced on or after the date of the enactment of this Act; or

(B) except as provided in paragraph (2), commenced before such date of enactment, if such acts continue on or after such date of enactment.

(2) EXCEPTION.—Subsection (b) shall not apply with respect to an act described in paragraph (1)(B) by a subsidiary owned or controlled by a United States person if the United States person divests orterminates its business with the subsidiary not later than 90 days after such date of enactment.

SEC. 105. INCREASED CAPACITY FOR EFFORTS TO COMBAT UNLAWFUL OR TERRORIST FINANCING.

(a) FINDING.—Congress finds that the work of the Office of Terrorism and Financial Intelligence of the Department of the Treasury, which includes the Office of Foreign Assets Control and the Financial Crimes Enforcement Network, is critical to ensuring that the international financial system is not used for purposes of sup-
porting terrorism and developing weapons of mass de-
struction.

(b) Authorization of Appropriations for Office of Terrorism and Financial Intelligence.—
There is authorized to be appropriated to the Secretary of the Treasury for the Office of Terrorism and Financial Intelligence—

(1) $61,712,000 for fiscal year 2009; and

(2) such sums as may be necessary for each of the fiscal years 2010 and 2011.

(c) Authorization of Appropriations for the Financial Crimes Enforcement Network.—Section 310(d)(1) of title 31, United States Code, is amended by striking “such sums as may be necessary for fiscal years 2002, 2003, 2004, and 2005” and inserting “$91,335,000 for fiscal year 2009 and such sums as may be necessary for each of the fiscal years 2010 and 2011”.

SEC. 106. REPORTING REQUIREMENTS.

(a) Foreign Investment in Iran.—

(1) In general.—Not later than 180 days after the date of the enactment of this Act, the President shall submit to the appropriate congressional committees a report on—

(A) any foreign investments of $20,000,000 or more made in Iran’s energy
sector on or after January 1, 2008, and before
the date on which the President submits the re-
port; and

(B) the determination of the President on
whether each such investment qualifies as a
sanctionable offense under section 5(a) of the
Iran Sanctions Act of 1996 (Public Law 104–

(2) SUBSEQUENT REPORTS.—Not later than 1
year after the date of the enactment of this Act, and
every 180 days thereafter, the President shall sub-
mit to the appropriate congressional committees a
report on—

(A) any foreign investments of
$20,000,000 or more made in Iran’s energy
sector during the 180-day period preceding the
submission of the report; and

(B) the determination of the President on
whether each such investment qualifies as a
sanctionable offense under section 5(a) of the
Iran Sanctions Act of 1996 (Public Law 104–

(b) FORM OF REPORTS.—The reports required under
subsection (a) shall be submitted in unclassified form, but
may contain a classified annex.
SEC. 107. SENSE OF CONGRESS REGARDING THE IMPOSITION OF SANCTIONS ON THE CENTRAL BANK OF IRAN.

Congress urges the President, in the strongest terms, to consider immediately using the authority of the President to impose sanctions on the Central Bank of Iran and any other Iranian bank engaged in proliferation activities or support of terrorist groups.

TITLE II—DIVESTMENT FROM CERTAIN COMPANIES THAT INVEST IN IRAN

SEC. 201. DEFINITIONS.

In this title:

(1) Energy sector.—The term “energy sector” refers to activities to develop petroleum or natural gas resources or nuclear power.

(2) Financial institution.—The term “financial institution” has the meaning given that term in section 14(5) of the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note).

(3) Iran.—The term “Iran” includes any agency or instrumentality of Iran.

(4) Person.—The term “person” means—

(A) a natural person, corporation, company, business association, partnership, society,
trust, or any other nongovernmental entity, organization, or group;

(B) any governmental entity or instrumentality of a government, including a multilateral development institution (as defined in section 1701(c)(3) of the International Financial Institutions Act (22 U.S.C. 262r(c)(3))); and

(C) any successor, subunit, parent company, or subsidiary of any entity described in subparagraph (A) or (B).

