

# Taylor Force Act: Palestinian Terrorism-Related Payments and U.S. Aid

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Some Members of Congress have increased their scrutiny of the Palestinian practice of providing payments to some Palestinians (and/or their families) who have been imprisoned for or accused of terrorism by Israel. [Critics](#) have asserted that because money is fungible, any aid that directly benefits the Palestinian Authority (PA) could indirectly support such payments. Congress may consider legislation—most of the bills are known as the Taylor Force Act—that could supersede [existing provisions](#) on the subject in annual appropriations legislation. The impact that the legislation could have on [overarching U.S. priorities](#) on [Israeli-Palestinian matters](#) is unclear.

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## Palestinian Payments for "Martyrs" and Prisoners

[According to a](#) 2016 article, the Palestinian practice of compensating families who lost a member (combatant or civilian) in connection with Israeli-Palestinian violence dates back to the 1960s. Palestinian payments on behalf of prisoners or decedents in their current form apparently "[became standardized during the second intifada](#) [uprising] of 2000 to 2005." Various [PA laws and decrees](#) since 2004 have established parameters for payments. Some lawmakers and the Trump Administration have condemned the practice, focusing particular criticism on an apparent [tiered structure](#) that provides higher levels of compensation for prisoners who receive longer

sentences.

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## Existing Law and Aid Reductions

Since FY2015, annual appropriations legislation has provided for "[dollar-for-dollar](#)" reduction of Economic Support Fund (ESF) aid for the PA in relation to terrorism-related payments. Section 7041(l)(3) of the Consolidated Appropriations Act, 2017 ([P.L. 115-31](#)), reduces ESF for the PA by the amount the Palestinians provide as "payments for acts of terrorism by individuals who are imprisoned after being fairly tried and convicted for acts of terrorism and by individuals who died committing acts of terrorism during the previous calendar year."

In practice, [ESF aid for the West Bank and Gaza](#) includes

**Budget support** for the PA that is provided directly to PA creditors (namely, Israeli utility companies and private hospitals) to defray PA debts.

**Project assistance** for various purposes including humanitarian aid, and improving infrastructure and other social services. This assistance is administered by non-governmental organizations and overseen by the U.S. Agency for International Development (USAID).

To date, executive branch reporting to Congress regarding reductions made to ESF aid for the PA in relation to these payments has been [classified](#). In July 2017, [former U.S. Ambassador to Israel Daniel Shapiro testified](#) at a congressional hearing that, beginning in FY2015, the Obama Administration reduced "the overall [annual] assistance program from about \$400 million to about \$260 million."

**Figure I. U.S. Bilateral Assistance to the Palestinians, FY2011-FY2018**



**Sources:** U.S. State Department and USAID, adapted by CRS.

**Notes:** All amounts are approximate. Amounts stated for FY2017 remain tentative. Amounts stated for FY2018 have been requested, with ultimate FY2018 appropriation and allocation amounts to be determined. NADR = Nonproliferation, Antiterrorism, Demining and Related Programs, INCLE = International Narcotics Control and Law Enforcement, DA=Development Assistance, ESF = Economic Support Fund, OCO = Overseas Contingency Operations. For FY2018, ESF is actually Economic Support and Development Fund (ESDF).

The Taylor Force Act

Congressional scrutiny of Palestinian terrorism-related payments increased in the wake of the March 2016 death of [Taylor Force](#), a U.S. citizen and war veteran who, while studying abroad as a private civilian, was fatally stabbed by a Palestinian attacker. The incident was part of a larger wave of Israeli-Palestinian [violence](#) that periodically resurfaces. Two bills are known as the Taylor Force Act ([H.R. 1164](#) and [S. 1697](#)). Another contains similar provisions ([S. 474](#)). The Senate Foreign Relations Committee (SFRC) reported [S. 1697](#) in modified form (the "SFRC version") on September 6, 2017. As congressional deliberations have proceeded, [Trump Administration officials](#) have called upon Palestinian leaders to cease payments on behalf of Palestinians who have committed terrorist acts. Earlier versions of the Taylor Force Act were introduced in the 114<sup>th</sup> Congress.

