

## **SB 5 -1, -3, -6, -7 STAFF MEASURE SUMMARY**

### **Senate Committee On Rules**

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**Prepared By:** Leslie Porter, LPRO Analyst

**Meeting Dates:** 4/8, 5/25

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#### **WHAT THE MEASURE DOES:**

Permits students participating in intercollegiate sports to earn compensation for use of name, image, or likeness and to retain professional representation or athlete agent. Prohibits post-secondary institution of education, athletic association, conference, or organization with authority over intercollegiate sports (PSIE et al) from penalizing or retaliating against student athlete retaining these services. Prohibits student athlete from entering contract for use of name, image, or likeness that conflicts with team rules or contract between post-secondary institution of education (PSIE) and third party, except that team rules and contract between PSIE and third party may not prevent student from earning compensation for use of name, image, or likeness when not engaged in official team activities or from use of social media when engaged in official team activities. Requires student athlete to disclose to PSIE professional representation or athlete agent retained and requires PSIE to disclose to student athlete conflicts of that retention with team rules or contracts with third parties. Prohibits student athlete from retaining professional representative or athlete agent who represented PSIE at any time in preceding four years. Prohibits PSIE et al from compensating prospective or current student athlete for use of name, image, or likeness. Requires merchandising agreement entered into by PSIE et al that covers intercollegiate sports team that includes royalty payments to PSIE et al, to include royalty payments to current members of team and royalty payments plus premium to current or former member of team whose name, image, or likeness is used. Applicable to contract or agreements entered into on or after July 1, 2021. Declares emergency, effective on passage.

#### **ISSUES DISCUSSED:**

##### **EFFECT OF AMENDMENT:**

-1 Removes prohibition of a PSIE et al providing compensation to current student athletes for use of name, image, or likeness. Clarifies that a person, as defined in ORS 174.100, who enters into a merchandizing agreement that covers an intercollegiate sports team and that obligates the person to make royalty payments to the PSIE et al, must also make royalty payments to the student athlete.

-3 Amends definitions. Allows student athlete to receive food, drink, lodging, or medical expenses or insurance coverage from third party as compensation for use of name, image, or likeness. Removes prohibition in contract between a PSIE and third party that prevents a student athlete from earning compensation for use of their name, image, or likeness from the use of social media when engaged in official team activities.

-6 Adds definition for athletic association, conference, or organization with authority over intercollegiate sports (AA et al). Clarifies that a person, as defined in ORS 174.100, who enters into merchandizing agreement that covers intercollegiate sports team and that obligates person to make royalty payments to PSIE or AA et al, to also obligate PSIE or AA et al to make royalty payments to each student athlete who is current member of team. Establishes that royalty payments made to student athlete are sole property of student athlete. Requires PSIE to have fiduciary duty to receive, preserve, and distribute royalty payments owed to student athlete.

-7 Removes requirement for merchandising agreement entered into by PSIE et al that covers intercollegiate sports team and that includes royalty payments to PSIE et al, to include royalty payments to current members of team and royalty payments plus premium to current or former member of team whose name, image, or likeness

*This summary has not been adopted or officially endorsed by action of the committee.*

is used.

**BACKGROUND:**

On March 31, the Supreme Court of the United States heard oral arguments for case number 20-512: *National Collegiate Athletic Association v. Alston* about limits on compensation for student athletes. The National Collegiate Athletic Association (NCAA) maintains that student athletes should be subject to compensation limits since they are amateur athletes, while student athletes state that they should not be subject to such limits, arguing that the NCAA is operating a business.

Florida recently passed a law allowing student athletes to be paid for the use of their names and images through endorsement and social media platforms, which takes effect July 1, 2021. While currently banned, the NCAA is supportive of rule changes to allow the bill to take effect.

Senate Bill 5 allows student athletes in Oregon to receive compensation for the use of their names, images, or likeness and to retain professional representation or an athlete agents.