(5) STATE.—The term “State” means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

(6) STATE OR LOCAL GOVERNMENT.—The term “State or local government” includes—

(A) any State and any agency or instrumentality thereof;

(B) any local government within a State, and any agency or instrumentality thereof;

(C) any other governmental instrumentality; and
(D) any public institution of higher education within the meaning of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

SEC. 202. AUTHORITY OF STATE AND LOCAL GOVERNMENTS TO DIVEST FROM CERTAIN COMPANIES THAT INVEST IN IRAN.

(a) Sense of Congress.—It is the sense of Congress that the United States Government should support the decision of any State or local government to divest from, or to prohibit the investment of assets of the State or local government in, a person that the State or local government determines poses a financial or reputational risk.

(b) Authority To Divest.—Notwithstanding any other provision of law, a State or local government may adopt and enforce measures that meet the requirements of subsection (d) to divest the assets of the State or local government from, or prohibit investment of the assets of the State or local government in, any person that the State or local government determines, using credible information available to the public, engages in investment activities in Iran described in subsection (c).

(e) Investment Activities Described.—A person engages in investment activities in Iran described in this subsection if the person—
(1) has an investment of $20,000,000 or more—

(A) in the energy sector of Iran; or

(B) in a person that provides oil or liquified natural gas tankers, or products used to construct or maintain pipelines used to transport oil or liquified natural gas, for the energy sector in Iran; or

(2) is a financial institution that extends $20,000,000 or more in credit to another person, for 45 days or more, if that person will use the credit to invest in the energy sector in Iran.

(d) REQUIREMENTS.—Any measure taken by a State or local government under subsection (b) shall meet the following requirements:

(1) NOTICE.—The State or local government shall provide written notice to each person to which a measure is to be applied.

(2) TIMING.—The measure shall apply to a person not earlier than the date that is 90 days after the date on which written notice is provided to the person under paragraph (1).

(3) OPPORTUNITY FOR HEARING.—The State or local government shall provide an opportunity to comment in writing to each person to which a meas-
ure is to be applied. If the person demonstrates to
the State or local government that the person does
not engage in investment activities in Iran described
in subsection (c), the measure shall not apply to the
person.

(4) SENSE OF CONGRESS ON AVOIDING ERRO-
NEOUS TARGETING.—It is the sense of Congress
that a State or local government should not adopt
a measure under subsection (b) with respect to a
person unless the State or local government has
made every effort to avoid erroneously targeting the
person and has verified that the person engages in
investment activities in Iran described in subsection
(e).

(e) NOTICE TO DEPARTMENT OF JUSTICE.—Not
later than 30 days after adopting a measure pursuant to
subsection (b), a State or local government shall submit
written notice to the Attorney General describing the
measure.

(f) NONPREEMPTION.—A measure of a State or local
government authorized under subsection (b) is not pre-
empted by any Federal law or regulation.

(g) DEFINITIONS.—In this section:
(1) INVESTMENT.—The “investment” of assets, with respect to a State or local government, includes—

(A) a commitment or contribution of assets;

(B) a loan or other extension of credit; and

(C) the entry into or renewal of a contract for goods or services.

(2) ASSETS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the term “assets” refers to public monies and includes any pension, retirement, annuity, or endowment fund, or similar instrument, that is controlled by a State or local government.

(B) EXCEPTION.—The term “assets” does not include employee benefit plans covered by title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.).

(h) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), this section applies to measures adopted by a State or local government before, on, or after the date of the enactment of this Act.
(2) NOTICE REQUIREMENTS.—Subsections (d) and (e) apply to measures adopted by a State or local government on or after the date of the enactment of this Act.

SEC. 203. SAFE HARBOR FOR CHANGES OF INVESTMENT POLICIES BY ASSET MANAGERS.

