

FINAL BILL REPORT

SSB 6120

C 177 L 92

SYNOPSIS AS ENACTED

Brief Description: Regulating the relationship between a sales representative and the representative's principal.

SPONSORS: Senate Committee on Financial Institutions & Insurance (originally sponsored by Senators A. Smith and von Reichbauer)

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

HOUSE COMMITTEE ON COMMERCE & LABOR

BACKGROUND:

Some sales representatives solicit wholesale orders for manufacturers, producers, importers, or distributors, who are known as the principals. Many of these sales representatives are not employees of the principal and are not covered under current labor laws regulating the manner employees are to be compensated by their employers. Numerous sales representatives are paid on commission.

Reports indicate that principals are hesitant to enter into contracts outlining the methods for computing and paying commissions to sales representatives.

Sales representatives claim that they are often not paid the commission due to them in a timely fashion and sometimes are not ever paid the commission due. In such cases, a sales representative may bring a civil suit against the principal for breach of contract.

SUMMARY:

Requirements for the payment of wages and commissions to sales representatives are provided.

A contract established between a principal and a sales representative working on full or partial commission must be put in writing. The contract must contain a description of the methods by which the representative's commission is to be computed and paid. The sales representative must be given a copy of the contract. In the event a written contract is not established, any agreement between a sales representative and a principal is judged to incorporate the requirements.

A sales representative must be paid in accordance with the provisions of the contract but no later than 30 days after the principal receives payment for the goods sold by the sales representative.

In the event that a sales representative is terminated by the principal, all earned commissions must be paid within 30 days after the principal receives payment for the goods. Commissions not due at the time the contract is terminated must also be paid within this time period.

A sales representative must be paid at a usual place of payment, unless a specific request is made to have the wages and commissions sent through registered mail.

A principal who is not a resident of this state who enters into a contract with a sales representative is considered to be doing business in this state and is subject to court action in this state.

The new requirements may not be waived by express waiver or by attempting to establish a contract or agreement subject to the laws of another state.

VOTES ON FINAL PASSAGE:

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| Senate | 43 | 0 | |
| House | 96 | 0 | (House amended) |
| Senate | 46 | 0 | (Senate concurred) |

EFFECTIVE: June 11, 1992