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BILL ANALYSIS



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House Bill 4844 (Substitute H-1 as passed by the House)
Sponsor: Representative Angela Witwer
House Committee: Higher Education
Senate Committee: Oversight

Date Completed: 3-5-24

CONTENT

The bill would amend the Compensation of College Athletes Act to do the following:

- Prohibit a postsecondary educational institution, athletic association, conference, or other group or organization with authority over intercollegiate athletics from preventing a student athlete from earning compensation from a third-party based on the athlete's name, image, or likeness rights.**
- Require a student who entered a contract worth \$1,000 or more to disclose such to the institution the student attended.**
- Allow a postsecondary institution or employee of that institution to identify or assist with opportunities for a student to earn third-party compensation for name, image, or likeness rights under certain conditions.**
- Require postsecondary institutions to provide student athletes financial literacy, management, and marketing information, at no cost to the athletes.**

Currently, a postsecondary educational institution, athletic association, conference, or other group or organization with authority over intercollegiate athletics are prohibited from providing student athletes compensation for the athlete's name, image, or likeness and are prohibited from preventing a student from obtaining professional representation regarding compensation opportunities. Under the bill, an entity described above also could not prevent a student athlete from earning compensation from a third party because of the student athlete's name, image, or likeness rights, so long as the student athlete's contract with the third party did not require the student athlete to advertise for a sponsor in person during official, mandatory team activities. "Compensation" would include food, shelter, medical expenses, and insurance.

A team contract of a postsecondary educational institution's athletic program must not prevent a student from receiving compensation for the student athlete's name, image, or likeness for commercial purposes when the athlete is not engaged in official activities. The bill specifies that this provision would include when the student athlete was participating in or being part of an advertisement that was created while not engaged in official team activities that could otherwise be broadcasted, displayed, or disseminated at any time.

Under the Act, a student who intends to enter a verbal or written opportunity or contract that would provide compensation for the athlete's name, image, or likeness must disclose the opportunity or contract to a designated official of the institution for review at least seven days before committing to that opportunity or contract. Under the bill, this provision only would apply to a student who intended to enter a verbal or written contract or opportunity worth \$1,000 or more. Additionally, the bill would modify the notification time frame to specify that the notification would have to occur within the manner and time prescribed by the student athlete's institution.

The bill would specify that a postsecondary educational institution or any officer, director, or employee of the institution, including a coach, a member of a coaching staff, or any individual associated with the institution's athletic department, could identify or otherwise assist with opportunities for a student athlete to earn compensation from a third party for use of the student athlete's name, image, or likeness rights, provided that the institution or individual did not do any of the following:

- Serve as the student athlete's agent.
- Receive compensation from the student athlete or a third party for facilitating or enabling those opportunities.
- Attempt to influence the student athlete's choice of professional representation related to those opportunities.
- Attempt to reduce the student athlete's opportunities from competing third parties.
- Attend any meeting at which a contract for compensation for use of the student athlete's name, image, or likeness rights was negotiated or completed between the student athlete and a third party.

Additionally, a postsecondary educational institution that was not a public community college would have to provide its student athletes, at no cost to them, financial literacy, brand management, and entrepreneurship programming, and would have to include information concerning debt management, contract law, and sports marketing.

A postsecondary educational institution that was a public community college would have to, on the request of a student athlete, provide the student athlete, at no cost to the student athlete, with information concerning debt management, contract law, and sports marketing.

"Public community college" would mean a public community or junior college established under Section 7 of Article VIII of the State Constitution of 1963 or Part 25 (Community Colleges Operated by School Districts) of the Revised School Code.

MCL 390.1733 et al.

Legislative Analyst: Eleni Lionas

FISCAL IMPACT

The bill would have an indeterminate but negative fiscal impact on public universities and community colleges. The bill would require universities to offer student athletes financial literacy, brand management, entrepreneurship, debt management, contract law, and sports marketing programming at no cost to the student athlete. Community colleges also would be required to offer information on debt management, contract law, and sports marketing to student athletes as well. These requirements for community colleges and universities would cost the institutions some indeterminate amount. This amount could vary considerably from institution to institution, depending on the type, quality, and rigor of programming offered to student athletes. For instance, programming in the form of online modules would likely be significantly less expensive than live classes or workshops taught by either faculty or other industry professionals; either type of programming delivery, and likely others, would be allowable under the bill.

Fiscal Analyst: Josh Sefton

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.