

Senate File 386 - Introduced

SENATE FILE 386
BY COMMITTEE ON JUDICIARY

(SUCCESSOR TO SF 245)

A BILL FOR

1 An Act relating to compensation of college athletes and
2 including effective date and applicability 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. 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 doing
11 any of the following 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:

14 (1) Earning compensation.

15 (2) Receiving food, shelter, or insurance coverage, or
16 receiving payment for the cost of food, shelter, insurance
17 coverage, or medical care.

18 b. A college athlete's financial aid eligibility, amount,
19 duration, or renewal, or any other benefit for which the
20 athlete is otherwise eligible, shall not be affected by
21 the athlete receiving an item described in paragraph "a",
22 subparagraph (1) or (2), from the use of an athlete's name,
23 image, or likeness rights, or athletic reputation.

24 2. For purposes of this chapter, financial aid from a
25 postsecondary educational institution in which a college
26 athlete is enrolled is not compensation for use of the
27 athlete's name, image, and likeness rights, or athletic
28 reputation. Such financial aid shall not be revoked or reduced
29 as a result of an athlete receiving an item described in
30 subsection 1, paragraph "a", subparagraph (1) or (2), pursuant
31 to this chapter.

32 Sec. 3. NEW SECTION. 261I.3 College athletes —
33 professional representation.

34 1. A postsecondary educational institution shall not
35 interfere with or prevent a college athlete enrolled at a

1 postsecondary educational institution from fully participating
2 in intercollegiate athletics for obtaining professional
3 representation in relation to contracts or legal matters,
4 including but not limited to representation provided by athlete
5 agents or financial advisors, or legal representation provided
6 by attorneys.

7 2. 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 Sec. 4. NEW SECTION. 261I.4 College athletes — contracts
12 for advertising.

13 A person shall not offer to enter into a contract with a
14 college athlete to provide compensation to the athlete for use
15 of the athlete's name, image, or likeness rights, or athletics
16 reputation that requires the athlete to engage in in-person
17 advertising for the person during official, mandatory team
18 activities without approval from the athlete's postsecondary
19 educational institution.

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 Certification by treasurer.**

9 1. A person shall not provide professional representation
10 to a college athlete as described in section 261I.3, subsection
11 1, without prior certification by the treasurer of state.

12 2. The treasurer of state shall establish by rule pursuant
13 to chapter 17A certification processes for the persons
14 described in subsection 1. The treasurer of state shall only
15 certify persons who have significant qualifications for, or
16 demonstrated experience providing, representation to college
17 athletes in negotiations or financial or other relationships
18 with athletic associations, conferences, or other groups or
19 organizations with authority over intercollegiate athletics.

20 Sec. 8. NEW SECTION. **261I.8 Legal requirements —**
21 **applicability.**

22 1. This chapter applies to contracts entered into,
23 modified, or renewed on or after the effective date of this
24 Act.

25 2. College athletes, postsecondary educational
26 institutions, athletic associations, conferences, or other
27 groups or organizations with authority over intercollegiate
28 athletics, and state or local officials seeking to prosecute
29 violators of this chapter, shall not be deprived of any
30 protections provided under Iowa law with respect to a
31 controversy that arises in Iowa and shall have the right to
32 adjudication in Iowa of a legal claim that arises in Iowa.

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

35 Sec. 9. NEW SECTION. **261I.9 Severability.**

1 The provisions of this chapter are severable pursuant to
2 section 4.12.

3 Sec. 10. EFFECTIVE DATE. This Act, being deemed of
4 immediate importance, takes effect upon enactment.

5 Sec. 11. APPLICABILITY. This Act applies to any
6 agreement or contract newly entered into, renewed, modified,
7 or extended on or after the earlier of July 1, 2021; the
8 effective date of any substantially similar state or federal
9 law; or the effective date of an athletic association or
10 athletic conference rule regarding name, image, and likeness
11 compensation for student athletes if a postsecondary
12 educational institution, as defined in section 261I.1, as
13 enacted by this Act, is a member of such athletic association
14 or athletic conference. For purposes of this section,
15 "agreement or contract" includes but is not limited to the
16 national letter of intent, a college athlete's financial aid
17 agreement, a commercial contract, and rules or bylaws of an
18 athletic conference or athletic association.

19 EXPLANATION

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

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

27 The bill prohibits a postsecondary educational institution
28 from enforcing any rule, requirement, standard, or other
29 limitation that prevents a college athlete enrolled at the
30 institution from fully participating in intercollegiate
31 athletics and earning compensation; receiving food, shelter,
32 or insurance coverage; or receiving payment for the cost of
33 food, shelter, insurance coverage, or medical care as a result
34 of the use of the athlete's name, image, or likeness rights,
35 or athletic reputation or that otherwise penalizes such an

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

7 The bill prohibits a postsecondary educational institution
8 from interfering with or preventing a college athlete enrolled
9 at the institution from fully participating in intercollegiate
10 athletics for obtaining professional representation in
11 relation to contracts or legal matters. The bill provides
12 that professional representation provided to college athletes
13 enrolled at a postsecondary educational institution by athlete
14 agents, financial advisors, or attorneys shall only be provided
15 by persons licensed in the state of Iowa.

16 The bill prohibits a person from offering to enter into
17 a contract with a college athlete to provide compensation to
18 the athlete for use of the athlete's name, image, or likeness
19 rights, or athletics reputation that requires the athlete to
20 engage in in-person advertising for the person during official,
21 mandatory team activities without approval from the athlete's
22 postsecondary educational institution.

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

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

1 activities are recorded in writing and made publicly available.
2 The bill limits such team activities to 20 hours per week
3 during the athletic season and eight hours per week during the
4 off-season.

5 The bill requires certification by the treasurer of state
6 before a person may provide professional representation to a
7 college athlete as described in the bill. The bill requires
8 the treasurer of state to establish certification processes
9 by rule and to only certify persons who have significant
10 qualifications for, or demonstrated experience providing,
11 representation to college athletes in negotiations or
12 financial or other relationships with athletic associations,
13 conferences, or other groups or organizations with authority
14 over intercollegiate athletics.

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

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

27 The bill includes severability provisions.

28 The bill is effective upon enactment and applies to any
29 agreement or contract, as defined in the bill, newly entered
30 into, renewed, modified, or extended on or after the earlier
31 of July 1, 2021; the effective date of any substantially
32 similar state or federal law; or the effective date of an
33 athletic association or athletic conference rule regarding
34 name, image, and likeness compensation for student athletes if
35 a postsecondary educational institution in Iowa is a member of

1 such athletic association or athletic conference.