

**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.