

House File 2282 - Introduced

HOUSE FILE 2282

BY R. SMITH and MITCHELL

A BILL FOR

1 An Act concerning compensation of college athletes and
2 including effective date provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 261I.1 Definition.

2 For purposes of this chapter, "*postsecondary educational*
3 *institution*" means a regents institution or private
4 postsecondary educational institution in Iowa.

5 Sec. 2. NEW SECTION. 261I.2 Compensation of college
6 athletes.

7 1. A postsecondary educational institution shall not
8 enforce any rule, requirement, standard, or other limitation
9 that prevents a college athlete enrolled at the institution
10 from fully participating in intercollegiate athletics and
11 earning compensation as a result of the use of the athlete's
12 name, image, or likeness rights, or athletic reputation, or
13 that otherwise penalizes such an athlete. A college athlete's
14 financial aid eligibility, amount, duration, or renewal, or
15 any other benefit for which the athlete is otherwise eligible,
16 shall not be affected by the athlete earning compensation from
17 the use of an athlete's name, image, or likeness rights, or
18 athletic reputation.

19 2. An athletic association, conference, or other group or
20 organization with authority over intercollegiate athletics,
21 including but not limited to the national collegiate athletic
22 association, shall not prevent a college athlete enrolled at a
23 postsecondary educational institution from fully participating
24 in intercollegiate athletics and earning compensation as a
25 result of the athlete's use of the athlete's name, image, or
26 likeness rights, or athletic reputation, or otherwise penalize
27 such an athlete.

28 3. An athletic association, conference, or other group or
29 organization with authority over intercollegiate athletics,
30 including but not limited to the national collegiate athletic
31 association, shall not prevent a postsecondary educational
32 institution from fully participating in intercollegiate
33 athletics as a result of a college athlete's use of the
34 athlete's name, image, or likeness rights, or athletic
35 reputation, or otherwise penalize such an institution.

1 4. For purposes of this chapter, financial aid from a
2 postsecondary educational institution in which a college
3 athlete is enrolled is not compensation for use of the
4 athlete's name, image, and likeness rights, or athletic
5 reputation. Such financial aid shall not be revoked or reduced
6 as a result of an athlete earning compensation pursuant to this
7 chapter.

8 Sec. 3. NEW SECTION. 261I.3 College athletes —
9 professional representation.

10 1. A postsecondary educational institution, athletic
11 association, conference, or other group or organization with
12 authority over intercollegiate athletics, including but not
13 limited to the national collegiate athletic association, shall
14 not interfere with or prevent a college athlete enrolled at a
15 postsecondary educational institution from fully participating
16 in intercollegiate athletics for obtaining professional
17 representation in relation to contracts or legal matters,
18 including but not limited to representation provided by athlete
19 agents and financial advisors, or legal representation provided
20 by attorneys.

21 2. An athletic association, conference, or other group or
22 organization with authority over intercollegiate athletics,
23 including but not limited to the national collegiate athletic
24 association, shall not prevent a postsecondary educational
25 institution from fully participating in intercollegiate
26 athletics as a result of a college athlete enrolled at the
27 institution obtaining professional representation in relation
28 to contracts or legal matters, including but not limited to
29 representation provided by athlete agents, financial advisors,
30 or legal representation provided by attorneys, or otherwise
31 penalize the institution.

32 3. Professional representation provided to college athletes
33 enrolled at a postsecondary educational institution by athlete
34 agents, financial advisors, or attorneys shall only be provided
35 by persons licensed in the state of Iowa.

1 Sec. 4. NEW SECTION. 261I.4 College athletes — apparel,
2 equipment, or beverage contracts.

3 1. A college athlete shall not enter into an apparel,
4 equipment, or beverage contract providing compensation to the
5 athlete for use of the athlete's name, image, or likeness
6 rights, or athletic reputation that requires the athlete to
7 display a sponsor's apparel, equipment, or beverage, or that
8 otherwise advertises for the sponsor during official team
9 activities if such provisions are in conflict with a provision
10 of the athlete's team contract.

11 2. A postsecondary educational institution asserting a
12 conflict described in subsection 1 shall disclose to the
13 college athlete and the athlete's legal representative,
14 if applicable, the full contract that is asserted to be
15 in conflict. The college athlete and the athlete's legal
16 representative, if applicable, shall not disclose to any
17 other person the terms of an institution's contract that
18 the institution deems to be a trade secret or otherwise
19 confidential.

