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FISCAL IMPACT REPORT

SPONSOR Balderas DATE TYPED 2/3/05 HB 385

SHORT TITLE Uniform Athlete Agents Act SB _____

ANALYST Wilson

APPROPRIATION

| Appropriation Contained | | Estimated Additional Impact | | Recurring or Non-Rec | Fund Affected |
|-------------------------|------|-----------------------------|---------------|----------------------|---------------|
| FY05 | FY06 | FY05 | FY06 | | |
| | | | See Narrative | | |

SOURCES OF INFORMATION

LFC Files

Responses Received From
Attorney General's Office (AGO)

SUMMARY

Synopsis of Bill

House Bill 385 bill adopts and enacts the "Uniform Athletes Agent Act" which was drafted by the National Conference of Commissioners on Uniform State Laws. The bill regulates agreements between agents and student athletes for representation during negotiation of endorsement or professional sports contracts. The bill applies to agreements with students eligible to participate in intercollegiate sports. The bill requires registration with the Secretary of State in most cases before a person may act as an athlete agent or represent him self as such. The bill provides criteria for registration and revocation and suspension of registration. The bill also regulates contracts between students and their agents, and requires certain contractual provisions regarding compensation, expenses, and services. The bill provides for notice to the athletic director and school in which the student athlete is enrolled after he or she enters into an agency contract with an athlete agent.

The bill prohibits certain acts by the agent, including furnishing anything of value to the student before the agency contract is signed or make false or misleading promises to the student. The bill imposes both criminal and civil penalties for violations, and grants educational institutions the right to sue agents and former student athletes for damages related to disqualification, penalization and suspension as a result of conduct by the student athlete or agent.

Significant Issues

According to the prefatory note to the Uniform Act, “the practices of a minority of agents or would-be agents in obtaining the right to represent athletes who may produce substantial fees for their agents have caused serious problems for student-athletes and educational institutions. The tactics of this minority include secret payments or gifts to the athlete, undisclosed payments or gifts to friends and relatives who may be in a position to influence the athlete, unrealistic promises and considerable arm-twisting. Athletes may lose eligibility and may damage promising professional careers. Universities and colleges are sanctioned. The sanctions can be very severe and may include loss of, or liability to return, substantial revenues for participation in post-season events. Frequently, the non-monetary sanctions have long-term, adverse effects on athletic programs. The reputations of respected educational institutions are tarnished and there is a severe disruption in the activities of those responsible for administration of the institutions.”

Many states have adopted the Uniform Athletes Agent Act or similar acts.

The AGO suggests consideration could be given to placing responsibility for enforcing the Act with the Regulation and Licensing Department instead of the Secretary of State.

FISCAL IMPLICATIONS

Penalties may be imposed for violations of the provisions of this bill.

ADMINISTRATIVE IMPLICATIONS

The Secretary of State will be required to enforce the provisions of the new act.

DW/lg