To preserve conditions for, and improve the likelihood of, a two-state solution that secures Israel’s future as a democratic state and a national home for the Jewish people, a viable, democratic Palestinian state, an end to Israel’s occupation of the Palestinian territories, and peaceful relations between the two states, and to direct the Department of State and other relevant agencies to take steps to accomplish these ends.

IN THE HOUSE OF REPRESENTATIVES

Mr. LEVIN of Michigan introduced the following bill; which was referred to the Committee on

A BILL

To preserve conditions for, and improve the likelihood of, a two-state solution that secures Israel’s future as a democratic state and a national home for the Jewish people, a viable, democratic Palestinian state, an end to Israel’s occupation of the Palestinian territories, and peaceful relations between the two states, and to direct the Department of State and other relevant agencies to take steps to accomplish these ends.

1 Be it enacted by the Senate and House of Representa-

2 tives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE.

This Act may be cited as the “Two-State Solution Act”.

SEC. 2. FINDINGS.

Congress finds the following:

(1) In May 2021, President Joseph R. Biden stated, “the Palestinians and Israelis equally deserve to live safely and securely, and enjoy equal measures of freedom, prosperity and democracy”.

(2) The United States has, under Democratic and Republican administrations since 2002, supported a two-state solution.

(3) On December 6, 2019, the House of Representatives passed House Resolution 326 on a bipartisan basis, expressing the sense of the House of Representatives that “only the outcome of a two-state solution that enhances stability and security for Israel, Palestinians, and their neighbors can both ensure the state of Israel’s survival as a Jewish and democratic state and fulfill the legitimate aspirations of the Palestinian people for a state of their own” and that “a United States proposal to achieve a just, stable, and lasting solution to the Israeli-Palestinian conflict should expressly endorse a two-state solution as its objective and discourage steps by ei-
other side that would put a peaceful end to the conflict further out of reach”.

(4) Democratic and Republican presidents have identified Israeli settlements as an obstacle to peace. President Ronald Reagan said, “further settlement activity is in no way necessary for the security of Israel and only diminishes the confidence of the Arabs that a final outcome can be freely and fairly negotiated”. In 2003, President George W. Bush stated, “As progress is made towards peace, settlement activity in the occupied territories must end.”

(5) On April 21, 1978, State Department Legal Adviser Herbert J. Hansell issued a legal opinion concluding that “the establishment of the Israeli civilian settlements in the territories occupied by Israel is inconsistent with international law”. Secretary of State Mike Pompeo repudiated the 1978 legal opinion on November 18, 2019.

(6) During the Trump Administration, Israel accelerated its advancement of settlement plans by more than 154 percent, as compared to the prior administration.

(7) During the final year of the Trump Administration, the Israeli Government demolished 273 homes belonging to Palestinian families in the West
Bank, the highest number of demolitions since 2016. As a result, 1,006 Palestinians, 519 of them minors, were displaced.

(8) The Arms Export Control Act places numerous conditions and restrictions on the assistance it authorizes, including a prohibition on the use of such assistance “for purposes other than those for which [it has been] furnished” without prior presidential consent and a requirement that sales agreements entered into after November 29, 1999 allow the United States to verify “credible reports” that assistance has been used for unauthorized purposes.

The Foreign Assistance Act of 1961 also places conditions and restrictions on the aid it authorizes and mandates that international security assistance programs “promote and advance human rights and avoid identification of the United States, through such programs, with governments which deny to their people internationally recognized human rights and fundamental freedoms, in violation of international law or in contravention of the policy of the United States”.

(9) Dating back to the administration of President Dwight D. Eisenhower, the United States has
delineated explicitly authorized uses of the aid it provides to Israel.

(10) Congress passed and President George W. Bush signed into law the Fiscal Year 2003 Emergency Wartime Supplemental Appropriations Act (Public Law 108–11), which authorized $9,000,000,000 in loan guarantees for Israel over 3 years and $1,000,000,000 in military grants. Public Law 108–11 stated, “guarantees may be issued under this section only to support activities in the geographic areas which were subject to the administration of the Government of Israel before June 5, 1967”.

(11) House Report 117–84, in explanation of the accompanying bill making appropriations for the Department of State, foreign operations, and related programs, for the fiscal year ending September 30, 2022, which passed in the House of Representatives on July 28, 2021, states, “the Committee urges the Secretary of State to address in bilateral consultations with Israel the importance of ensuring that MOU-supported equipment is not used in any way that undermines the prospects of a negotiated two-state solution”.
SEC. 3. PURPOSE.

The purpose of this Act is to preserve conditions for, and improve the likelihood of a two-state solution that secures Israel’s future as a democratic state and a national home for the Jewish people, a viable, democratic Palestinian state, an end to Israel’s occupation of the Palestinian territories, and peaceful relations between the two states, and to direct the Department of State and other relevant agencies to take steps to accomplish these ends.

