

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Governmental Oversight and Accountability

BILL: SM 398

INTRODUCER: Senator Avila

SUBJECT: Venezuelan Sanctions

DATE: January 8, 2024

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Limones-Borja</u>	<u>McVaney</u>	<u>GO</u>	Favorable
2.	_____	_____	<u>RC</u>	_____

I. Summary:

SM 398 is a memorial urging the United States Secretary of State to reinstate economic sanctions on Nicolas Maduro and his Venezuelan dictatorship and the companies that do business with Venezuela.

The Memorial has no force of law, as it is a mechanism for the Florida Senate to formally petition the federal government to act on a particular subject.

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

II. Present Situation:

Sanctions against Venezuela

The United States has imposed sanctions on Venezuelan individuals and entities that have engaged in criminal, antidemocratic, and corrupt actions since 2005. The Trump administration expanded those sanctions to include broader financial sanctions, sectoral sanctions, and sanctions on the government of Nicolas Maduro.¹ The broad sanctions began in August 2017 when President Trump prohibited the Venezuelan government from accessing the U.S. financial system.² Then in 2019, the U.S. froze the Venezuelan government's bank accounts in the U.S. and prohibited all U.S. entities from engaging in transactions with the Maduro Government without prior authorization from the Treasury Department's Office of Foreign Assets Control (OFAC).³ The Trump administration also levied a series of industry-specific measures against

¹ Clare Ribando Seelke, Congressional Research Center, *Venezuela: Overview of U.S. Sanctions* (Nov. 1, 2023), available at <https://crsreports.congress.gov/product/pdf/IF/IF10715> (Nov. 29, 2023).

² Jorge Jralssatl and Wolf van Laer, FOREIGN POLICY, *How Maduro Beat Sanctions* (June 3, 2021), available at <https://foreignpolicy.com/2021/06/03/maduro-sanction-trump-biden-stronger/> (Dec. 13, 2023).

³ Exec. Order No. 13884 (Aug. 5, 2019), available at <https://www.federalregister.gov/documents/2019/08/07/2019-17052/blocking-property-of-the-government-of-venezuela> (Dec. 14, 2023).

PDVSA⁴, a Venezuelan-owned oil and gas company.⁵ The U.S. Treasury Department blocked PDVSA's access to property in the U.S. and blocked individuals in the U.S. from engaging in transactions with PDVSA.⁶ Lastly, sanctions specific to individuals were implemented. These sanctions froze the bank accounts and assets of people connected to the Maduro regime.⁷

While sanctions change under each administration, a series of sanctions that prohibit all U.S. commercial arms sales and retransfers to Venezuela remains constant. These sanctions are in response to the Secretary of State's determination that Venezuela is not cooperating with U.S. anti-terrorism standards and the President's annual determination that Venezuela has failed to adhere to its obligations under international narcotics control agreements.⁸

Changes under the Biden Administration

On October 18, 2023, the United States signed an electoral roadmap agreement with Venezuela. This agreement provided sanction relief to Venezuela, specifically by:

- Temporarily authorizing transactions involving the oil and gas sector in Venezuela;
- Authorizing transactions with Minerven, the Venezuela state-owned gold mining company; and
- Removing the secondary trading ban on certain Venezuelan sovereign bonds and PDVSA debt and equity. The ban on trading in the primary Venezuelan bond market remains in place.⁹

In accordance with this deal, the government of Venezuela was expected to take the following steps before the end of November 2023:

- Define a specific timeline and process for the expedited reinstatement of all candidates. All who want to run for President should be allowed the opportunity, and are entitled to a level electoral playing field, to freedom of movement, and to assurances for their physical safety.
- Begin the release of all wrongfully detained U.S. nationals and Venezuelan political prisoners.¹⁰

The November 30th deadline has passed without Venezuela's compliance. The Venezuelan Supreme Justice Tribunal has suspended the results of an opposition presidential primary that

⁴ PDVSA stands for Petroleos de Venezuela SA, a state-owned oil and gas company. PDVSA's depletion rate has fallen to a point to where it is generating negative cash flows. Steve Hanke, Forbes, *Venezuela's PDVSA: The World's Worst Oil Company* (Mar. 6, 2017), available at <https://www.forbes.com/sites/stevehanke/2017/03/06/venezuelas-pdvs-the-worlds-worst-oil-company/?sh=6d0e81f84105> (Dec. 14, 2023).

⁵ *Supra* note 2.

⁶ U.S. Department of the Treasury, *Treasury Sanctions Venezuela's State-Owned Oil Company Petroleos de Venezuela, S.A.* (Jan. 28, 2019), available at <https://home.treasury.gov/news/press-releases/sm594> (Dec. 14, 2023).

⁷ *Supra* note 2.

⁸ *Supra* note 1.

⁹ Antony J. Blinken, *Signing of Electoral Roadmap Between the Unitary Platform and Representatives of Maduro* (Oct. 18, 2023), available at <https://www.state.gov/signing-of-electoral-roadmap-between-the-unitary-platform-and-representatives-of-maduro/#:~:text=The%20United%20States%20welcomes%20the,%2C%20economic%2C%20and%20humanitarian%20crisis.> (Dec. 14, 2023).

¹⁰ *Id.*

took place in October 2023.¹¹ Despite the government of Venezuela breaching the agreement, sanctions have yet to be reinstated.

III. Effect of Proposed Changes:

The Memorial contains 10 whereas clauses. The clauses outline the history of sanctions imposed on the Venezuelan regime and on companies that do business with Venezuela. The clauses also detail the agreement under the Biden administration to ease sanctions on Venezuela.

The Memorial urges the United States Secretary of State to reinstate economic sanctions on Nicolas Maduro and his Venezuelan dictatorship and the companies that do business with Venezuela.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Not applicable. The Memorial does not require counties and municipalities to spend funds, reduce the counties' or municipalities' ability to raise revenue, or reduce the percentage of state tax shared with counties or municipalities.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None identified.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

¹¹ REUTERS, Mayela Armas and Vivian Sequera, *Venezuela's top court suspends results of opposition presidential primary* (Oct. 31, 2023), available at <https://www.reuters.com/world/americas/venezuelas-top-court-suspends-results-opposition-presidential-primary-2023-10-30/> (Dec. 14, 2023).

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

None.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.