

**HOUSE OF REPRESENTATIVES  
FINAL BILL ANALYSIS**

**BILL #:** HM 1285

**FINAL HOUSE FLOOR ACTION:**

**SPONSOR(S):** Rader; Fresen and others

Voice Vote **Adopted**

**COMPANION  
BILLS:** SM 1422

**GOVERNOR'S ACTION:** N/A

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**SUMMARY ANALYSIS**

HM 1285 was adopted by the House on April 24, 2015, as HM 1422. The memorial provides a request to the federal government to ensure that Iran agrees and adheres to a plan for nuclear transparency.

Specifically, the memorial urges the President and United States (U.S.) Congress to pass and enforce new economic sanctions against Iran if that nation be found in violation of the Joint Plan of Action (JPA) or fails to reach an acceptable agreement by the dates set forth in the November 2014 extension of the JPA.

Legislative memorials are not subject to the Governor's veto power and are not presented to the Governor for review. Memorials have no force of law, as they are mechanisms for formally petitioning the U.S. Congress to act on a particular subject.

This memorial does not have a fiscal impact on state or local governments.

## I. SUBSTANTIVE INFORMATION

### A. EFFECT OF CHANGES:

#### Present Situation

##### Iran

Iran has been designated a state sponsor of terrorism for its activities in Lebanon and elsewhere in the world and is subject to U.S., United Nations (U.N.), and European Union (E.U.) economic sanctions and export controls due to its continued involvement in terrorism and concerns over possible militarization of its nuclear program.<sup>1</sup>

In addition, the U.N. Security Council has passed a number of resolutions calling for Iran to suspend its uranium enrichment and reprocessing activities and comply with International Atomic Energy Agency (IAEA)<sup>2</sup> obligations. In November 2013, the five permanent members of the U.N. Security Council, plus Germany, known as the “P5+1,” signed a joint plan (“Joint Plan of Action” or “JPA”)<sup>3</sup> with Iran to provide incremental relief from international pressure for positive steps toward transparency of their nuclear program.<sup>4</sup> JPA negotiations are underway and a final agreement has not been reached (see the JPA section below for details).

##### Iranian Nuclear Program

Iran has nuclear programs that could potentially provide Tehran with the capability to produce both weapons-grade highly enriched uranium (HEU) and plutonium—the two types of fissile material used in nuclear weapons. Statements from the U.S. intelligence community indicate that Iran has the technological and industrial capacity to produce nuclear weapons at some point, but the U.S. government assesses that Tehran has not mastered all of the necessary technologies for building a nuclear weapon.<sup>5</sup>

##### *Russian Influence*

Iran operates a Russian-built nuclear power reactor. Russia will provide fuel for this reactor until 2021. Iran says it is building fuel-making enrichment facilities for a future expanded nuclear reactor fleet. Iran also has three uranium mining and milling sites. The enrichment program and the heavy water reactor could potentially provide for nuclear weapons material production.<sup>6</sup>

##### *Enrichment Facilities*

Iran has three gas centrifuge enrichment facilities: the Natanz Fuel Enrichment Plant (FEP), Natanz Pilot Fuel Enrichment Plant (PFEP), and Fordow Fuel Enrichment Plant (FFEP). Gas centrifuges enrich uranium by spinning uranium hexafluoride gas at high speeds to increase the concentration of the uranium-235 isotope. Such centrifuges can produce weapons-grade HEU. At the time the JPA was concluded, Iran had enough uranium hexafluoride containing up to five percent uranium-235, which, if further enriched, would yield enough weapons-grade HEU for several nuclear weapons.

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<sup>1</sup> Central Intelligence Agency, The World Factbook: Iran, available at: <https://www.cia.gov/library/publications/the-world-factbook/geos/ir.html> (last visited March 17, 2015).

<sup>2</sup> The International Atomic Energy Agency website is available at: <https://www.iaea.org/> (last visited March 17, 2015).

<sup>3</sup> The European Union External Action Service website provides a copy of the November 24, 2013, Joint Plan of Action, available at: [http://eeas.europa.eu/statements/docs/2013/131124\\_03\\_en.pdf](http://eeas.europa.eu/statements/docs/2013/131124_03_en.pdf) (last visited March 17, 2015).

<sup>4</sup> Central Intelligence Agency, The World Factbook: Iran, available at: <https://www.cia.gov/library/publications/the-world-factbook/geos/ir.html> (last visited March 17, 2015).

<sup>5</sup> Congressional Research Service (CRS) Report R43333, Iran: Interim Nuclear Agreement and Talks on a Comprehensive Accord, available at: <https://fas.org/sgp/crs/nuke/R43333.pdf> (last visited March 17, 2015).

<sup>6</sup> Id.

