

HB 971 -- ATHLETE AGENTS

SPONSOR: Knight

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on General Laws by a vote of 16 to 0. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 8 to 0.

This bill modifies the Uniform Athlete Agents Act.

Currently, an athlete agent is defined as a person who enters into an agency contract with a student athlete or who recruits or solicits a student athlete to enter into an agency contract, not including certain family members of the student or a person acting solely on the behalf of the professional sports organization. This bill modifies the definition of an athlete agent to a person who:

- (1) Recruits or solicits a student athlete to enter into an agency contract or someone who, for compensation, procures or negotiates employment for a student athlete with a professional sports organization;
- (2) For compensation, serves the student athlete in an advisory capacity, manages the business affairs of the student athlete; or
- (3) Gives consideration to the student athlete in anticipation of representing them.

An athlete agent does not include a person who acts solely on behalf of a professional sports organization or a person who is a licensed professional who provides services to a student athlete customarily provided by members of the profession, unless said person recruits the student athlete or procures or negotiates employment for a student athlete for compensation or receives additional consideration for providing services to the student athlete.

The bill updates the information required on an application for registration as an athlete agent, including date of birth, phone numbers, social media accounts for which the applicant is affiliated, and the names and addresses of all persons who hold an equity interest of 5% or greater in the athlete agent's business. This bill removes the requirement for an applicant to provide three individual references. The bill requires, among other things, an applicant to provide information on any other application for a business, professional, or occupational license; information regarding any crimes committed; whether or not the applicant is certified by a professional league or players association; and information on any civil proceedings, bankruptcy proceedings, or

unsatisfied judgments against the applicant.

The bill sets up a process for registration or renewal for an applicant who is registered as an athlete agent in another state. The bill also repeals a provision that a temporary certificate of registration is only valid for 60 days.

Any agency contract must contain a statement that the athlete agent is registered as an athlete agent in this state. An agency contract must contain a provision notifying a student athlete that the student athlete and athlete agent must notify an athletic director of entering into the contract within 72 hours after entering into the contract or before the next athletic event in which the student participates, whichever occurs first. A student athlete must also sign a separate record acknowledging that signing the agency contract may result in the loss of the student athlete's eligibility to participate in the student athlete's sport. An agency contract that does not conform to the requirements in the Uniform Athlete Agents Act is voidable by the student athlete and if the contract is voided, any consideration received by the student athlete is not required to be returned to the athlete agent. If a student athlete is a minor, an agency contract must be signed by the parent or guardian of the minor.

If a student athlete enrolls at an educational institution after entering into an agency contract with an athlete agent, the athlete agency must notify the educational institution of the existence of the contract within 72 hours of learning the student athlete enrolled. Under certain circumstances, the athlete agent must notify the educational institution within 10 days after the enrollment. An athlete agent must give notice to an educational institution before communicating or attempting to communicate with a student athlete, unless the communication is initiated by the student athlete, in which case the athlete agent has 10 days to notify the educational institution. An educational institution who becomes aware of a violation by an athlete agent of any section in the Uniform Athlete Agents Act must notify the director and any professional league or players association with which the athlete agent is registered.

An athlete agent may not intentionally:

- (1) Give false or misleading information with the intent to influence a student athlete;

- (2) Furnish anything of value at any time to any person, with a few exceptions, if to do so could result in the loss of the student athlete's eligibility to participate in the student's sport;

(3) Fail to create any required records; or

(4) Encourage another person to violate the provisions of the bill.

The bill allows an educational institution or student athlete to bring an action for damages if the institution or student athlete is adversely affected. If the institution or student athlete prevails, they are entitled to attorney's fees, and the athlete agent would have to refund any consideration paid to him or her. Any violation of the Uniform Athlete Agents Act considered an unfair trade practice and any person who violates the act is liable for a civil penalty not to exceed \$50,000. This bill repeals a provision that would punish an athlete agent with a class B misdemeanor for violation of the Uniform Athlete Agents Act.

This bill is similar to HCS HBs 2100 & 1532 (2020).

PROPONENTS: Supporters say that the bill protects student athletes by requiring greater disclosure by athlete agents of the consequences of working together. The bill requires transparency of the athlete- agent relationship. It also helps educational institutions who may suffer consequences if the institution allowed an ineligible athlete to compete.

Testifying for the bill were Representative Knight; and Libby Snyder, Uniform Law Commission.

OPPONENTS: Arnie C. Dienoff provided written oppositional testimony.

Written testimony has been submitted for this bill. The full written testimony can be found under Testimony on the bill page on the House website.