

FISCAL IMPACT OF PROPOSED LEGISLATION

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office

Measure: SB 5 - 3

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Permits students participating in intercollegiate sports to earn compensation for use of name, image or likeness and to retain professional representation or athlete agent.

Government Unit(s) Affected:

Higher Education Coordinating Commission (HECC), Public Universities, Department of Education (ODE)

Summary of Fiscal Impact:

Costs related to the measure are indeterminate at this time - See explanatory analysis.

Analysis:

SB 5 with the -3 amendment allows student athletes at post-secondary education institutions, not including community colleges, to earn compensation for the use of their Name, Image, or Likeness (NIL) and allow them to contract with a professional athlete agent. The measure prohibits students athletes from entering into contracts for use of name, image or likeness that conflicts with team rules or contract between post-secondary institution of education and third party, except that team rules and contract between post-secondary institution of education and third party may not prevent student from earning compensation for use of name, image or likeness when not engaged in official team activities. The measure prohibits student athletes from retaining professional representative or athlete agent who represented post-secondary institution of education at any time in preceding four years. The measure requires merchandising agreement that covers intercollegiate sports team that includes royalty payments to also 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.

The -3 amendment adjusts the definition of “post-secondary institution,” specifies that “athletic association, conference or organization with authority over intercollegiate sports” includes the National Collegiate Athletic Association and removes references to social medial. The -3 amendment does not change the original fiscal determination.

Higher Education Coordinating Commission (HECC) - Public Universities

The public universities predict that if this measure becomes law, public universities will incur an estimated \$2,510,00 in staffing and consulting costs per biennium. These costs include legal counsel and compliance officers to review and manage contracts. In addition, universities anticipate revenue loss associated with providing payments to student athletes either in the form of direct payments or in smaller contracts with vendors who would cite the payments as reasons for smaller contracts. This revenue loss cannot be quantified at this time. Furthermore, should the NCAA determine that athletes and teams are not eligible to participate in post-season competition as a result of NIL or royalty payments, public universities predict there would be a significant loss in TV, licensing, and other lost revenue.

Oregon Department of Education (ODE)

Passage of this measure is anticipated to have minimal fiscal impact on ODE. With passage of the measure, the number of athlete agent applications submitted to and processed by the Pupil Transportation and Fingerprinting Unit could increase if the changes proposed in the measure result in a greater amount of students interested in representation by an agent, as well as agents and agencies interested in potentially increased revenue through their representation services. ODE anticipates using existing staff and resources to absorb this potential increase in workload.