
OLR Bill Analysis

sHB 5464 (as amended by House "A")*

AN ACT PROHIBITING STATE CONTRACTS WITH ENTITIES MAKING CERTAIN INVESTMENTS IN IRAN.

SUMMARY:

This bill prohibits state and quasi-public agencies from entering into, renewing, or amending goods and services contracts worth \$2.5 million or more with any person who fails to certify that he or she has not invested \$20 million or more in Iran's energy sector. The prohibition applies to investments made on and after October 1, 2012 and to prior investments increased or renewed on and after that date. It applies to people who either (1) fail to submit the certification or (2) certify that they have made, renewed, or increased such an investment (see COMMENT). Iran's energy sector, as defined by federal law, includes activities to develop petroleum or natural gas resources or nuclear power in Iran.

Under the bill, bidders and proposers must submit the certification before submitting a bid or proposal for a goods or services contract worth \$2.5 million or more. The certification must be sworn as true to the person's best knowledge and belief, subject to the penalties for false statement. Agencies must include notice of these requirements in bid specifications or requests for proposals (RFP) for such contracts.

Lastly, the bill requires the secretary of the state to notify the U.S. attorney general of the bill's requirements within 30 days of its passage, as required by federal law.

*House Amendment "A" replaces the original file, which prohibited contracting with entities identified by the Department of Administrative Services that had certain investments in Iran's energy and financial sectors.

EFFECTIVE DATE: October 1, 2012, except that the provision

requiring notification by the secretary is effective upon passage.

COMMENT

Possible Conflict With Federal Law

The federal Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA) (P. L. 111-195) allows state and local governments to divest or prohibit the investment of assets in certain entities that do business with or invest in Iran's energy sector. However, CISADA requires state and local governments to give such entities 90 days' written notice before taking such actions. The bill requires no such notice, other than that which accompanies the bid specifications or RFP.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable

Yea 15 Nay 0 (03/29/2012)