



General Assembly

January Session, 2003

Raised Bill No. 6590

LCO No. 3948

Referred to Committee on General Law

Introduced by:
(GL)

AN ACT CONCERNING THE PROTECTION OF SALES COMMISSIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2003*) This act shall be known
2 as the Commission Protection Act.

3 Sec. 2. (NEW) (*Effective October 1, 2003*) (a) As used in sections 2 to 8,
4 inclusive, of this act:

5 (1) "Commission" means compensation that accrues to a sales
6 representative, for payment by a principal, at a rate expressed as a
7 percentage of the dollar amount of sales, orders or profits.

8 (2) "Person" means an individual, corporation, limited liability
9 company, partnership, unincorporated association, estate, trust or
10 other entity.

11 (3) "Principal" means a person who: (A) Manufactures, produces,
12 imports, sells or distributes a product or service; (B) contracts with a
13 sales representative to solicit orders for the product or service; and (C)
14 compensates the sales representative, in whole or in part, by

15 commission.

16 (4) "Sales representative" means a person who: (A) Contracts with a
17 principal to solicit orders for products or services; and (B) is
18 compensated, in whole or in part, by commission. "Sales
19 representative" does not include an employee or person who places
20 orders or purchases on such person's own account or for resale.

21 (5) "Termination" means the end of a business relationship between
22 a sales representative and a principal, whether by agreement, by
23 expiration of time, or by exercise of a right of termination by either
24 party.

25 Sec. 3. (NEW) (*Effective October 1, 2003*) A business relationship
26 between a sales representative and a principal shall be in writing
27 signed by both parties.

28 Sec. 4. (NEW) (*Effective October 1, 2003*) (a) Upon termination, the
29 principal shall, not later than thirty days after the effective date of
30 termination, pay to the sales representative all commissions due under
31 the contract as of the effective date of termination and shall pay to the
32 sales representative all commissions that become due after the effective
33 date of termination not later than fourteen days after such
34 commissions become due.

35 (b) A principal who wilfully, wantonly, recklessly or in bad faith
36 fails to comply with subsection (a) of this section shall be liable, in a
37 civil action brought by the sales representative, for damages in an
38 amount not to exceed three times the sum of the commission owed to
39 the sales representative.

40 (c) If a principal receives a written demand for payment of the
41 commissions owed to a sales representative, the failure of the principal
42 to pay the amount demanded or respond to the written demand in
43 writing not later than twenty days after the principal receives the
44 demand shall raise a presumption that the principal acted wilfully and

45 in bad faith.

46 (d) The prevailing party in an action brought pursuant to this act
47 shall be awarded court costs and reasonable attorney’s fees.

48 Sec. 5. (NEW) (Effective October 1, 2003) A principal who contracts
49 with a sales representative to solicit orders for products or services in
50 this state shall be deemed to be transacting business in this state for the
51 purpose of jurisdiction of the courts of this state.

52 Sec. 6. (NEW) (Effective October 1, 2003) If a principal makes a
53 revocable offer of a commission to a sales representative, the sales
54 representative is entitled to the commission agreed upon if the
55 following conditions are met: (1) The principal revokes the offer of
56 commission and the sales representative establishes that the revocation
57 was for a purpose of avoiding payment of the commission; (2) the
58 revocation occurs after the principal has obtained a written order for
59 the principal’s product or service because of the efforts of the sales
60 representative; and (3) the principal’s product or service that is the
61 subject of the order is provided to and paid for by a customer.

62 Sec. 7. (NEW) (Effective October 1, 2003) A provision in a contract
63 between a sales representative and a principal that purports to waive a
64 provision of this act by an express waiver or by a contract subject to
65 the laws of another state is void.

66 Sec. 8. (NEW) (Effective October 1, 2003) The provisions of this act
67 shall be in addition to and not in lieu of any other remedy available at
68 law to a sales representative.

This act shall take effect as follows:	
Section 1	October 1, 2003
Sec. 2	October 1, 2003
Sec. 3	October 1, 2003
Sec. 4	October 1, 2003
Sec. 5	October 1, 2003

Sec. 6	<i>October 1, 2003</i>
Sec. 7	<i>October 1, 2003</i>
Sec. 8	<i>October 1, 2003</i>

GL *Joint Favorable*

JUD *Joint Favorable*