SEC. 4. STATEMENT OF POLICY.

It is the policy of the United States—

(1) that only the outcome of a two-state solution can both ensure the state of Israel’s survival as a democratic state and a national home for the Jewish people and fulfill the legitimate aspirations of the Palestinian people for a state of their own;

(2) to discourage steps by either party to the conflict that would put a peaceful end to the conflict further out of reach;

(3) that the establishment of Israeli settlements in the occupied Palestinian territories is inconsistent with international law;

(4) that settlement expansion, demolitions of Palestinian homes, revocations of residency permits, and forced evictions of Palestinian civilians by Israel
impede the establishment of a Palestinian state and violate the human rights of the Palestinian people;

(5) to continue to implement fully the Memorandum of Understanding between the United States and Israel signed in 2016 and to help Israel address the myriad challenges it faces, including terrorism, and threats posed by actors in the region, such as Iran;

(6) that the use of United States funding provided through the 2016 Memorandum of Understanding by the Government of Israel for activities that put a two-state solution further out of reach, including those that expand settlements, would be detrimental to Israel’s security and inconsistent with section 2754 of title 22, United States Code, under which “Defense articles and defense services shall be sold or leased by the United States Government under this chapter to friendly countries solely for internal security, for legitimate self-defense” and other limited purposes;

(7) to support programming that bolsters Palestinian civil society organizations and Palestinian government reforms, with the goal of fostering a Palestinian government that is democratic and enjoys credibility among the Palestinian people;
(8) to oppose restrictions on civil liberties in the occupied Palestinian territories, including the arrest of activists, journalists, and peaceful protesters, and to support an end to the torture or abuse of individuals in detention; and

(9) that a Palestinian government that respects civil and human rights and enjoys legitimacy among the Palestinian people is both necessary in its own right and important for productive negotiations on a two-state solution.

**SEC. 5. UNITED STATES POLICY RELATING TO THE OCCUPIED PALESTINIAN TERRITORIES.**

(a) Statement of Policy.—It is the policy of the United States that the West Bank, including East Jerusalem, and Gaza are occupied territories and should be referred to as such consistently in official United States policies, communications, and documents.

(b) Marking of Imported Articles.—

(1) In General.—Section 304 of the Tariff Act of 1930 (19 U.S.C. 1304) is amended—

(A) by redesignating subsection (l) as subsection (m); and

(B) by inserting after subsection (k) the following:
“(1) ARTICLES PRODUCED IN THE OCCUPIED PALESTINIAN TERRITORIES.—Articles imported into the United States that are produced in the occupied Palestinian territories (as such term is defined in section 10(2) of the Two-State Solution Act) shall have their place of production marked as ‘West Bank/Gaza’, ‘West Bank/Gaza Strip’, or ‘West Bank and Gaza’ and shall not contain the words ‘Israel’, ‘Made in Israel’, ‘Occupied Territories-Israel’, or words of similar meaning.”.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) take effect on the date of the enactment of this Act and apply with respect to any article described in subsection (1) of section 304 of the Tariff Act of 1930 (19 U.S.C. 1304), as added by paragraph (1), that is imported into the customs territory of the United States on or after the date that is 30 days after such date of enactment.

(c) GEOGRAPHIC RESTRICTIONS RELATING TO U.S.-ISRAEL BINATIONAL FOUNDATIONS.—Notwithstanding any other provision of law, the United States may not provide support for projects conducted in geographic areas which came under the administration of the Government of Israel after June 5, 1967, and may not relate to subjects primarily pertinent to such areas, pursuant to agreements relating to the Binational Industrial Research and
Development Foundation (BIRD), the Binational Science Foundation (BSF), and the Binational Agricultural Research and Development Foundation (BARD).

SEC. 6. SECURITY ASSISTANCE RELATING TO THE OCCUPIED PALESTINIAN TERRITORIES.

(a) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) the United States should ensure the aid it provides to Israel does not facilitate unilateral actions by the Israeli Government that impede the achievement of a two-state solution, including through unilateral efforts to annex or exercise permanent control by Israel over any part of the occupied Palestinian territories, is not used in a manner that violates internationally recognized human rights, and is used exclusively for the purposes authorized by law; and

(2) there should be robust oversight of United States funding provided though the Memorandum of Understanding between the United States and Israel signed in 2016, in accordance with the Foreign Assistance Act of 1961 and the Arms Export Control Act.

