

HOUSE BILL REPORT

SB 6457

As Reported by House Committee On:

Commerce & Labor

Title: An act relating to athlete agents.

Brief Description: Adopting the uniform athlete agents act.

Sponsors: Senators Carlson and Jacobsen.

Brief History:

Committee Activity:

Commerce & Labor: 2/20/02, 2/21/02 [DPA].

Brief Summary of Bill (As Amended by House Committee)

- Requires athlete agents to disclose certain specific information to student athletes and to educational institutions.
- Specifies the contents of an agent-student contract, including a written warning the student may lose eligibility for participation in college sports.
- Provides criminal penalties and civil remedies for violations.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass as amended. Signed by 7 members: Representatives Conway, Chair; Wood, Vice Chair; Clements, Ranking Minority Member; Chandler, Kenney, Lysen and McMorris.

Staff: Sydney Forrester (786-7120).

Background:

During the period 1991-1999 the Department of Licensing regulated athlete agents. Over the course of the program administration, few complaints were registered. The maximum number of registrants at any time was approximately 25. In 1999 the statute was repealed by executive-request legislation to eliminate certain boards, commissions, and programs. During the 2001 session, SB 5479 proposed the reenactment of an athlete

agent registration program. That bill was not heard in the House.

Summary of Amended Bill:

Athlete agents are required to provide a disclosure form to student athletes on the day of initiating contact with a student, or within seven days if the contact is initiated by the student. The disclosure form must be signed by the agent under penalty of perjury and include current and background information about the agent and his/her employer, if applicable. If an athlete agent has been registered or licensed in another state within the six months previous to contact with a student, and the information required for registration or licensure by that state is substantially similar to that required in Washington, the agent may substitute the other state's application form and valid certificate of registration or licensure in lieu of the disclosure form.

A contract between a student and an agent must state the method of calculating the agent's compensation, including any consideration the agent will receive from a source other than the student; the names of all persons who will be compensated under the contract; a description of fees for which the student is responsible; a description of services the agent will provide; the duration of the contract and date of execution; a warning that the student may lose eligibility to compete in college athletics, along with the corresponding duty of both student and agent to notify the college athletic director prior to and after signing any agency contract; and notice of the student's cancellation rights. A contract that does not conform to these requirements is voidable by the student. A student may cancel an agency contract within 14 days and is not required to pay any compensation under the contract or to return any consideration received as an inducement to sign the contract.

Both the agent and student are required to notify the athletic director at the educational institution where the student is enrolled or is preparing to enroll at least 72 hours prior to, and 72 hours after signing an agent-student contract. Notice must include a copy of the disclosure form.

Agents are required to retain for five years a record of the individuals represented by the agent, copies of all contracts into which the agent has entered, and an accounting of all costs incurred to recruit and solicit student athletes. An agent may not provide a student anything of value before the student signs an agency contract, and may not provide anything of value at any time to anyone other than the student or another athlete agent.

Violation by an agent of the provisions governing disclosure, contracting, and record keeping constitute a class C felony punishable by a fine of up to \$10,000, or up to five years in prison, or both. In addition, the court may impose a civil fine of up to \$10,000.

An educational institution may file a claim against the agent for damages caused by an

agent's violation. Damages include losses and expenses incurred because the institution was injured by a violation, or was penalized, disqualified, or suspended by a national athletic association, or was injured as a result of the institution's self-imposed disciplinary action taken to mitigate sanctions imposed by an association. The court may award the prevailing party costs and reasonable attorney fees.

Amended Bill Compared to Original Bill:

The duty of both the student and the agent to provide notice to the educational institution of the existence of an agency contract at least 72 hours prior to signing a contract is clarified.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Amended Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: The issue of athlete agents is not new. There are significant consequences for students and families who may be affected by an unscrupulous athlete agent. The bill reflects a uniform application of rules that apply to athlete agents elsewhere. The regulation and licensing provisions in previous bills is removed to keep costs down. This bill provides a means to document the relationship between an agent and a student athlete. The economic impact to higher education institutions is significant. This allows time for an institution to talk with a student, creates a deterrent to illegal conduct, and provides a remedy for willful violations. This gives greater protection to student athletes by ensuring that students have an opportunity to know the full potential consequences of dealing with athlete agents.

Testimony Against: None.

Testified: (In support) Senator Carlson, prime sponsor; and Jane Yung Dennie, Washington State University.

(In support with amendments) Judge Marlin Appelwick, Uniform Law Commission.