

**TEXAS**  
**SALES REP. STATUTE**  
**BUSINESS AND COMMERCE CODE**  
**TITLE 4. BUSINESS OPPORTUNITIES AND AGREEMENTS**  
**CHAPTER 54. COMPENSATION AGREEMENTS FOR SALES**  
**REPRESENTATIVE**

**Sec. 54.001. DEFINITIONS. In this chapter:**

(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) manufactures, produces, imports, or distributes a product for sale;
- (B) uses a sales representative to solicit orders for the product; and
- (C) compensates the sales representative wholly or partly by

commission.

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

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. [2278](#)), Sec. 2.01, eff. April 1, 2009.

**Sec. 54.002. CONTRACT.**

(a) A contract between a principal and a sales representative under which the sales representative is to solicit wholesale orders within this state must:

- (1) be in writing or in a computer-based medium; and
- (2) state the method by which the sales representative's commission is to be

computed and paid.

(b) The principal shall provide the sales representative with a copy of the contract.

(c) A provision in the contract establishing venue for an action arising under the contract in a state other than this state is void.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. [2278](#)), Sec. 2.01, eff. April 1, 2009.

**Sec. 54.003. PAYMENT ON TERMINATION OF CERTAIN COMPENSATION AGREEMENTS.**

If a compensation agreement between a sales representative and a principal that does not comply with Section [54.002](#) is terminated, the principal shall pay all commissions due the sales representative not later than the 30th working day after the date of the termination.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. [2278](#)), Sec. 2.01, eff. April 1, 2009.

**Sec. 54.004. DAMAGES.**

A principal who fails to comply with a provision of a contract under Section [54.002](#) relating to payment of a commission or who fails to pay a commission as required by Section [54.003](#) is liable to the sales representative in a civil action for:

- (1) three times the unpaid commission due the sales representative; and
- (2) reasonable attorney's fees and costs.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. [2278](#)), Sec. 2.01, eff. April 1, 2009.

**Sec. 54.005. PERSONAL JURISDICTION.**

A principal who is not a resident of this state and who enters into a contract subject to this chapter is considered to be transacting business in this state for purposes of the exercise of personal jurisdiction over the principal.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. [2278](#)), Sec. 2.01, eff. April 1, 2009.

**Sec. 54.006. WAIVER.**

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

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. [2278](#)), Sec. 2.01, eff. April 1, 2009.

<https://statutes.capitol.texas.gov/Docs/BC/htm/BC.54.htm>

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