

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. 26II.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. 26II.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. 26II.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 26II.3, subsection 1.

25 b. Administer a trust fund established pursuant to section
26 26II.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. 26II.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 2611.7.

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 2611.7.

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

28 EXPLANATION

The inclusion of this explanation does not constitute agreement with 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.