
OLR Bill Analysis

sHB 6446

AN ACT CONCERNING STUDENT ATHLETE COMPENSATION THROUGH ENDORSEMENT CONTRACTS AND REVENUE SHARING AGREEMENTS.

SUMMARY

This bill:

1. allows student athletes to receive compensation through endorsement contracts for use of their person, name, image, or likeness (NIL) or employment unrelated to an intercollegiate athletic program, and obtain representation, once they have agreed to attend the school and participate in school sports, instead of only once they are enrolled and participating; and
2. authorizes a higher education institution, or an entity acting on its behalf, to compensate a student athlete through an endorsement contract or a revenue sharing agreement under a policy adopted by the institution.

The bill makes a number of related changes, makes technical changes, and deletes obsolete provisions.

EFFECTIVE DATE: Upon passage

STUDENT ATHLETES

The bill expands the time frame during which student athletes can receive compensation through endorsement contracts or employment unrelated to an intercollegiate athletic program and obtain legal or professional representation. Currently, student athletes must be enrolled in a higher education institution and participate in an intercollegiate athletic program to do these things. The bill instead requires the student to attend or agree to attend the higher education institution and participate or agree to participate in an intercollegiate

athletic program.

COMPENSATION BY INSTITUTIONS

The bill removes a prohibition on student athletes receiving NIL compensation as an inducement to attend, enroll in, or continue attending a specific higher education institution or intercollegiate athletic program. Instead, it allows a student athlete (including one who has agreed to attend an institution) to earn compensation through an endorsement contract or revenue sharing agreement directly with an institution or an entity acting on its behalf if the (1) institution has a policy allowing it and (2) student follows the policy.

Under the bill, a “revenue sharing agreement” is an agreement between an institution, or an entity acting on its behalf, and a student athlete that allows the student to share a portion of the institution’s revenue as compensation.

The bill prohibits institutions from using any state funds appropriated to it for this type of compensation. But it also allows an institution, or an entity acting on its behalf, to create, negotiate, assist, or enable opportunities for a student or prospective student to earn NIL or other compensation related to participation in an intercollegiate athletic program.

Annual Reports

The bill requires public higher education institutions that enter revenue sharing agreements with student athletes to annually report, beginning by January 1, 2026, to the Higher Education and Employment Advancement Committee on the (1) amount of total revenue used to compensate student athletes and (2) total number of student athletes compensated.

INSTITUTION POLICIES

The bill applies the policies that institutions must adopt regarding student athlete endorsement contracts and employment to the expanded group of student athletes eligible to enter these agreements under the bill and endorsement contracts with institutions. These

policies must (1) require student athletes to disclose these agreements and any representation agreements to their institution, (2) prohibit agreements that conflict with an institution's agreements, (3) prohibit endorsement contracts and employment that interferes with official team activities and academic obligations, and (4) identify prohibited endorsements.

DISCLOSURE OF AGREEMENTS

The bill expands, to include records of compensation under a revenue sharing agreement, the current prohibition on public higher education institutions disclosing records of student athlete compensation under the Freedom of Information Act unless the student consents in writing.

OTHER PROVISIONS

Existing law provides that institutions, athletic associations (including the National Collegiate Athletic Association (NCAA)), and athletic conferences are not required to compensate student athletes for NIL. The bill adds that they are not required to enter into revenue sharing agreements with student athletes.

Existing law also provides that scholarships from an institution are not compensation, and the bill adds that other financial aid is not compensation.

The bill applies various other provisions from existing law to the expanded agreements that student athletes may enter under the bill. Among other things, these provisions provide that:

1. student athletes and others are not required to compensate an institution, association, or conference for a student athlete's endorsement contract or employment activity entered into under these provisions;
2. student athletes are not employees of an institution;
3. institutions are not required to take actions that violate the federal Discrimination Based on Sex and Blindness Act;

4. student athletes are not prohibited from employment activities involving coaching or playing a sport that are unrelated to any intercollegiate athletic program;
5. institutions can use an athlete's NIL for official team activities;
6. institutions are not required to allow student athletes to use institutional marks (such as logos); and
7. an association or conference cannot, on the basis of these agreements, (a) prevent an institution or athletic program from participating in intercollegiate sports, (b) restrict or revoke a student athlete's eligibility to participate in intercollegiate athletics, or (c) prevent a student athlete from earning compensation from these agreements or having legal or agent representation.

The bill additionally prohibits an association or conference from acting on a complaint, opening an investigation, or taking adverse action against an institution, an entity acting on its behalf, an institution employee, or a student athlete because of action permitted by the provisions on student athlete compensation.

BACKGROUND

Student Athlete Endorsement Contracts

By law, an endorsement contract is a written agreement to employ a student athlete or compensate a student athlete for the use of the athlete's person, name, image, or likeness by another party to promote a product, service, or event.

Potential Lawsuit Settlements

Last year, two lawsuits against the NCAA and five athletic conferences (which do not involve any Connecticut higher education institutions) reached potential settlements (*In re: College Athlete NIL Litigation*, Case No. 4:20-cv-03919-CW (N.D. Cal.); *Hubbard v. NCAA*, Case No. 4:23-cv-01593 (N.D. Cal.)). The proposed settlements would result in, among other things, changes to NCAA rules governing student athletes; current and certain former student athletes receiving

compensation; and creation of a revenue sharing system that permits institutions to compensate student athletes in the future. A court hearing to consider final approval of the settlements is currently set for April 7, 2025.

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 16 Nay 1 (02/04/2025)