(a) IN GENERAL.—Section 13(e)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a–13(e)(1)) is amended to read as follows:

“(1) IN GENERAL.—Notwithstanding any other provision of Federal or State law, no person may bring any civil, criminal, or administrative action against any registered investment company, or any employee, officer, director, or investment adviser thereof, based solely upon the investment company divesting from, or avoiding investing in, securities issued by persons that the investment company determines, using credible information available to the public—

“(A) conduct or have direct investments in business operations in Sudan described in section 3(d) of the Sudan Accountability and Divestment Act of 2007 (50 U.S.C. 1701 note); or

“(B) engage in investment activities in Iran described in section 202(e) of the Com-
prehensive Iran Sanctions, Accountability, and Divestment Act of 2008.”.

(b) SEC REGULATIONS.—Not later than 120 days after the date of the enactment of this Act, the Securities and Exchange Commission shall issue any revisions the Commission determines to be necessary to the regulations requiring disclosure by each registered investment company that divests itself of securities in accordance with section 13(c) of the Investment Company Act of 1940 to include divestments of securities in accordance with paragraph (1)(B) of such section, as added by subsection (a).

SEC. 204. SENSE OF CONGRESS REGARDING CERTAIN ERISA PLAN INVESTMENTS.

It is the sense of Congress that a fiduciary of an employee benefit plan, as defined in section 3(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(3)), may divest plan assets from, or avoid investing plan assets in, any person the fiduciary determines engages in investment activities in Iran described in section 202(c) of this Act, without breaching the responsibilities, obligations, or duties imposed upon the fiduciary by section 404 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104), if—
(1) the fiduciary makes such determination using credible information that is available to the public; and

(2) such divestment or avoidance of investment is conducted in accordance with section 2509.94–1 of title 29, Code of Federal Regulations (as in effect on the day before the date of the enactment of this Act).

**TITLE III—PREVENTION OF TRANSSHIPMENT, REEXPORTATION, OR DIVERSION OF SENSITIVE ITEMS TO IRAN**

**SEC. 301. DEFINITIONS.**

In this title:

(1) **APPROPRIATE CONGRESSIONAL COMMITTEES.**—The term “appropriate congressional committees” means—

(A) the Committee on Banking, Housing, and Urban Affairs, the Committee on Foreign Relations, and the Select Committee on Intelligence of the Senate; and

(B) the Committee on Financial Services, the Committee on Foreign Affairs, and the Permanent Select Committee on Intelligence of the House of Representatives.
(2) **END-USER.**—The term “end-user” means an end-user as that term is used in the Export Administration Regulations.

(3) **ENTITY OWNED OR CONTROLLED BY THE GOVERNMENT OF IRAN.**—The term “entity owned or controlled by the Government of Iran” includes—

(A) any corporation, partnership, association, or other entity in which the Government of Iran owns a majority or controlling interest; and

(B) any entity that is otherwise controlled by the Government of Iran.

(4) **EXPORT ADMINISTRATION REGULATIONS.**—The term “Export Administration Regulations” means subchapter C of chapter VII of title 15, Code of Federal Regulations.

(5) **GOVERNMENT.**—The term “government” includes any agency or instrumentality of a government.

(6) **IRAN.**—The term “Iran” includes any agency or instrumentality of Iran.

(7) **STATE SPONSOR OF TERRORISM.**—The term “state sponsor of terrorism” means any country the government of which the Secretary of State has de-
termined has repeatedly provided support for acts of international terrorism pursuant to—

(A) section 6(j)(1)(A) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)(1)(A)) (or any successor thereto);

(B) section 40(d) of the Arms Export Control Act (22 U.S.C. 2780(d)); or

(C) section 620A(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2371(a)).

