

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 22, 2010
POSITION: Neutral, note concerns
SPONSOR: California Commission on Uniform State Laws

BILL NUMBER: SB 1098
AUTHOR: E. Corbett
RELATED BILLS: SB 694(Sher)-2001, SB 1652(Sher)-2002

BILL SUMMARY: Athlete Agents

This bill would repeal the Miller-Ayala Athlete Agents Act, which governs the conduct of athlete agents and would replace those provisions with the Uniform Athlete Agent Act (UAAA), promulgated by the National Conference of Commissioners on Uniform State Laws. This bill would require the Department of Industrial Relations (DIR) to develop and implement regulations associated with the UAAA, issue registration certificates, collect fees and administer the program. Further, this bill would provide for a start-up loan from the Labor Enforcement and Compliance Fund.

FISCAL SUMMARY

The DIR estimates startup costs of \$535,000 the first year and ongoing costs of \$500,000. These funds would support 1.0 Industrial Relations Representative and 1.0 Office Assistant (typing) for application review and approval, 1.0 Deputy Labor Commissioner I and 1.0 Industrial Relations Counsel I to conduct investigations, issue citations, prepare regulations and conduct administrative hearings, and 1.0 Associate Information Systems Analyst to add a new component to the Division of Labor Standards Enforcement case management system. The addition of staff and funding to DIR would be subject to review and approval through the annual budget process.

The bill includes provisions to establish fees in an amount sufficient to support the program. According to DIR, there are 403 Athlete Agents registered under current law with the Secretary of State at a cost of \$30 per registrant. The DIR also reports, based on the current number of registered Athlete Agents the costs per person to register would be \$1,780 in year one, \$1,250 in year two, and \$1,000 in year three for new registrants. However, under the UAAA, there would be reciprocity between states, when the athlete agent registers in multiple states. Thus, it is likely additional revenues would result from registering non-state resident athlete agents although the amount of additional revenues is unknown.

This bill would require the Director of the Department of Finance to authorize a loan to DIR from the Labor Enforcement and Compliance Fund for the start up costs of the new program. This loan is to be repaid by than July 1, 2014 by fees paid into the new fund.

COMMENTS

We note a concern that this bill would place activities under the auspices of the DIR, which is inconsistent with the DIR mission. DIR's mission concerns employer and employee issues. This bill addresses a contract relationship between an athlete and his or her agent and as such, is not an employer/employee relationship. This bill could establish a precedent expanding the mission of DIR.

(continued)

Analyst/Principal Date Assistant Program Budget Manager Date
(0250)

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

E. Corbett

June 22, 2010

SB 1098

COMMENTS (continued)

This bill is nearly identical to SB 694 of 2001 (Sher) and SB 1652 of 2002 (Sher), both of which were vetoed. SB 1652 was specifically vetoed due to the fiscal climate in 2002 and the difficulty in assuming new responsibilities. The main distinction between this bill and the prior bills is this bill provides for the program to be self-sustaining through the fees paid by the athlete agents.

Current law specifies activities of an athlete agent in representing student and professional athletes, provides definitions of an agent contract, athlete agent, and student athletes, requires an athlete agent file specific information with the Secretary of State, requires trust funds be established in specified instances, and allows for civil actions to recover damages resulting from a violation and makes void any contract failing to meet its requirements.

This bill would replace existing law regarding athlete agents with the UAAA, which is a product of the National Conference of Commissioner on Uniform State Laws, and is intended to bring uniformity to laws across the nation. The UAAA contains the rules of conduct, business practices and protections for professional athletes, student athletes and others, as specified. Additionally, the UAAA delineates conduct that would be subject to criminal and civil penalties, allows a court to suspend or revoke the registration of an agent, and provides for civil penalties not to exceed \$25,000 for violation of the UAAA.

This bill would establish the Athlete Agent Registration Fund and would require the Director of Finance to approve a General Fund Loan to DIR for startup costs to be repaid by the new fund by July 1, 2014. The author's office states that 40 states have adopted the standards of conduct for athlete agents contained in this measure.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)								Fund Code	
	LA	(Dollars in Thousands)									
	CO	PROP									
	RV	98	FC	2010-2011	FC	2011-2012	FC	2012-2013			
7350/DIR	SO	No		--	C	\$535		--		3152	
1999/Pend New Rev	RV	No		----- See Fiscal Summary -----							0499
<u>Fund Code</u>	<u>Title</u>										
0499	Pending New Special Funds										
3152	Labor Enforcement and Compliance Fund										