TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 2147 - SB 2511

February 8, 2014

SUMMARY OF BILL: Requires public education institutions that participate in NCAA Division I athletics or its successor organization to report the number of student-athletes who will graduate in the next fiscal year to the State Treasurer by March 1, 2015, and March 1 of each subsequent year. Requires each institution to remit one percent of its gross revenue from athletic ticket sales, merchandise, and broadcast licensing agreements to the Treasurer.

Funds remitted to the Treasurer shall be deposited into a new account called the Student Athletic Trust Fund (SATF). Monies in the SATF shall be invested by the Treasurer. Requires the Treasurer to calculate the amount of one-time payments to be made to the student athletes who graduate from a public institution by May 15, 2015, and May 15 of each subsequent year. Requires SATF payment amounts to be published on the Treasury's website. Requires the Treasurer to remit the SATF payments for student-athletes to each institution. Each institution shall remit a one-time payment to graduating student-athletes provided the student meets certain requirements.

No public institution shall be required to remit revenue to the State Treasury if compliance would result in an objectively measurable loss of revenue due to loss of membership in the NCAA or its successor organization if applicable, or loss of ability to compete in intercollegiate athletics for any other reason.

Requires the Tennessee Higher Education Commission (THEC) to direct representatives of the University of Tennessee (UT) and Tennessee Board of Regents (TBR) to request waivers or rule changes from the NCAA, or from any NCAA successor organization, that would prohibit institutions from complying with the actions envisioned in the bill. Requires THEC to report the NCAA's response to the General Assembly as soon as practicable. The effective date of the act is July 1, 2014.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – There will be a recurring decrease in funds available to the University of Tennessee athletic program estimated to exceed $539,400, and a recurring decrease in funds available to various athletic programs of Tennessee Board of Regents Institutions estimated to exceed $185,500. Additionally, there will be a recurring increase in revenue allocated to the newly-created Student Athletic Trust Fund (SATF) estimated to exceed $724,900. Expenditures from the SATF are dependent upon several unknown

factors such as the extent of interest earnings and the extent of qualifying graduating student-athletes; however, the recurring expenditures from the SATF are reasonably estimated to exceed $500,000, up to the maximum amount of funding available in the SATF in any given fiscal year.

Assumptions:

- According to TBR, the total athletic revenue generated from ticket sales, merchandise, and broadcast licensing in FY10-11 was $18,546,051.
- A total of one percent or $185,461 ($18,546,051 x 1.0%) would have been remitted to the SATF under the provisions of this bill.
- According to UT, the total athletic revenue generated from ticket sales, merchandise, and broadcast licensing in FY10-11 was $53,940,245.
- A total of one percent or $539,402 ($53,940,245 x 1.0%) would have been remitted to the SATF under the provisions of this bill.
- It is reasonably estimated that athletic revenue has increased since FY10-11. As a result, the total amount that will be remitted to the SATF in FY14-15 and subsequent fiscal years is reasonably estimated to exceed $724,863 ($185,461+ $539,402).
- The extent of subsequent expenditures from the SATF is dependent on several unknown factors such as the extent of interest earnings on the fund and the extent of qualifying graduating student-athletes; however, the recurring expenditures from the SATF is reasonably estimated to exceed $500,000, up to the maximum amount of funding available in the SATF in any given year.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Lucian D. Geise, Executive Director

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