Tehran argues that it is enriching uranium for use as fuel in nuclear power reactors and nuclear research reactors.<sup>7</sup>

### Joint Plan of Action

On November 24, 2013, Iran and the P5+1 finalized the JPA, requiring Iran to freeze many aspects of its nuclear program in exchange for relief from some international sanctions. This interim agreement was intended to last six months, during which time Iran and the P5+1 would attempt to reach a comprehensive agreement on the long-term status of Iran's nuclear program.<sup>8</sup>

### *JPA Requirements*

The main elements of the JPA are the requirements that Iran:

- Freeze production of the form of enriched uranium in the country's stockpile that has caused the most concern;
- Dilute and convert the enriched uranium stocks to other forms that would take time to reverse;
- Halt key elements of its heavy-water reactor program that could lead to a plutonium bomb; and
- Provide the IAEA with additional information about its nuclear program, and access to some nuclear-related facilities which are not covered by Iran's IAEA safeguards agreement.<sup>9</sup>

### *JPA Extensions*

Negotiations between the P5+1 and Iran began in February 2014 and reportedly made steady progress, but were insufficient to reach an agreement by the July 20 expiration of the first six-month JPA period. In July 2014, the two sides extended the JPA until November 24, 2014.<sup>10</sup> On November 24, Iran and the P5+1 announced that they were extending the talks, including all provisions of the JPA, with the intent of finalizing a detailed agreement by June 30, 2015.<sup>11</sup>

After two years of negotiation talks,<sup>12</sup> the P5+1 announced on April 2, 2015, that a preliminary agreement to limit Tehran's nuclear program for the next 15 years had been reached.<sup>13</sup> The agreement requires Iran to reduce the number of operating centrifuges it has by two-thirds and to reduce its current stockpile of LEU from around 10,000 kilograms to 300 for 15 years.<sup>14</sup> However, many important issues, including when sanctions on Iran would be lifted, have not been resolved and may present obstacles to a final agreement before June 30, 2015.<sup>15</sup>

### Breakout to Nuclear Weapons

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<sup>7</sup> Id.

<sup>8</sup> Id.

<sup>9</sup> Iran is a party to the nuclear Nonproliferation Treaty (NPT) and has concluded a comprehensive safeguards agreement with the IAEA. Such agreements are designed to enable the IAEA to detect the diversion of nuclear material from peaceful purposes to nuclear weapons uses, as well as to detect undeclared nuclear activities and material. For more information, see CRS Report R40094, *Iran's Nuclear Program: Tehran's Compliance with International Obligations*, by Paul K. Kerr.

<sup>10</sup> Congressional Research Service (CRS) Report R43333, *Iran: Interim Nuclear Agreement and Talks on a Comprehensive Accord*, available at: <https://fas.org/sgp/crs/nuke/R43333.pdf> (last visited March 17, 2015).

<sup>11</sup> U.S. Department of the Treasury Resource Center, *Extension of the Implementation of the Joint Plan of Action Reached On November 24, 2013 Between The P5+1 and The Islamic Republic of Iran*, available at: <http://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20141125.aspx> (last visited March 17, 2015).

<sup>12</sup> *A Timeline of Nuclear Diplomacy with Iran* is available at: <http://www.armscontrol.org/factsheet/Timeline-of-Nuclear-Diplomacy-With-Iran> (last visited March 29, 2015).

<sup>13</sup> N.Y. Times, *Iran Agrees to Detailed Nuclear Outline, First Step Toward a Wider Deal*, available at: <http://www.nytimes.com/2015/04/03/world/middleeast/iran-nuclear-talks.html> (last visited April 3, 2015).

<sup>14</sup> Id.

<sup>15</sup> Id.

According to the Institute for Science and International Security, despite the fact that Iran no longer has a stock of low enriched uranium (LEU) in hexafluoride form, it retains a significant portion of this material in the form of oxide. Under the July 2014 extension of the Joint Plan of Action, Iran pledged to convert 25 kilograms of LEU oxide into fuel assemblies for the Tehran Research Reactor. The goal of this step was to reduce the ease of using this material in a breakout to nuclear weapons.<sup>16</sup>

However, only about five to ten kilograms of LEU oxide actually ended up in the fuel assemblies. In the most recent extension, Iran committed to use another 35 kilograms for fuel assemblies. Although the efficiency rates are expected to be higher this time, Iran will still retain large amounts of near 20 percent LEU in both oxide powder and in scrap, in-process material and in waste. Far more LEU, almost triple the amount, is ending up in scrap and waste than in fuel assemblies. The bulk of this LEU is recoverable and usable in fuel or in a breakout to nuclear weapons.<sup>17</sup>

### Regional Impacts

Additionally, there are concerns in the U.S. that a JPA agreement would not ensure that Iran could not utilize its nuclear infrastructure to develop a nuclear weapon in a short period of time. Furthermore, some countries in the region, including the Persian Gulf monarchies, express concern that a final accord would prompt a broader U.S./Iran reconciliation that could cause the U.S. to retreat from the Middle East. Others assert that a final accord would give Iran additional resources to extend its influence in the region. However, there also are hopes that an accord could produce greater U.S./Iran cooperation against the threat to the region posed by the Islamic State organization's seizure of territory in Iraq and Syria.<sup>18</sup>

### Sanction Violations

Countries which are determined by the U.S. Secretary of State to have repeatedly provided support for acts of international terrorism are designated as "state sponsors of terrorism" and are subject to sanctions under the Export Administration Act, the Arms Export Control Act, and the Foreign Assistance Act.<sup>19</sup> The four main categories of sanctions resulting from designations under these acts are:

- Restrictions on U.S. foreign assistance;
- A ban on defense exports and sales;
- Certain controls over exports of dual use items; and
- Miscellaneous financial and other restrictions.

