



SCWA Legislative & Regulatory Update

August 19, 2024



Litigation Update: **Change in Overtime Pay Rules for Certain Employees**

Background: Under the FLSA, the white-collar exemption applies to certain executive, administrative, and professional employees who meet specific criteria, including being salaried and earning above a set threshold. Prior to the DOL's rule, the threshold was \$35,568 annually. Employees who met these criteria were exempt from overtime pay, meaning they did not receive time-and-a-half for hours worked beyond 40 per week. The DOL's final rule raised the minimum salary threshold to \$43,888 as of July 1. Starting Jan. 1, 2025, this threshold will increase to \$58,656, with subsequent updates every three years. This change expands overtime eligibility to millions of additional workers.

As of July 1, 2024, the U.S. Department of Labor (DOL) instituted a significant change affecting the Fair Labor Standards Act's (FLSA) overtime rules. The new overtime rule increases the minimum salary threshold for employees to qualify for the white-collar exemption from overtime pay requirements.

The new rule has generated mixed reactions. Proponents argue that it ensures fair pay for overtime work. Critics, including many business groups and the state of Texas, contend that the increased threshold will significantly raise payroll costs and lead to job cuts.

To address these concerns, the state of Texas sued the DOL and, in June, filed for a preliminary injunction against the rule, arguing that it would cause irreparable harm by increasing state payroll expenses and straining budgets. On June 28, 2024, a federal judge in Texas granted a preliminary injunction, halting the rule's implementation and enforcement against the state of Texas as an employer. Private sector employers and other states still remain subject to the new rule.

On August 1, 2024, an amicus brief supporting Texas's arguments was submitted by the attorney general of the state of Arkansas, which was joined by the attorneys general from: Alabama, Georgia, Idaho, Indiana, Iowa, Louisiana, Mississippi, Montana, Nebraska, Ohio, Oklahoma, South Carolina, and West Virginia.

We will continue to keep you apprised of the legal proceedings on this topic. The impact of these proceedings and the arguments being made in court could affect the remainder of the implementation of the rule on January 1, 2025.

Legislative Update: Corporate Transparency Act (CTA)

Congressman Zach Nunn (R-IA) introduced the Protect Small Businesses from Excessive Paperwork Act ([H.R. 9278](#)), legislation which would delay the CTA's reporting requirements by one year. The bill is also backed by Republican Rep. French Hill of Arkansas, as well as Democratic Reps. Sharice Davids of Kansas and Yadira Caraveo of Colorado.

When it comes to the CTA, Congressman Nunn has been a staunch advocate for the small business community. Last year he and Rep. Joyce Beatty introduced a [separate CTA delay bill](#) (H.R. 5119) which passed the House on a nearly-unanimous vote. That legislation is currently pending in the Senate and is being held up due to opposition from Banking Committee Chairman Sherrod Brown (D-OH). Senator Tim Scott (R-SC) has [introduced a companion bill](#) (S. 3625) which is also on hold.

Congressman Nunn also introduced the Small Business Red Tape Relief Act ([H.R. 7963](#)), which would require FinCEN to report the number of BOI filings it receives on a more regular basis, so it's clear he understands the burden the CTA places on American businesses and the urgent need to provide them with relief.

Also notable is the fact that two Democratic lawmakers are on board with the commonsense measure to delay the CTA's reporting requirements.

With an estimated 32.6 million entities – a figure that encompasses virtually every small business in the country – impacted by the CTA in 2024 alone, there is no denying this is a bipartisan issue.



Chuck Space - SCWA Executive Director
4600 Spicewood Springs Road
Suite 103
Austin, TX 78759
(512) 343-9023