



H.R. 5631 — Iran Accountability Act (Rep. McCarthy, R-CA)

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FLOOR SCHEDULE:

Scheduled for consideration on July 14, 2016 under a closed [rule](#).

TOPLINE SUMMARY:

[H.R. 5631](#) would impose sanctions against the Islamic Republic of Iran, particularly on entities owned by the Iranian Revolutionary Guard Corps (IRGC), on the country's illegal ballistic missile program and support for terrorism, as well as on Iran's numerous human rights abuses.

COST:

No Congressional Budget Office (CBO) estimate is available.

CONSERVATIVE CONCERNS:

- **Expand the Size and Scope of the Federal Government?** No.
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** No.
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

DETAILED SUMMARY AND ANALYSIS:

H.R. 5631 would express a sense of Congress that: (1) Iran's ballistic missile program and support for terrorism represents a serious threat to allies of the United States in the Middle East and Europe, members of the Armed Forces deployed in those regions, and ultimately the United States; and (2) the United States should impose tough primary and secondary sanctions against any person that directly or indirectly supports the ballistic missile program of Iran, its state sponsorship of terrorism and human rights abuses, as well as against any foreign person or financial institution that engages in transactions or trade that support those efforts.

H.R. 5631 would further express that it is the policy of the United States: (1) to continue to impose pressure on Iran for its role as the foremost state sponsor of terrorism, its ongoing human rights abuses against the citizens of Iran and other peoples, and its unjust detention of United States citizens; and (2) to continue to use sanctions as an element of that pressure and to discourage financial institutions and entities from engaging in business and commerce with Iranian entities tied to the IRGC and to Iranian officials involved in human rights abuses.

- **IRGC Sanctions:**

H.R. 5631 would amend title III of the [Iran Threat Reduction and Syria Human Rights Act of 2012](#) by requiring the president to impose sanctions on the IRGC and its affiliates to include an organization that is designated by the Secretary of State as a foreign terrorist organization as well as on a foreign person pursuant to [Executive Order 13224](#). The bill would further impose sanctions against persons who support or conduct specified transactions with the IRGC or a foreign terrorist organization designated under section [219\(a\) of the Immigration and Nationality Act](#). The president would be required to block and prohibit all transactions with respect to foreign person designated as being affiliated with a foreign terrorist organization in areas subject to US jurisdiction. The president would additionally be granted waiver authority, which would sunset on December 31, 2018.

H.R. 5631 would direct the Secretary of the Treasury to establish, maintain, and publish in the Federal Register an IRGC Watch List of each entity in which the IRGC has an ownership interest of less than 25 percent; and each entity in which the IRGC does not have an ownership interest if the IRGC maintains a presence on the board of directors or otherwise influences actions, policies, or personnel decisions. The Secretary would be directed to submit the list to Congress as well as an assessment of the role of the IRGC in the economy of Iran. The Government Accountability Office (GAO) would be directed to conduct a review of the IRGC Watch List.

H.R. 5631 would impose sanctions on any person who provides goods, services, technology, or financial services to or for Mahan Air or its agents or affiliates to include sanctions on all transactions in all property and interests in property. According to the Department of the Treasury, Mahan Air, a privately owned Iranian airline, has provided material support to the IRGC's Quds Force in Syria and in Lebanon. A statement from the Department of the Treasury on Mahan Air can be found [here](#). The Director of National Intelligence, in consultation with the Secretary of the Treasury would be required to submit a list to Congress of each person designated as affiliated with Mahan Air. H.R. 5631 would require the president to submit a report to Congress that includes a list of countries where Mahan Air aircraft or its agents and affiliates land, as well as a description of the president's efforts to encourage countries to prohibit Mahan Air or its agents from landing in those countries.

The Secretaries of State and Homeland Security would be required to deny a visa to, and exclude from the United States, any person subject to the sanctions that is an alien. The visa denial and exclusion requirements would not apply to the head of state of Iran, or necessary staff, if admission to the United States is necessary to permit the United States to comply with the agreement regarding the Headquarters of the United Nations. The bill would also expand and modify the reporting requirement on the use of Iranian seaports by foreign vessels and the use of foreign airports by sanctioned Iranian air carries by extending the reporting requirement to 2019.

- **Iranian Ballistic Missile Program Sanctions:**

The [Iran-Iraq Arms Non-Proliferation Act of 1992](#) would be amended to include sanctions against Iran for seeking to acquire ballistic missile or related technology. The bill would additionally sanction persons who support or are involved in Iran's ballistic missile program.