20 Sec. 5. NEW SECTION. 261I.5 Disclosure of contract —
21 confidentiality.

22 A college athlete who enters into a contract providing
23 compensation to the athlete for use of the athlete's name,
24 image, or likeness rights, or athletics reputation, shall
25 disclose the full contract to an official of the postsecondary
26 educational institution at which the athlete is enrolled
27 designated by the institution for that purpose. The
28 institution and designated official shall not disclose to
29 any other person the terms of such contract that the college
30 athlete or the college athlete's legal representative deems to
31 be a trade secret or otherwise confidential.

32 Sec. 6. NEW SECTION. 261I.6 Compensation outside of
33 official, mandatory team activities.

34 The terms of a team contract of a postsecondary educational
35 institution's athletic program shall not prevent a college

1 athlete from receiving compensation for using the athlete's
2 name, image, or likeness rights, or athletic reputation for a
3 commercial purpose when the athlete is not engaged in official,
4 mandatory team activities if such activities are recorded in
5 writing and made publicly available. Such team activities
6 shall not exceed twenty hours per week during the athletic
7 season and eight hours per week during the off-season.

8 **Sec. 7. NEW SECTION. 261I.7 Trust fund for compensation.**

9 A team contract of a postsecondary educational institution's
10 athletic program may require a college athlete to deposit
11 some or all funds received as compensation for using the
12 college athlete's name, image, or likeness rights, or athletic
13 reputation, into a trust fund, with all applicable state
14 taxation deferred, until the athlete is no longer eligible to
15 participate in the institution's athletic program.

16 **Sec. 8. NEW SECTION. 261I.8 Certification by treasurer.**

17 1. A person shall not administer a trust fund established
18 pursuant to section 261I.7 without prior certification by the
19 treasurer of state.

20 2. The treasurer of state shall establish by rule pursuant
21 to chapter 17A certification processes for the persons
22 described in subsection 1. The treasurer of state shall only
23 certify persons who have significant qualifications for, or
24 demonstrated experience providing, representation to college
25 athletes in negotiations or financial or other relationships
26 with athletic associations, conferences, or other groups or
27 organizations with authority over intercollegiate athletics.

28 **Sec. 9. NEW SECTION. 261I.9 Legal requirements —**
29 **applicability.**

30 1. This chapter applies to contracts entered into,
31 modified, or renewed on or after the effective date of this
32 Act.

33 2. College athletes, postsecondary educational
34 institutions, athletic associations, conferences, or other
35 groups or organizations with authority over intercollegiate

1 athletics, and state or local prosecutors seeking to
2 prosecute violators of this chapter shall not be deprived of
3 any protections provided under Iowa law with respect to a
4 controversy that arises in Iowa and shall have the right to
5 adjudication in Iowa of a legal claim that arises in Iowa.

6 3. A legal settlement shall not permit noncompliance with
7 this chapter. Any such provision is void and unenforceable.

8 Sec. 10. NEW SECTION. **261I.10 Severability.**

9 The provisions of this chapter are severable pursuant to
10 section 4.12.

11 Sec. 11. Section 422.7, Code 2020, is amended by adding the
12 following new subsection:

13 NEW SUBSECTION. 59. a. Subtract, to the extent included,
14 the amount of any income deposited in a trust fund under
15 section 261I.7.

16 b. Add, to the extent previously deducted under paragraph
17 "a", the amount withdrawn during the tax year from a trust fund
18 under section 261I.7.

19 Sec. 12. EFFECTIVE DATE. This Act takes effect January 1,
20 2022.

21

EXPLANATION

22 The inclusion of this explanation does not constitute agreement with
23 the explanation's substance by the members of the general assembly.

24 This bill relates to the compensation of athletes enrolled
25 at postsecondary educational institutions. The bill
26 defines "postsecondary educational institution" as a regents
27 institution or private postsecondary educational institution
28 in Iowa.

29 The bill prohibits a postsecondary educational institution
30 from enforcing any rule, requirement, standard, or other
31 limitation that prevents a college athlete enrolled at the
32 institution from fully participating in intercollegiate
33 athletics and earning compensation as a result of the use of
34 the athlete's name, image, or likeness rights, or athletic
35 reputation or that otherwise penalizes such an athlete.

1 The bill provides that a college athlete's financial aid
2 eligibility, amount, duration, or renewal, or any other benefit
3 for which the athlete is otherwise eligible, shall not be
4 affected by the athlete earning compensation from the use of
5 an athlete's name, image, or likeness rights, or athletic
6 reputation.

