

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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SENATE BILL 324

Short Title: Student-Athlete Compensation/Study. (Public)

Sponsors: Senators Lowe, Murdock, and Nickel (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 22, 2021

A BILL TO BE ENTITLED
AN ACT TO PERMIT A STUDENT-ATHLETE TO RECEIVE COMPENSATION FOR THE
USE OF HIS OR HER NAME, IMAGE, AND LIKENESS IN RELATION TO AN
ATHLETIC PROGRAM AND TO PROHIBIT CERTAIN CONDUCT IN RESPONSE TO
A STUDENT-ATHLETE RECEIVING COMPENSATION OR REPRESENTATION
FROM AN AGENT AND TO ESTABLISH THE STUDY COMMITTEE ON
STUDENT-ATHLETE COMPENSATION.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 116 of the General Statutes is amended by adding a new
Article to read:

"Article 38.

"Student-Athlete Compensation.

"§ 116-400. Findings.

The General Assembly finds that every student-athlete enrolled at an institution of higher education that has an athletic program should have an opportunity to (i) be compensated for the use of his or her name, image, and likeness in relation to an athletic program and (ii) hire an athlete agent or licensed attorney to represent the student-athlete's interests in participating in an athletic program. The General Assembly also finds that protecting student-athletes so that they are not compelled to forfeit this opportunity to be eligible to participate in intercollegiate athletic competitions vitally affects the public interest.

"§ 116-401. Definitions.

The following definitions apply in this Article:

- (1) Athletic program. – A sport program played at the collegiate level for which eligibility requirements for participation by a student-athlete are established by a national association for the promotion or regulation of intercollegiate athletics.
- (2) Institution of higher education. – A constituent institution of The University of North Carolina or a private college or university located in North Carolina.
- (3) Student-athlete. – A student enrolled at an institution of higher education who participates in an athletic program at that institution.

"§ 116-402. Permissible activities for student-athletes; prohibited conduct by other persons.

(a) Except as otherwise provided in subsection (b) of this section, a student-athlete may receive compensation for the use of the student-athlete's name, image, or likeness related to an athletic program at an institution of higher education. The student-athlete may also enter into an agreement to be represented by an athlete agent or licensed attorney in accordance with Article



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9 of Chapter 78C of the General Statutes and applicable federal law, including the Sports Agent Responsibility and Trust Act, 15 U.S.C. §§ 7801-7807.

(b) An institution of higher education or an athletic association, conference, or other group or organization with authority over intercollegiate athletics shall not provide a prospective student-athlete with compensation in relation to the student-athlete's name, image, or likeness. A scholarship from an institution of higher education in which a student is enrolled shall not be considered compensation for the purposes of this section.

(c) No institution of higher education or an athletic association, conference, or other group or organization with authority over intercollegiate athletics, including the National Collegiate Athletic Association, shall engage in any of the following conduct in response to the activities of a student-athlete that are authorized under subsection (a) of this section:

- (1) Adopt or uphold any rule, requirement, standard, or other limitation that prevents the student-athlete from participating in intercollegiate athletics.
- (2) Prohibit or suspend the student-athlete from competing in an intercollegiate athletic competition or otherwise imposing a penalty on the student-athlete, including making the student ineligible for a scholarship.
- (3) Prohibit or suspend an institution of higher education's athletic team from competing in an intercollegiate athletic competition or otherwise imposing a penalty on the institution.
- (4) Request or require an institution of higher education to prohibit or otherwise limit the student-athlete's ability to engage in the activities authorized by subsection (a) of this section in order for the institution's students or athletic teams to be eligible, or remain eligible, to participate in an intercollegiate athletic competition.

"§ 116-403. Student-athlete contract for compensation.

(a) A student-athlete entering into a contract to receive compensation for the use of the student-athlete's name, image, or likeness related to an athletic program at an institution of higher education, as permitted under G.S. 116-402, shall do all of the following:

- (1) Ensure the contract terms (i) do not conflict with a provision of the student-athlete's team contract and (ii) provide for modification of the contract if a conflict is identified by an institution of higher education pursuant to subsection (b) of this section.
- (2) Disclose the contract to a designated official for the institution of higher education.

(b) An institution of higher education shall disclose to the student-athlete or the athlete's representation any conflict identified by the institution between the team contract and the student-athlete's contract for compensation under this section.

(c) A team contract of an institution of higher education's athletic program shall not prevent a student-athlete from using the athlete's name, image, or likeness for a commercial purpose when the athlete is not engaged in official team activities."