(b) RESTRICTION UNDER SECURITY ASSISTANCE ACT OF 2000.—Section 513(c) of the Security Assistance
Act of 2000 (Public Law 106–280; 114 Stat. 856) is amended by adding at the end the following:

“(5) RULES OF CONSTRUCTION.—Nothing in this section may be construed—

“A (A) to provide authorization for the use of funds for programs, projects, activities, any type of materiel assistance, or other operations that further, aid, or support unilateral efforts to annex or exercise permanent control by Israel over any part of the occupied Palestinian territories (as such term is defined in section 10(2) of the Two-State Solution Act), including by expansion of Israeli settlements, demolitions in Palestinian communities or evictions of Palestinian residents from their homes; or

“(B) to provide authorization for the use of funds for programs, projects, activities, any type of materiel assistance, or other operations that further, aid, or support unilateral efforts in contravention of section 620M of the Foreign Assistance Act of 1961 (22 U.S.C. 2378d) or section 362 of title 10, United States Code.”.

(e) RESTRICTION UNDER ARMS EXPORT CONTROL ACT.—Section 4 of the Arms Export Control Act (22 U.S.C. 2754) is amended by adding at the end before the
period the following: “Provided further, That no defense
articles or defense services may be sold or leased by the
United States Government under this Act to further, aid,
or support unilateral efforts to annex or exercise perma-
nent control by Israel over any part of the occupied Pales-
tinian territories (as such term is defined in section 10(2)
of the Two-State Solution Act), including by expansion of
Israeli settlements, demolitions in Palestinian commu-
nities or evictions of Palestinian residents from their
homes”.

SEC. 7. ASSISTANCE TO ADDRESS THE IMMEDIATE AND
LONG-TERM NEEDS OF THE PALESTINIAN
PEOPLE.

(a) FINDINGS.—Congress finds the following:

(1) Palestinian Authority President Mahmoud
Abbas postponed elections planned for 2021,
prompting significant criticism and exacerbating
popular Palestinian opposition stemming from the
absence of a Palestinian state, violations of human
rights and civil liberties, official corruption, and poor
governance.

(2) Since 2007, the militant organization
Hamas, a United States-designated terrorist organi-
zation, has maintained control over Gaza, which
faces a humanitarian crisis resulting from poor gov-
ernance, recurrent conflict, and the Israeli and Egyptian blockade that restricts the movement of people and goods. Hamas has fired rockets at Israeli population centers, resulting in deaths of civilians in Israel, as well as Palestinian civilians in Gaza due to misfires.

(3) The Consolidated Appropriations Act, 2021, imposes on assistance to the Palestinians certain restrictions and conditions, with limited exemption authorities, regarding any future Palestinian state and its governing entity, certifications and vetting prior to the obligation of funds, audit requirements, a general prohibition on assistance for the Palestinian Authority, and a prohibition on assistance for the Palestine Liberation Organization, Hamas, or “any entity effectively controlled by Hamas, any power-sharing government of which Hamas is a member, or that results from an agreement with Hamas and over which Hamas exercises undue influence”.

(b) SENSE OF CONGRESS.—It is the sense of Congress that investments in Palestinian democracy, civil society organizations, and economic development will promote better governance and community engagement and improve the likelihood of free and fair elections, in turn set-
ting the stage for negotiations in which a Palestinian gov-
ernment genuinely speaks for the Palestinian people.

(c) GRANTS AUTHORIZED.—Subject to subsection
(d), the Secretary of State and the Administrator of the
United States Agency for International Development are
authorized to jointly provide grants on an open and com-
petitive basis to private, nonprofit organizations to sup-
port programs that promote human rights, democracy,
and the rule of law, and strengthen civil society organiza-
tions to address the immediate and long-term needs of the
Palestinian people in the occupied Palestinian territories
in a manner that supports the sustainability of such orga-
nizations in implementing Palestinian-led humanitarian
and development programs.

(d) LIMITATION ON USE OF FUNDS.—None of the
funds made available to carry out this section, or any
amendment made by this section, may be used to pro-
vide—

(1) financial assistance to the national govern-
ment of any foreign country;

(2) assistance for—

(A) any individual or group the Secretary
of State determines to be involved in, or advo-
cating, terrorist activity; or
(B) any individual who is a member of a foreign terrorist organization (as designated pursuant to section 219 of the Immigration and Nationality Act (8 U.S.C. 1189)); or

(3) assistance for the Palestinian Authority or the Palestine Liberation Organization.

(e) Applicable Regulations.—Assistance made available under this Act, and any amendment made by this Act, shall adhere to the mission directives and vetting practices for assistance for the West Bank and Gaza, as set forth by the United States Agency for International Development.

(f) Reports.—Not later than one year after the date of the enactment of this Act, and annually thereafter, the Secretary of State and the Administrator of the United States Agency for International Development shall jointly submit to the appropriate congressional committees a report on the implementation of grants authorized under this section and the progress and impact of such grants on the Palestinian people, including effects related to civic engagement, trust in civic institutions, and the long-term viability of Palestinian civil society organizations. Not later than 180 days after the date of the enactment of this Act, the Secretary of State and the Administrator of the United States Agency for International Development
shall jointly submit to the appropriate congressional com-
mittees a report on the impact of past democracy and gov-
ernance programming in the occupied Palestinian terri-
tories.