7 The bill prohibits an athletic association, conference, or
8 other group or organization with authority over intercollegiate
9 athletics from preventing a college athlete enrolled at a
10 postsecondary educational institution from fully participating
11 in intercollegiate athletics and earning compensation as a
12 result of the athlete's use of the athlete's name, image,
13 or likeness rights, or athletic reputation, or otherwise
14 penalizing such an athlete. The bill prohibits an athletic
15 association, conference, or other group or organization with
16 authority over intercollegiate athletics from preventing a
17 postsecondary educational institution from fully participating
18 in intercollegiate athletics as a result of a college
19 athlete's use of the athlete's name, image, or likeness
20 rights, or athletic reputation, or otherwise penalizing
21 such an institution. The bill specifies that financial
22 aid from a postsecondary educational institution in which a
23 college athlete is enrolled is not compensation for use of
24 the athlete's name, image, and likeness rights, or athletic
25 reputation for purposes of the bill. The bill provides that
26 such financial aid shall not be revoked or reduced as a result
27 of an athlete earning compensation pursuant to the bill.

28 The bill prohibits a postsecondary educational institution,
29 athletic association, conference, or other group or
30 organization with authority over intercollegiate athletics from
31 interfering with or preventing a college athlete enrolled at
32 the institution from fully participating in intercollegiate
33 athletics for obtaining professional representation in relation
34 to contracts or legal matters. The bill prohibits an athletic
35 association, conference, or other group or organization with

1 authority over intercollegiate athletics from preventing a
2 postsecondary educational institution from fully participating
3 in intercollegiate athletics as a result of a college
4 athlete enrolled at the institution obtaining professional
5 representation in relation to contracts or legal matters or
6 otherwise penalizing the institution. The bill provides that
7 professional representation provided to college athletes
8 enrolled at a postsecondary educational institution by athlete
9 agents, financial advisors, or attorneys shall only be provided
10 by persons licensed in the state of Iowa.

11 The bill prohibits a college athlete from entering into an
12 apparel, equipment, or beverage contract providing compensation
13 to the athlete for use of the athlete's name, image, or
14 likeness rights, or athletic reputation that requires the
15 athlete to display a sponsor's apparel, equipment, or beverage,
16 or that otherwise advertises for the sponsor during official
17 team activities if such provisions are in conflict with a
18 provision of the athlete's team contract. The bill requires
19 the disclosure of the full contract to the college athlete
20 and the athlete's legal representative in such instances and
21 provides for the nondisclosure of the terms of such a contract.

22 The bill requires a college athlete who enters into a
23 contract providing compensation to the athlete for use of
24 the athlete's name, image, or likeness rights, or athletics
25 reputation, to disclose the full contract to a designated
26 official of the postsecondary educational institution at which
27 the athlete is enrolled and provides for the nondisclosure of
28 the terms of such a contract.

29 The bill provides that the terms of a team contract of a
30 postsecondary educational institution's athletic program shall
31 not prevent a college athlete from receiving compensation
32 for using the athlete's name, image, or likeness rights, or
33 athletic reputation for a commercial purpose when the athlete
34 is not engaged in official, mandatory team activities if such
35 activities are recorded in writing and made publicly available.

1 The bill limits such team activities to 20 hours per week
2 during the athletic season and eight hours per week during the
3 off-season.

4 The bill provides that a team contract of a postsecondary
5 educational institution's athletic program may require a
6 college athlete to deposit some or all funds received as
7 compensation for using the college athlete's name, image, or
8 likeness rights, or athletic reputation into a trust fund, with
9 all applicable state taxation deferred, until the athlete is no
10 longer eligible to participate in the institution's athletic
11 program.

12 The bill requires certification by the treasurer of state
13 before a person may administer a trust established pursuant
14 to the bill. The bill requires the treasurer of state
15 to establish certification processes by rule and to only
16 certify persons who have significant qualifications for, or
17 demonstrated experience providing, representation to college
18 athletes in negotiations or financial or other relationships
19 with athletic associations, conferences, or other groups or
20 organizations with authority over intercollegiate athletics.

21 The bill applies to contracts entered into, modified, or
22 renewed on or after the effective date of the bill.

23 The bill provides that college athletes; postsecondary
24 educational institutions; athletic associations, conferences,
25 or other groups or organizations with authority over
26 intercollegiate athletics; and state or local prosecutors
27 seeking to prosecute violators of the bill shall not be
28 deprived of any protections provided under Iowa law with
29 respect to a controversy that arises in Iowa and shall have the
30 right to adjudication in Iowa of a legal claim that arises in
31 Iowa. The bill provides that a legal settlement that permits
32 noncompliance with the bill is void and unenforceable.

33 The bill includes severability provisions.

34 The bill takes effect January 1, 2022.