

CHAPTER 318

S.B. No. 651

AN ACT

relating to the relationship between a sales representative and the representative's principal.

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. Chapter 35, Business & Commerce Code, is amended by adding Subchapter G to read as follows:

*SUBCHAPTER G. SALES REPRESENTATIVES*

*Sec. 35.81. DEFINITIONS. In this subchapter:*

(1) "Commission" means compensation paid a sales representative by a principal in an amount based on a percentage of the dollar amount of certain orders for or sales of the principal's product.

(2) "Principal" means a person who:

- (A) does not have a permanent or fixed place of business in this state;
- (B) manufactures, produces, imports, or distributes a product for sale to customers who purchase the product for resale;
- (C) uses a sales representative to solicit orders for the product; and
- (D) compensates the sales representative in whole or in part by commission.

(3) "Sales representative" means a person who solicits on behalf of a principal orders for the purchase at wholesale of the principal's product.

*Sec. 35.82. CONTRACT. A contract between a principal and a sales representative under which the sales representative is to solicit wholesale orders within this state must be in writing and set forth the method by which the sales representative's commission is to be computed and paid. The principal shall provide the sales representative with a copy of the contract. A provision in the contract establishing venue for an action arising under the contract in a state other than this state is void.*

*Sec. 35.83. PAYMENT IN ABSENCE OF CONTRACT. If a compensation agreement between a sales representative and a principal that is not in writing is terminated, the principal shall pay all commissions due the sales representative within thirty working days after the date of the termination.*

*Sec. 35.84. DAMAGES. A principal who fails to comply with a provision of a contract under Section 35.82 relating to payment of a commission or fails to pay a commission as required by Section 35.83 is liable to the sales representative in a civil action for three times the damages sustained by the sales representative plus reasonable attorney's fees and costs.*

*Sec. 35.85. JURISDICTION. A principal who is not a resident of this state and who enters into a contract subject to this subchapter is considered to be doing business in this state for purposes of the exercise of personal jurisdiction over the principal.*

*Sec. 35.86. WAIVER. A provision of this subchapter may not be waived, whether by express waiver or by attempt to make a contract or agreement subject to the laws of another state. A waiver of a provision of this subchapter is void.*

SECTION 2. This Act takes effect September 1, 1987.

SECTION 3. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed the Senate on April 2, 1987, by the following vote: Yeas 31, Nays 0; May 15, 1987, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 20, 1987, House granted request of the Senate; May 31, 1987, Senate adopted Conference Committee Report by a viva-voce vote. Passed the House, with amendments, on May 14, 1987, by a non-record vote; May 20, 1987, House granted request of the Senate for appointment of Conference Committee; May 31, 1987, House adopted Conference Committee Report by a non-record vote.

Approved June 11, 1987.

Effective Sept. 1, 1987.