(g) Authorization of Appropriations.—

(1) In general.—There are authorized to be
appropriated not less than $20,000,000 for each of
the fiscal years 2022 through 2027 to carry out this
section.

(2) Availability.—Amounts appropriated pur-
suant to the authorization of appropriations under
paragraph (1) for a fiscal year are authorized to re-
main available for 5 fiscal years.

Sec. 8. Amendment to the Anti-Terrorism Act of
1987.

(a) Finding.—Congress finds that according to the
2020 State Department Country Reports on Human
Rights Practices, the Palestinian Authority continues to
“make payments to Palestinians connected to terrorism,
including persons convicted of terrorism in Israeli courts
serving prison sentences, former prisoners, and the fami-
lies of those who died committing terrorist attacks”.

(b) Sense of Congress.—It is the sense of Con-
gress that—
(1) the Palestinian Authority should reform its payments program in a manner that would allow the Secretary of State to issue the certification specified in section 1004(a) of the Taylor Force Act (22 U.S.C. 2378c–1); and

(2) the United States should maintain diplomatic relations with the Palestinians, including by reopening a United States consulate in Jerusalem and allowing for the reopening of the Palestine Liberation Organization foreign mission in the District of Columbia.

(c) Amendment to the Anti-Terrorism Act of 1987.—Section 1005 of the Anti-Terrorism Act of 1987 (22 U.S.C. 5201 note) is amended by striking subsection (b) and inserting the following:

“(b) Waiver.—

“(1) IN GENERAL.—The President may waive the provisions of paragraphs (1), (2), and (3) of section 1003 if the President determines and certifies in writing to the Speaker of the House of Representatives, the President pro tempore of the Senate, and the Committees on Appropriations that it is important to the national security interests of the United States or the conduct of diplomacy.
“(2) Period of Application.—Any waiver issued pursuant to this subsection shall be effective for not more than a period of 6 months at a time.

“(c) Termination.—The provisions of this title shall cease to have effect on the earlier of—

“(1) the date on which—

“(A) the President has certified in writing to the President pro tempore of the Senate and the Speaker of the House of Representatives that the Palestine Liberation Organization—

“(i) is not objecting to any convening of the Trilateral Anti-Incitement Committee; and

“(ii) is not obstructing security coordination and cooperation between the Palestinian Authority and Israel; and

“(B) the Secretary of State has issued the certification specified in section 1004(a) of the Taylor Force Act (22 U.S.C. 2378c-1); or

“(2) the date on which the President has certified in writing to the President pro tempore of the Senate and the Speaker of the House of Representatives that the Palestine Liberation Organization, its agents, or constituent groups thereof no longer prac-
tice or support terrorist actions anywhere in the
world.”.

SEC. 9. AMENDMENTS TO FOREIGN ASSISTANCE ACT OF
1961.

(a) SENSE OF CONGRESS.—It is the sense of Con-
geress that the administration should work urgently to im-
plement the Nita M. Lowey Middle East Partnership for
Peace Act (Public Law 116–260), which authorized
$250,000,000 over 5 years to fund Palestinian economic
development and people-to-people initiatives that connect
Israelis and Palestinians.

(b) IN GENERAL.—The Foreign Assistance Act of
1961 is amended—

(1) in section 105(c)(2) (22 U.S.C.
2151c(c)(2))—

(A) in subparagraph (D), by striking
“and” at the end;

(B) in subparagraph (E), by striking the
period at the end and inserting “; and”; and

(C) by adding at the end the following:
“(F) in the case of programs and activities
for Israelis and Palestinians, allow for shared
educational opportunities between such Israelis
and such Palestinians.”; and

(2) in section 535 (22 U.S.C. 2346d)—
(A) in subsection (b), by adding at the end before the period the following: “, including organizations that seek to foster connections between Israelis and Palestinians”; and

(B) in subsection (c), by inserting after “dialogue” the following: “, shared educational opportunities and youth activities”.

(c) EFFECTIVE DATE.—The amendments made subsection (b)(2) take effect on the date of the enactment of this Act and apply with respect to funding for projects described in section 535 of the Foreign Assistance Act of 1961 (22 U.S.C. 2346d), as amended by subsection (b), provided on or after such date of enactment.

SEC. 10. DEFINITIONS.

In this Act:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term “appropriate congressional committees” means—

(A) the Committee on Foreign Affairs and the Committee on Appropriations of the House of Representatives; and

(B) the Committee on Foreign Relations and the Committee on Appropriations of the Senate.
(2) Occupied Palestinian Territories.—

The term “occupied Palestinian territories” means the West Bank, including East Jerusalem, and Gaza.