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| BILL ANALYSIS |

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| H.B. 126 |
| By: Tepper |
| Higher Education |
| Committee Report (Unamended) |

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| **BACKGROUND AND PURPOSE**  Over the past decade, several states, including Texas, have enacted laws that allow student athletes at institutions of higher education to earn compensation for their name, image, and likeness (NIL). However, the National Collegiate Athletic Association (NCAA) currently prohibits the use of NIL compensation in the recruitment of college athletes. Multiple states have sued the NCAA over this rule, and pending final court approval, the NCAA will abandon the rule and institutions of higher education will be allowed to enter into NIL agreements with prospective student athletes, as reported by the Associated Press. Institutions will likely also be able to enter into direct NIL agreements and share over $20 million of athletic revenue annually among student athletes. H.B. 126 seeks to reflect in state law these anticipated NIL changes by repealing and removing prohibitions against institutions of higher education entering into NIL agreements with and offering admission to prospective student athletes in exchange for their NIL and against a student athlete entering into a contract with an institution for the use of the student's NIL. |
| **CRIMINAL JUSTICE IMPACT**  It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision. |
| **RULEMAKING AUTHORITY**  It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution. |
| **ANALYSIS**  H.B. 126 amends the Education Code to remove the following prohibitions relating to the compensation and professional representation of prospective student athletes and student athletes participating in intercollegiate athletic programs at a general academic teaching institution or a private or independent institution of higher education:   * the prohibition against such an institution providing or soliciting a prospective student athlete of an intercollegiate athletic program at the institution with compensation in relation to the prospective student athlete's name, image, or likeness; and * the prohibition against a student athlete who is participating in an intercollegiate athletic program at such an institution, as applicable, entering into a contract for the use of the student athlete's name, image, or likeness if the compensation for that use is provided in exchange for accepting an offer of admission to attend the institution, by the institution, or in exchange for an act that occurs while the athlete is engaged in an official team activity.   H.B. 126 authorizes such an institution, a prospective student athlete, a student athlete participating in an intercollegiate athletic program at such an institution, or any other individual or entity, subject to the bill's provisions, to perform, allow the performance of, or participate in an action authorized or required by the following:   * a group or organization with authority over an intercollegiate athletic program at such an institution, including an athletic association or an athletic conference; or * a final court order applicable to such a group or organization.   That authorization applies only to the extent of a conflict between provisions relating to the compensation and professional representation of student athletes participating in intercollegiate athletic programs and a contract term, a rule, a regulation, a standard, or any other requirement of or court order applicable to a group or organization with authority over an intercollegiate athletic program at an applicable institution, including an athletic association or an athletic conference. The bill establishes that an institution's, individual's, or entity's performance or allowance of performance of or participation in an action authorized by the bill subjects that institution, individual, or entity to any applicable rule, including an enforcement provision, adopted by the group or organization with authority over an intercollegiate athletic program at an applicable institution, including an athletic association or an athletic conference.  H.B. 126 repeals provisions that prohibit an individual, corporate entity, or other organization from doing the following:   * entering into any arrangement with a prospective student athlete relating to the athlete's name, image, or likeness prior to their enrollment in an institution of higher education; or * using inducements of future name, image, and likeness compensation arrangement to recruit a prospective student athlete to any institution of higher education.   H.B. 126 repeals Sections 51.9246(g-1) and (j), Education Code.  H.B. 126 applies only to compensation for the use of a student athlete's name, image, or likeness paid on or after the bill's effective date. Compensation for the use of a student athlete's name, image, or likeness paid before the bill's effective date is governed by the law as it existed immediately before that date, and that law is continued in effect for that purpose. |
| **EFFECTIVE DATE**  On passage, or, if the bill does not receive the necessary vote, September 1, 2025. |