## Aid Conditions

In contrast to the "dollar-for-dollar" reduction to ESF in existing legislation, the different versions of the bill would either fully or partially suspend ESF unless and until the PA meets certain conditions. In their original versions, [H.R. 1164](#) and [S. 474](#) would condition all ESF aid for the West Bank and Gaza—both USAID-administered project assistance and PA budget support—on an end to specified terrorism-related payments. The SFRC version of [S. 1697](#), per Section 4, would suspend means of assistance that "directly benefit" the PA unless and until the Secretary of State certifies to Congress that the PA, among other things

- has terminated payments for acts of terrorism against Israeli citizens and United States citizens to any individual, after being fairly tried, who has been imprisoned for such acts of terrorism and to any individual who died committing such acts of terrorism, including to a family member of such individuals; and
- has revoked any law, decree, regulation, or document authorizing or implementing a system of compensation for imprisoned individuals that uses the sentence or period of incarceration of an individual to determine the level of compensation paid.

These conditions would apparently apply to all budget support to PA creditors (except for the East Jerusalem Hospital Network). It is unclear to what extent some project assistance funds might also be construed to "directly benefit" the PA.

Additionally, under Section 5 of the SFRC version, all ESF for the West Bank and Gaza (whether or not construed to "directly benefit" the PA) would be subject to a continuous certification (every 180 days) that the PA is "taking credible and verifiable steps" to end violence perpetrated by those under its jurisdiction against U.S. and Israeli citizens.

The SFRC version also includes an amendment (Section 6) that would keep any withheld ESF funding for the West Bank and Gaza in a Palestinian Authority Accountability Fund (PAAF) for up to a year in order to allow the Palestinians time to conform their practices to the bill's requirements. If this does not happen, funds held in the PAAF would be reallocated away from the West Bank and Gaza.

As reported, [S. 1697](#) would not permit the executive branch to waive its provisions on national security grounds, despite some discussion of a possible waiver during a [July 2017 committee hearing](#). It would also (per Section 7) apparently require the executive branch to switch from classified to unclassified annual reporting (though a classified annex would be permitted) on payments made by the PA—including estimated amounts and related legal developments.

## Incorporation into FY2018 Appropriations Legislation

On September 7, the Senate Appropriations Committee reported a version of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2018 ([S. 1780](#)) that included most of the SFRC version of [S. 1697](#), but with a substantive change that [appears to have gained the bill additional support](#). Per the change, the continuous certification requirement from Section 5 of the SFRC version [imported to [S. 1780](#) as Section 7041(k)(3)(B)] would only apply to types of ESF deemed to "directly benefit" the PA.

## House Version

On December 5, the House passed a revised version of [H.R. 1164](#) (the "House version") as stand-alone legislation that is similar to the corresponding provisions in the Senate FY2018 appropriations bill ([S. 1780](#)). The House version would apply from FY2018 to FY2023, and specifically exempts the following additional types of aid from limitation: (1) assistance for [wastewater projects](#) and (2) activities providing vaccinations to children. Also, under the House version of [H.R. 1164](#), funds withheld would remain available for up to two years (versus one under [S. 1780](#)) to allow the Palestinians time to conform their practices to the bill's requirements, before being reallocated elsewhere.

## Israeli and Palestinian Perspectives

The modifications reflected in the SFRC version of [S. 1697](#) (and later incorporated into [S. 1780](#)) appear to have [garnered general acquiescence from some key Israeli security officials and analysts](#) who were reportedly concerned that more [stringent conditions on project assistance could endanger West Bank stability](#).

Facing [domestic political challenges](#), Palestinian leaders have [publicly denounced S. 1697](#), and it is unclear whether passage of the bill would enhance the PA's willingness to [suspend](#) payments or otherwise [change](#) how they are made in order to maintain U.S. budget support. According to [PA financial statements](#) from calendar years 2013 to 2016, U.S. budget support has averaged around 13% of the PA's annual external support and 3.5% of annual PA spending (calculated on a commitment basis) over that time. Clearance revenues (tax and customs amounts due to the PA that Israel collects on its behalf and transfers to it per a [1994 agreement](#)) over the same period averaged around 50% of annual PA spending.