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State of Minnesota
HOUSE OF REPRESENTATIVES
NINETIETH SESSION

H. F. No. 1294

02/16/2017 Authored by Loonan, Hoppe, Scott, Halverson, Kresha and others
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act
1.2 relating to commerce; regulating the termination of sales representatives; amending
1.3 Minnesota Statutes 2016, section 325E.37, subdivision 1.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. Minnesota Statutes 2016, section 325E.37, subdivision 1, is amended to read:

1.6 Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the
1.7 meanings given them.

1.8 (b) "Good cause" means a material breach of one or more provisions of a written sales
1.9 representative agreement governing the relationship with the manufacturer, wholesaler,
1.10 assembler, or importer, or in absence of a written agreement, failure by the sales
1.11 representative to substantially comply with the material and reasonable requirements imposed
1.12 by the manufacturer, wholesaler, assembler, or importer. Good cause includes, but is not
1.13 limited to:

1.14 (1) the bankruptcy or insolvency of the sales representative;

1.15 (2) assignment for the benefit of creditors or similar disposition of the assets of the sales
1.16 representative's business;

1.17 (3) the voluntary abandonment of the business by the sales representative as determined
1.18 by a totality of the circumstances;

1.19 (4) conviction or a plea of guilty or no contest to a charge of violating any law relating
1.20 to the sales representative's business;

2.1 (5) any act of the sales representative which materially impairs the good will associated
2.2 with the manufacturer's, wholesaler's, assembler's, or importer's trademark, trade name,
2.3 service mark, logotype, or other commercial symbol; or

2.4 (6) failure to forward customer payments to the manufacturer, wholesaler, assembler,
2.5 or importer.

2.6 (c) "Person" means a natural person, but also includes a partnership, corporation, and
2.7 all other entities.

2.8 (d) "Sales representative" means a person who contracts with a principal to solicit
2.9 wholesale orders and who is compensated, in whole or in part, by commission.

2.10 Sales representative does not include a person who:

2.11 (1) is an employee of the principal;

2.12 (2) places orders or purchases for the person's own account for resale;

2.13 (3) holds the goods on a consignment basis for the principal's account for resale; or

2.14 (4) distributes, sells, or offers the goods, other than samples, to end users, ~~not for resale~~
2.15 at retail.

2.16 (e) "Sales representative agreement" means a contract or agreement, either express or
2.17 implied, whether oral or written, for a definite or indefinite period, between a sales
2.18 representative and another person or persons, whereby a sales representative is granted the
2.19 right to represent, sell, or offer for sale a manufacturer's, wholesaler's, assembler's, or
2.20 importer's goods by use of the latter's trade name, trademark, service mark, logotype,
2.21 advertising, or other commercial symbol or related characteristics, and in which there exists
2.22 a community of interest between the parties in the marketing of the goods at wholesale, by
2.23 lease, agreement, or otherwise.

2.24 (f) "Wholesale orders" means the solicitation of orders for goods by persons in the
2.25 distribution chain for ultimate sale at retail, and also includes material, component, or part
2.26 orders for use or incorporation into a product, and later resold.

2.27 **Sec. 2. EFFECTIVE DATE.**

2.28 This act is effective the day following final enactment.