The four countries currently designated by the U.S. Secretary of State as state sponsors of terrorism are Cuba, Iran, Sudan, and Syria.<sup>20</sup> Iranian procurements for its sensitive nuclear and ballistic missile programs violate national trade control laws of supplier states and U.N. Security Council sanctions on a wide range of goods.<sup>21</sup>

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<sup>16</sup> The Institute for Science and International Security (ISIS) is a non-profit, non-partisan institution dedicated to informing the public about science and policy issues affecting international security. Its primary focus is on stopping the spread of nuclear weapons and related technology to additional nations and to terrorists, bringing about greater transparency of nuclear activities worldwide, strengthening the international non-proliferation regime, and achieving deep cuts in nuclear arsenals. This information is available at: <http://isis-online.org/isis-reports/detail/irans-stock-of-near-20-percent-leu-under-the-extension-of-the-joint-plan-of/> (last visited March 30, 2015).

<sup>17</sup> Id.

<sup>18</sup> Congressional Research Service (CRS) Report R43333, Iran: Interim Nuclear Agreement and Talks on a Comprehensive Accord, available at: <https://fas.org/spp/crs/nuke/R43333.pdf> (last visited March 17, 2015).

<sup>19</sup> U.S. Department of State, Diplomacy in Action can be found online at: <http://www.state.gov/j/ct/list/c14151.htm> (last visited March 17, 2015).

<sup>20</sup> Id.

<sup>21</sup> The Institute for Science and International Security (ISIS) website, available at: <http://isis-online.org/about/> (last visited March 17, 2015).

In 2014, Iranian President Hassan Rouhani, speaking at a news conference on state television, admitted, “[O]f course we bypass sanctions. We are proud that we bypass sanctions because the sanctions are illegal.”<sup>22</sup> Without admitting to violating sanctions, Iranian Atomic Energy Organization (AEOI) head Ali Akbar Salehi also acknowledged that Iran has indeed purchased nuclear or nuclear-related components from other countries.<sup>23</sup>

The JPA provides for what the White House Office of the Press Secretary terms “limited, temporary, targeted, and reversible” sanctions relief for Iran.<sup>24</sup> Almost all U.S. sanctions laws provide the President with waiver authority, as well as the power to determine sanctions violations.<sup>25</sup>

### Israel

Currently, Israel is not a party to the JPA negotiations. Israeli Prime Minister Benjamin Netanyahu has emphasized that a deal with Iran must “make sure that Iran doesn’t get a path to the bomb and that Iran’s aggression in Yemen and elsewhere, including around Israel’s borders, is stopped.”<sup>26</sup> In response to the preliminary plan announced on April 2, 2015, the Prime Minister released a statement saying, “A deal based on this framework would threaten the survival of Israel.”<sup>27</sup>

### **Effect of the Bill**

HM 1285 urges the President and Congress to pass and enforce new economic sanctions against Iran if that nation is found to be in violation of the JPA or fails to reach an acceptable agreement by the date set forth in the November 2014 extension of the JPA, which is June 30, 2015.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

### **A. FISCAL IMPACT ON STATE GOVERNMENT:**

#### **1. Revenues:**

None.

#### **2. Expenditures:**

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<sup>22</sup> “Iran President Rouhani Hits Out at U.S. Sanctions,” BBC News, August 30, 2014. <http://www.bbc.com/news/world-middle-east-28997452> (last visited March 17, 2015).

<sup>23</sup> The Institute for Science and International Security (ISIS) website, available at: <http://isis-online.org/about/> (last visited March 17, 2015).

<sup>24</sup> White House Office of the Press Secretary. “Fact Sheet: First Step Understandings Regarding the Islamic Republic of Iran’s Nuclear Program.” November 23, 2013.

<sup>25</sup> For information on the use of waivers and other authorities to implement the sanctions relief of the JPA, see CRS Report R43311, Iran: U.S. Economic Sanctions and the Authority to Lift Restrictions, by Dianne E. Rennack, and CRS Report RS20871, Iran Sanctions, by Kenneth Katzman.

<sup>26</sup> Israel Ministry of Foreign Affairs, Press Room, PM Netanyahu meets with delegation of US senators, available at: <http://mfa.gov.il/MFA/PressRoom/2015/Pages/PM-Netanyahu-meets-with-delegation-of-US-senators-29-March-2015.aspx> (last visited March 29, 2015).

<sup>27</sup> N.Y. Times, Iran Agrees to Detailed Nuclear Outline, First Step Toward a Wider Deal, available at: <http://www.nytimes.com/2015/04/03/world/middleeast/iran-nuclear-talks.html> (last visited April 3, 2015).

None.

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

None.

2. Expenditures:

None.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

None.

**D. FISCAL COMMENTS:**

None.