

Lawmakers Prohibit Taxpayer Dollars from Benefiting Federal Contractors Violating Iran Sanctions Act

WASHINGTON – Congresswoman Nita Lowey (D-NY), Chairwoman of the State and Foreign Operations Appropriations Subcommittee, and Congressman Steve Israel (D-NY) today announced the FY10 Supplemental Appropriations Act to be considered this week by the House Appropriations Committee will include the language Rep. Israel requested, which prohibits federal tax dollars from benefiting federal contractors violating the Iran Sanctions Act.

In a hearing with Treasury Secretary Tim Geithner held earlier this year Rep. Israel announced his intention to add language to appropriations bills that would prohibit any funds in the acts from going to companies that are in violation of the Iran Sanctions Act. Chairwoman Lowey has worked to close loopholes in existing sanctions and supported the Israel language.

“The Iran Sanctions Act restricts business activity within the Iranian energy sector for a very good reason – to prevent businesses from propping up the tyrants and thugs who jeopardize our national security and that of our ally Israel,” said Chairwoman Lowey. “As the Administration and Congress move forward on passing multilateral sanctions and strengthening bilateral sanctions, this prohibition will prevent taxpayer dollars from benefiting contractors and subcontractors engaged in business activities that violate the Iran Sanctions Act.”

“Instead of enforcing the Iran Sanctions Act, too many federal agencies have winked and nodded at companies that want to do business in Iran. The language I inserted in the Supplemental Appropriations bill uses the power of the purse to compel compliance with the law. It will prohibit any company from getting a penny from a U.S. contract if they’re also doing the wrong kind of business in Iran. And I’m going even further by seeking to add my language to every single appropriations bill this year and in the years to come, as well,” said Rep. Israel.

The effort to include the Israel language was supported by Congressman Mark Kirk (R-IL), Congressman Steve Rothman (D-NJ) and Congressman Ben Chandler (D-KY).

“This provision of the Supplemental Appropriations Act of 2010 sends a very clear message to all companies that you can either do business with the U.S. government or with the government headed by the brutish, tyrannical, and deranged President of Iran, but not both. For the first time, the U.S. House of Representatives and the Appropriations Committee will prohibit companies from gaining U.S. government contracts if they are also engaged, directly or indirectly, in business with Iran,” said Rep. Rothman.

“If the Administration will not act to enforce the Iran Sanctions Act, Congress will,” said Rep. Kirk. “Our legislation stands for a simple principle—if you do business in Iran’s energy sector you will not do business in the United States of America.”

“Economic sanctions on Iran exist for a reason, and American companies need to take them more seriously,” Rep. Chandler said. “This bipartisan effort led by Rep. Israel will close this loophole and put an end to this abuse.”

The State and Foreign Operations title of the Supplemental Appropriations Act, which will be considered Thursday May 27 by the House Appropriations Committee, contains strict language authored by Rep. Israel and supported by Chairwoman Lowey as well as three subcommittee members that cracks down on companies in violation of the Iran Sanctions Act. The language would require any company seeking a contract from money appropriated by this Act to certify in writing that neither it nor any of its subcontractors are engaged in any activities in violation of the Iran Sanctions Act.

The only way this requirement could be waived on national security grounds is through the direct intervention of the President of the United States.

The Iran Sanctions Act imposes penalties on individuals or companies that make investments of \$20 million or more that directly and significantly contribute to the enhancement of Iran's ability to develop petroleum resources.

The Supplemental Appropriations Act to be considered this week would appropriate tens of billions for international and domestic priorities.