

**Senate File 2330 - Introduced**

SENATE FILE 2330  
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO SF 2058)

**A BILL FOR**

1 An Act relating to 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, community college, or  
4 private postsecondary educational institution in Iowa.

5 Sec. 2. NEW SECTION. 261I.2 Compensation of college  
6 athletes — limitation on postsecondary institutions.

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. For purposes of this chapter, financial aid from a  
20 postsecondary educational institution in which a college  
21 athlete is enrolled is not compensation for use of the  
22 athlete's name, image, and likeness rights, or athletic  
23 reputation. Such financial aid shall not be revoked or reduced  
24 as a result of an athlete earning compensation pursuant to this  
25 chapter.

26 Sec. 3. NEW SECTION. 261I.3 College athletes —  
27 professional representation.

28 1. A postsecondary educational institution shall not  
29 interfere with or prevent a college athlete enrolled at a  
30 postsecondary educational institution from fully participating  
31 in intercollegiate athletics for obtaining professional  
32 representation in relation to contracts or legal matters,  
33 including but not limited to representation provided by athlete  
34 agents or financial advisors, or legal representation provided  
35 by attorneys.

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

5     Sec. 4. NEW SECTION.   **261I.4 College athletes — apparel,**  
6 **equipment, or beverage contracts.**

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

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

24     Sec. 5. NEW SECTION.   **261I.5 Disclosure of contract —**  
25 **confidentiality.**

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

1     Sec. 6. NEW SECTION. 261I.6 **Compensation outside of**  
2 **official, mandatory team activities.**

3     The terms of a team contract of a postsecondary educational  
4 institution's athletic program shall not prevent a college  
5 athlete from receiving compensation for using the athlete's  
6 name, image, or likeness rights, or athletic reputation for a  
7 commercial purpose when the athlete is not engaged in official,  
8 mandatory team activities if such activities are recorded in  
9 writing and made publicly available. Such team activities  
10 shall not exceed twenty hours per week during the athletic  
11 season and eight hours per week during the off-season.

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

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

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

21     1. A person shall not do any of the following without prior  
22 certification by the treasurer of state:

23     *a.* Provide professional representation to a college athlete  
24 as described in section 261I.3, subsection 1.

25     *b.* Administer a trust fund established pursuant to section  
26 261I.7.

27     2. The treasurer of state shall establish by rule pursuant  
28 to chapter 17A certification processes for the persons  
29 described in subsection 1. The treasurer of state shall only  
30 certify persons who have significant qualifications for, or  
31 demonstrated experience providing, representation to college  
32 athletes in negotiations or financial or other relationships  
33 with athletic associations, conferences, or other groups or  
34 organizations with authority over intercollegiate athletics.

35     Sec. 9. NEW SECTION. 261I.9 **Legal requirements —**

1 **applicability.**

2 1. This chapter applies to contracts entered into,  
3 modified, or renewed on or after the effective date of this  
4 Act.

5 2. College athletes, postsecondary educational  
6 institutions, athletic associations, conferences, or other  
7 groups or organizations with authority over intercollegiate  
8 athletics, and state or local officials seeking to prosecute  
9 violators of this chapter, shall not be deprived of any  
10 protections provided under Iowa law with respect to a  
11 controversy that arises in Iowa and shall have the right to  
12 adjudication in Iowa of a legal claim that arises in Iowa.

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

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

16 The provisions of this chapter are severable pursuant to  
17 section 4.12.

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

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

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

26 Sec. 12. **EFFECTIVE DATE.** This Act takes effect July 1,  
27 2023.

28 **EXPLANATION**

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

31 This bill relates to the compensation of athletes enrolled  
32 at postsecondary educational institutions. The bill  
33 defines "postsecondary educational institution" as a regents  
34 institution, community college, or private postsecondary  
35 educational institution in Iowa.

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

14 The bill prohibits a postsecondary educational institution  
15 from interfering with or preventing a college athlete enrolled  
16 at the institution from fully participating in intercollegiate  
17 athletics for obtaining professional representation in  
18 relation to contracts or legal matters. The bill provides  
19 that professional representation provided to college athletes  
20 enrolled at a postsecondary educational institution by athlete  
21 agents, financial advisors, or attorneys shall only be provided  
22 by persons licensed in the state of Iowa.

23 The bill prohibits a college athlete from entering into an  
24 apparel, equipment, or beverage contract providing compensation  
25 to the athlete for use of the athlete's name, image, or  
26 likeness rights, or athletic reputation that requires the  
27 athlete to display a sponsor's apparel, equipment, or beverage,  
28 or that otherwise advertises for the sponsor during official  
29 team activities if such provisions are in conflict with a  
30 provision of the athlete's team contract. The bill requires  
31 the disclosure of the full contract to the college athlete  
32 and the athlete's legal representative in such instances and  
33 provides for the nondisclosure of the terms of such a contract.

34 The bill requires a college athlete who enters into a  
35 contract providing compensation to the athlete for use of

1 the athlete's name, image, or likeness rights, or athletics  
2 reputation, to disclose the full contract to a designated  
3 official of the postsecondary educational institution at which  
4 the athlete is enrolled and provides for the nondisclosure of  
5 the terms of such a contract.

6 The bill provides that the terms of a team contract of a  
7 postsecondary educational institution's athletic program shall  
8 not prevent a college athlete from receiving compensation  
9 for using the athlete's name, image, or likeness rights, or  
10 athletic reputation for a commercial purpose when the athlete  
11 is not engaged in official, mandatory team activities if such  
12 activities are recorded in writing and made publicly available.  
13 The bill limits such team activities to twenty hours per week  
14 during the athletic season and eight hours per week during the  
15 off-season.

16 The bill provides that a team contract of a postsecondary  
17 educational institution's athletic program may require a  
18 college athlete to deposit some or all funds received as  
19 compensation for using the college athlete's name, image, or  
20 likeness rights, or athletic reputation into a trust fund, with  
21 all applicable state taxation deferred, until the athlete is no  
22 longer eligible to participate in the institution's athletic  
23 program.

24 The bill requires certification by the treasurer of state  
25 before a person may provide professional representation to  
26 a college athlete as described in the bill or administer a  
27 trust established pursuant to the bill. The bill requires the  
28 treasurer of state to establish certification processes by rule  
29 and to only certify persons who have significant qualifications  
30 for, or demonstrated experience providing, representation  
31 to college athletes in negotiations or financial or other  
32 relationships with athletic associations, conferences, or other  
33 groups or organizations with authority over intercollegiate  
34 athletics.

35 The bill applies to contracts entered into, modified, or

1 renewed on or after the effective date of the bill.

2     The bill provides that college athletes; postsecondary  
3 educational institutions; athletic associations, conferences,  
4 or other groups or organizations with authority over  
5 intercollegiate athletics; and state or local officials seeking  
6 to prosecute violators of the bill shall not be deprived  
7 of any protections provided under Iowa law with respect to  
8 a controversy that arises in Iowa and shall have the right  
9 to adjudication in Iowa of a legal claim that arises in  
10 Iowa. The bill provides that a legal settlement that permits  
11 noncompliance with the bill is void and unenforceable.

12     The bill includes severability provisions.

13     The bill takes effect July 1, 2023.