(8) TRANSSHIPMENT, REEXPORTATION, OR DIVERSION.—The term “transshipment, reexportation, or diversion” means the exportation, directly or indirectly, of items that originated in the United States to an end-user whose identity cannot be verified or to an entity owned or controlled by the Government of Iran in violation of the laws or regulations of the United States by any means, including by—

(A) shipping such items through 1 or more foreign countries; or

(B) by using false information regarding the country of origin of such items.
SEC. 302. IDENTIFICATION OF LOCATIONS OF CONCERN WITH RESPECT TO TRANSSHIPMENT, RE-EXPORTATION, OR DIVERSION OF CERTAIN ITEMS TO IRAN.

Not later than 180 days after the date of the enactment of this Act, and annually thereafter, the Director of National Intelligence shall submit to the Secretary of Commerce, the Secretary of State, the Secretary of the Treasury, and the appropriate congressional committees a report that identifies all countries that the Director determines are of concern with respect to transshipment, re-exportation, or diversion of items subject to the provisions of the Export Administration Regulations to an entity owned or controlled by the Government of Iran.

SEC. 303. DESTINATIONS OF POSSIBLE DIVERSION CONCERN AND DESTINATIONS OF DIVERSION CONCERN.

(a) Destinations of Possible Diversion Concern.—

(1) Designation.—The Secretary of Commerce shall designate a country as a Destination of Possible Diversion Concern if the Secretary, in consultation with the Secretary of State and the Secretary of the Treasury, determines that such designation is appropriate to carry out activities to
strengthen the export control systems of that country based on criteria that include—

(A) the volume of items that originated in the United States that are transported through the country to end-users whose identities cannot be verified;

(B) the inadequacy of the export and reexport controls of the country;

(C) the unwillingness or demonstrated inability of the government of the country to control diversion activities; and

(D) the unwillingness or inability of the government of the country to cooperate with the United States in interdiction efforts.

(2) Strengthening export control systems of destinations of possible diversion concern.—If the Secretary of Commerce designates a country as a Destination of Possible Diversion Concern under paragraph (1), the United States shall initiate government-to-government activities described in paragraph (3) to strengthen the export control systems of the country.

(3) Government-to-government activities described.—The government-to-government activities described in this paragraph include—
(A) cooperation by agencies and departments of the United States with counterpart agencies and departments in a country designated as a Destination of Possible Diversion Concern under paragraph (1) to—

(i) develop or strengthen export control systems in the country;

(ii) strengthen cooperation and facilitate enforcement of export control systems in the country; and

(iii) promote information and data exchanges among agencies of the country and with the United States; and

(B) efforts by the Office of International Programs of the Department of Commerce to strengthen the export control systems of the country to—

(i) facilitate legitimate trade in high-technology goods; and

(ii) prevent terrorists and state sponsors of terrorism, including Iran, from obtaining nuclear, biological, and chemical weapons, defense technologies, components for improvised explosive devices, and other defense items.
(b) Destinations of Diversion Concern.—

(1) Designation.—The Secretary of Commerce shall designate a country as a Destination of Diversion Concern if the Secretary, in consultation with the Secretary of State and the Secretary of the Treasury, determines—

(A) that the government of the country is directly involved in transshipment, reexportation, or diversion of items that originated in the United States to end-users whose identities cannot be verified or to entities owned or controlled by the Government of Iran; or

(B) 12 months after the Secretary of Commerce designates the country as a Destination of Possible Diversion Concern under subsection (a)(1), that the country has failed—

(i) to cooperate with the government-to-government activities initiated by the United States under subsection (a)(2); or

(ii) based on the criteria described in subsection (a)(1), to adequately strengthen the export control systems of the country.

(2) Licensing Controls With Respect to Destinations of Diversion Concern.—

(A) Report on Suspect Items.—
(i) IN GENERAL.—Not later than 45 days after the date of the enactment of this Act, the Secretary of Commerce, in consultation with the Director of National Intelligence, the Secretary of State, and the Secretary of the Treasury, shall submit to the appropriate congressional committees a report containing a list of items that, if the items were transshipped, reexported, or diverted to Iran, could contribute to—

(I) Iran obtaining nuclear, biological, or chemical weapons, defense technologies, components for improvised explosive devices, or other defense items; or

(II) support by Iran for acts of international terrorism.