SECTION 2. G.S. 78C-94(c) reads as rewritten:

"(c) An agency contract must contain, in close proximity to the signature of the student-athlete, a conspicuous notice in boldface type in capital letters stating:

WARNING TO STUDENT-ATHLETE

IF YOU SIGN THIS CONTRACT:

(1) ~~YOU SHALL LOSE YOUR ELIGIBILITY TO COMPETE AS A STUDENT-ATHLETE IN YOUR SPORT;~~

(2) IF YOU HAVE AN ATHLETIC DIRECTOR, WITHIN 72 HOURS AFTER ENTERING INTO THIS CONTRACT, BOTH YOU AND YOUR ATHLETE AGENT MUST NOTIFY YOUR ATHLETIC ~~DIRECTOR;~~DIRECTOR.

1 (3) **YOU WAIVE YOUR ATTORNEY-CLIENT PRIVILEGE WITH RESPECT**
2 **TO THIS CONTRACT AND CERTAIN INFORMATION RELATED TO IT; AND IT.**

3 (4) **YOU MAY CANCEL THIS CONTRACT WITHIN 14 DAYS AFTER**
4 **SIGNING IT. CANCELLATION OF THIS CONTRACT SHALL NOT REINSTATE**
5 **YOUR ELIGIBILITY."**

6 **SECTION 3.** G.S. 78C-98(b)(6) is repealed.

7 **SECTION 4.(a)** Establishment. – The North Carolina Study Committee on
8 Student-Athlete Compensation (Committee) is established.

9 **SECTION 4.(b)** Membership. – The Study Committee shall be composed of 18
10 members as follows:

11 (1) Nine members appointed by the President Pro Tempore of the Senate as
12 follows:

- 13 a. Four persons who are members of the Senate at the time of
- 14 appointment, at least two of whom represent the minority party.
- 15 b. A parent of a student-athlete.
- 16 c. A student-athlete.
- 17 d. An athletic coach of an institution of higher education.
- 18 e. A representative from the Department of Labor.
- 19 f. A representative from The University of North Carolina System
- 20 Office.

21 (2) Nine members appointed by the Speaker of the House of Representatives as
22 follows:

- 23 a. Four persons who are members of the House of Representatives at the
- 24 time of appointment, at least two of whom represent the minority
- 25 party.
- 26 b. A student-athlete.
- 27 c. A student-athlete agent or attorney representing student-athletes.
- 28 d. A representative from an athletic association.
- 29 e. A representative from the North Carolina Independent Colleges and
- 30 Universities.
- 31 f. A representative from the Secretary of State's Office.

32 The Committee shall have two cochairs, one designated by the President Pro Tempore
33 of the Senate and one designated by the Speaker of the House of Representatives, from among
34 the legislative member appointees. The Committee shall meet upon the call of the cochairs.
35 Vacancies shall be filled by the appointing authority. A quorum of the Committee shall be a
36 majority of the members.

37 **SECTION 4.(c)** Duties. – The Committee shall study and make recommendations
38 on ensuring implementation of a fair and equitable system of compensation for student-athletes
39 in North Carolina. In developing recommendations, the Committee shall consider at least the
40 following factors:

- 41 (1) How every student-athlete enrolled at an institution of higher education that
- 42 has an athletic program should have an opportunity to (i) be compensated for
- 43 the use of his or her name, image, and likeness in relation to an athletic
- 44 program and (ii) hire an athlete agent or licensed attorney to represent the
- 45 student-athlete's interests in participating in an athletic program.
- 46 (2) Whether receiving compensation will impact eligibility for scholarships or
- 47 other financial assistance for student-athletes.
- 48 (3) Whether further modifications may be required to State law to permit
- 49 student-athletes to receive compensation.
- 50 (4) Whether there continues to be significant limitations related to rules of athletic
- 51 associations, conferences, or other groups or organizations with authority over

intercollegiate athletics, including the National Collegiate Athletic Association, on student-athletes receiving compensation and potential solutions to existing obstacles for student-athletes receiving compensation in North Carolina.

- (5) Whether any limitations on student-athlete compensation exist in relation to team contracts and if any other guidelines should be imposed on permitting student-athletes to receive compensation.

SECTION 4.(d) Compensation; Administration. – Members of the Committee shall receive subsistence and travel allowances at the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate. With the prior approval of the Legislative Services Commission, the Legislative Services Officer shall assign professional and clerical staff to assist in the work of the Committee. With the prior approval of the Legislative Services Commission, the Committee may hold its meetings in the State Legislative Building or the Legislative Office Building. The Committee may also meet at various locations around the State in order to promote greater public participation in its deliberations. The Committee, while in the discharge of its official duties, may exercise all the powers provided under the provisions of G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4, including the power to request all officers, agents, agencies, and departments of the State to provide any information, data, or documents within their possession, ascertainable from their records or otherwise available to them, and the power to subpoena witnesses.

SECTION 4.(e) Report. – The Committee shall report its findings and recommendations to the 2021 General Assembly by May 15, 2022. The Committee shall terminate May 15, 2022, or upon the filing of its final report, whichever occurs first.

SECTION 5. Sections 1 through 3 of this act become effective January 1, 2024, and apply to contracts entered into on or after that date. The remainder of this act is effective when it becomes law.