The president would be directed to submit a report to Congress identifying persons who have provided material support to the government of Iran in the development of the ballistic missile program and would be able to block and prohibit all transactions in all property and interests in property of such persons, as well as exclude them from entering into the United States. H.R. 5631 would apply similar sanctions to several Iranian companies to include: the [Aerospace Industries Organization](#), the [Shahid Hemmat Industrial Group](#), and the [Shahid Bakeri Industrial Group](#), or any agents or affiliates. The president would be directed to prohibit the opening in the United States of a correspondent account or a payable-through account by a foreign financial institution that the president determines knowingly conducts or facilitates a significant financial transaction for a person subject to sanctions specified under the bill.

The Secretary of the Treasury would be required to submit to Congress and publish in the Federal Register a list of each entity in which the Aerospace Industries Organization, the Shahid Hemmat Industrial Group, the Shahid Bakeri Industrial Group, or any agent or affiliate of such organization or group has an ownership interest of more than 0 percent and less than 25 percent. These companies have been implicated in Iranian ballistic missile proliferation.

H.R. 5631 would direct the president to certify to Congress that each person listed in an annex of United Nations Security Council Resolution [1737](#) (2006), [1747](#) (2007), or [1929](#) (2010) is not directly or indirectly facilitating, supporting, or involved with the development of or transfer to Iran of ballistic missiles or technology, parts, components, or technology information. If the president is unable to do so, the president would be directed to impose sanctions on those persons to include sanctions to prohibit all transactions in property and interests in property as well as denying entry into the United States. The president would be required to submit a list to Congress and publish it in the Federal Register of sectors of the Iranian economy that are directly or indirectly facilitating, supporting, or involved with the development of or transfer to Iran of ballistic missiles or technology, parts, components, or technology information, as well as determine whether or not the chemical, computer science, construction, electronic, metallurgy, mining, research (including universities and research institutions), and telecommunications sectors of Iran are involved. If involved, those sectors would be sanctioned. The president would not be directed to impose sanctions with respect to any person selling agricultural commodities, food, medicine, or medical devices to Iran or for the provision of humanitarian assistance to the people of Iran.

H.R. 5631 would expand mandatory sanctions on financial institutions that engage in transactions with Iran related to Iranian ballistic missile capabilities and would require the administration to disclose certain sectors of Iran that support Iran's ballistic missile program.

- **Sanctions Related to Iran's Support for International Terrorism:**

H.R. 5631 would further direct covered financial institutions to terminate any correspondent account that is established, maintained, administered, or managed in the United States for, or on behalf of, an Iranian banking institution; and that is not blocked under any executive order issued under the [International Emergency Economic Powers Act](#). The bill would additionally require that covered financial institutions apply special due diligence measures to correspondent accounts of the financial institution that are reasonably designed to guard against the improper indirect use of such accounts by Iranian banking institutions. The provision would terminate once the president submits a certification to Congress that the Financial Action Task Force has lifted its call for countermeasures against Iran and Iran has become a member of a regional body of the Financial Action Task Force.

- **Sanctions Related to Human Rights Abuses in Iran:**

The legislation would amend [section 105 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010](#) by imposing sanctions on persons involved in human rights abuses in Iran. The president would be required to submit a list to Congress of individuals the president determines have committed or facilitated, directly or indirectly, human rights abuses or other acts of violence, intimidation, or harassment, on behalf of Iran on or after June 12, 2009. The list would include the Supreme Leader of Iran, the President of Iran, members of the Guardian Council and the Assembly of Experts, as well as members of the IRGC. The Secretary of State would be able to deny these individuals entry into the United States. The president would be given the authority to block and prohibit all transactions in all property and interests in property of any individual on the list in the United States, come within the United States, or are or come within the possession or control of a United States person.

The president would be directed to impose sanctions on a person that knowingly sells, supplies, or transfers goods or services to an individual who is on the list and prohibit the opening of a correspondent account or a payable-through account in the United States by any foreign financial institution that has

knowingly conducted or facilitated a significant financial transaction on behalf of an individual who is on the list. H.R. 5631 would impose similar mandatory sanctions on financial institutions that engage in certain transactions on behalf of persons involved in human rights abuses or who export sensitive technology to Iran.