(ii) CONSIDERATIONS FOR LIST.—In developing the list required under clause (i), the Secretary of Commerce shall consider—

(I) the items subject to licensing requirements under section 742.8 of title 15, Code of Federal Regulations
(or any corresponding similar regulation or ruling) and other existing licensing requirements; and

(II) the items added to the list of items for which a license is required for exportation to North Korea by the final rule of the Bureau of Export Administration of the Department of Commerce issued on June 19, 2000 (65 Fed. Reg. 38148; relating to export restrictions on North Korea).

(B) LICENSING REQUIREMENT.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Commerce shall require a license to export an item on the list required under subparagraph (A)(i) to a country designated as a Destination of Diversion Concern.

(3) WAIVER.—The President may waive the imposition of the licensing requirement under paragraph (2)(B) with respect to a country designated as a Destination of Diversion Concern if the President—

(A) determines that such a waiver is in the national interest of the United States; and
(B) submits to the appropriate congressional committees a report describing the reasons for the determination.

(c) Termination of Designation.—The designation of a country as a Destination of Possible Diversion Concern or a Destination of Diversion Concern shall terminate on the date on which the Secretary of Commerce determines, based on the criteria described in subparagraphs (A) through (D) of subsection (a)(1), and certifies to Congress and the President that the country has adequately strengthened the export control systems of the country to prevent transshipment, reexportation, and diversion of items through the country to end-users whose identities cannot be verified or to entities owned or controlled by the Government of Iran.

(d) Authorization of Appropriations.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 304. REPORT ON EXPANDING DIVERSION CONCERN SYSTEM TO COUNTRIES OTHER THAN IRAN.

Not later than 180 days after the date of the enactment of this Act, the Director of National Intelligence, in consultation with the Secretary of Commerce, the Secretary of State, and the Secretary of the Treasury, shall
submit to the appropriate congressional committees a re-
port that—

(1) identifies any country that the Director de-
termines may be transshipping, reexporting, or di-
verting items subject to the provisions of the Export
Administration Regulations to another country if
such other country—

(A) is seeking to obtain nuclear, biological,
or chemical weapons, defense technologies, com-
ponents for improvised explosive devices, or
other defense items; or

(B) provides support for acts of inter-
national terrorism; and

(2) assesses the feasability and advisability of
expanding the system established under section 303
for designating countries as Destinations of Possible
Diversion Concern and Destinations of Diversion
Concern to include countries identified under para-
graph (1).

TITLE IV—EFFECTIVE DATE;
SUNSET

SEC. 401. EFFECTIVE DATE; SUNSET.

(a) EFFECTIVE DATE.—Except as provided in sec-
tions 202 and 303(b)(2)(A), the provisions of, and amend-
ments made by, this Act shall take effect on the date that is 120 days after the date of the enactment of this Act.

(b) SUNSET.—The provisions of this Act shall terminate on the date that is 30 days after the date on which the President certifies to Congress that—

(1) the Government of Iran has ceased providing support for acts of international terrorism and no longer satisfies the requirements for designation as a state sponsor of terrorism under—

(A) section 6(j)(1)(A) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)(1)(A)) (or any successor thereto);

(B) section 40(d) of the Arms Export Control Act (22 U.S.C. 2780(d)); or

(C) section 620A(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2371(a)); and

(2) Iran has ceased the pursuit, acquisition, and development of nuclear, biological, and chemical weapons and ballistic missiles and ballistic missile launch technology.
A BILL

To impose sanctions with respect to Iran, to pro-
vide for the divestment of assets in Iran by State and local governments and other entities, to
identify locations of concern with respect to trans-
shipment, reexportation, or diversion of certain
sensitive items to Iran, and for other purposes.

AUGUST 1, 2008

Read twice and placed on the calendar