H.R. 5631 would state that it is the policy of the United States: (1) to support the efforts of the people of Iran to promote the establishment of basic freedoms in the country; (2) to lay the foundation for the emergence of a freely elected, open, and democratic political system in Iran that is not a threat to its neighbors or to the United States and to work with all citizens of Iran who seek to establish such a political system; (3) to support the emergence of a government in Iran that does not oppress the people of Iran and does not persecute, intimidate, arrest, imprison, or execute dissidents or minorities; (4) to advocate on behalf of those in Iran persecuted for their religion or belief; (5) to assist the people of Iran to produce, access, and share information freely and safely through the Internet and other media; and (6) to defeat all attempts by the Government of Iran to jam or otherwise obstruct international satellite broadcast signals.

H.R. 5631 would express a sense of Congress that: (1) the United States should support citizens of Iran that actively work to advance political, economic, and social reforms, including freedom of the press, freedom of assembly, freedom of religion, and representative government; (2) the President should use all available nonviolent means to support citizens of Iran that advocate for pluralistic, prosperous, and participatory societies; (3) programs of the Department of State to support reform in Iran have not resulted in a more democratic Iran; (4) the Government of Iran continues to play a pernicious role in the Middle East, undermining democratic consolidation in Iraq, supporting international terrorism through Hezbollah, and aiding the autocratic regime of Bashar al-Assad in Syria; (5) the Secretary of State should make every effort to deliver support directly to people working in Iran to implement programs carried out using assistance provided by the Department of State when possible and all possible means of delivering such assistance should be used; and (6) oversight, management, and implementation of programs of the Department of State to support reform in Iran should be under the direction of the Special Coordinator on Human Rights and Democracy in Iran established under H.R. 5631.

The bill would authorize the Secretary of State to provide assistance under specified conditions (including through the award of grants) to individuals and entities working in Iran for the purpose of supporting and promoting the rule of law, good governance, civil society, and economic opportunity in Iran. The authority to provide such assistance would be terminated on December 31, 2020. The Secretary of State would be required to report to Congress on the implementation of the assistance.

The president would be directed to designate within the Department of State a Special Coordinator on Human Rights and Democracy in Iran to coordinate the activities of the United States that promote human rights, democracy, political freedom, and religious freedom inside Iran. The Secretary of State would be required to consult with Congress before the president designates the position. The coordinator would additionally be required to coordinate and oversee the obligation and expenditure of funds related to human rights, democracy, Internet freedom, and broadcasting activities in Iran, including funds made available for such purposes to the Middle East Partnership Initiative, the United States Commission on International Religious Freedom, the Broader Middle East and North Africa Initiative, the Human Rights and Democracy Fund, and the Near Eastern Regional Democracy Fund.

H.R. 5631 would require [Radio Free Europe/Radio Liberty](#) and the Voice of America to increase broadcasting into Iran to: (1) provide programming content 24 hours a day and 7 days a week to target populations using all available and effective distribution outlets, including at least 12 hours a day of original television and video content, not including live video streaming of breaking news; (2) create mobile platforms with an embedded proxy to offer the people of Iran the opportunity to securely listen to programming; (3) increase number of staffers based in the region to allow for more direct contact with the people of Iran; (4) expand the use, audience, and audience engagement of mobile news and multimedia platforms by the Voice of America and the [Radio Farda](#) service of Radio Free Europe/Radio Liberty; and (5)

establish fellowships for Iranian journalists who have fled the country to learn about free, competitive media and be trained in surrogate reporting.

The bill would require the president to submit a report to Congress on United States citizens, including dual citizens, detained by Iran or groups supported by Iran and express a sense of Congress that: (1) the United Nations (UN) has a significant role to play in promoting and improving human rights in Iran; (2) the United States should continue to support the work of the United Nations Special Rapporteur on the situation of human rights in the Islamic Republic of Iran; and (3) the egregious human rights violations in Iran warrant country-specific attention and continued reporting by UN designated offices and investigators.

More information on the Iran nuclear deal can be found [here](#) and [here](#) in the RSC's legislative bulletins on the Iran Nuclear Agreement Review Act. Reports on sanctions against the IRGC, Iran and the Financial Action Task Force, and on Iranian money laundering can be found [here](#), [here](#), and [here](#) respectively from the Foundation for the Defense of Democracies.

COMMITTEE ACTION:

H.R. 5631 was introduced on July 6, 2016 and was referred to the House Committee on Foreign Affairs, in addition to the House Committees on Financial Services, Judiciary, Oversight and Government Reform, Ways and Means, and Intelligence (Permanent Select).

ADMINISTRATION POSITION:

The Statement of Administration Policy is available [here](#). According to the statement, if the President were presented with H.R. 5631, he would veto the bill.

CONSTITUTIONAL AUTHORITY:

According to the bill's sponsor: "Congress has the power to enact this legislation pursuant to the following: Article I, Section 8, Clause 3"

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