



Texas Court Blocks New Federal Overtime Rules

by *H. Carlton Hilson*

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Employers across the country can now exhale. On Tuesday, November 22, 2016, a Texas federal court entered a nationwide injunction blocking the U.S. Department of Labor's ("DOL") new federal overtime rules from taking effect on December 1, 2016. The DOL's new overtime regulations, which were finalized in May 2016, would nearly double the minimum salary threshold requirements for the common white collar exemptions from \$23,660 (\$455/week) to \$47,476 (\$913/week). The DOL estimates that 4.2 million workers who are currently classified as exempt under the white collar exemptions would be affected by the new rules.

In September 2016, 21 states and dozens of business groups filed lawsuits seeking an immediate injunction to block the new rules from taking effect on December 1, 2016. U.S. District Judge Amos Mazzant ruled Tuesday that the states were able to show a likelihood of success on the merits of their challenge and irreparable harm if the new rules went into effect and that the DOL exceeded its authority by raising the minimum salary threshold. Judge Mazzant's ruling recognized that the DOL enjoys "significant leeway" to establish the types of job duties required for exemptions, but nothing in the FLSA permits the DOL to classify employees by salary levels. "Congress defined the [white collar] exemption with regard to duties, which does not include a minimum salary level," Judge Mazzant said. "With the final rule, the Department exceeds its delegated authority and ignores Congress's intent by raising the minimum salary level such that it supplants the duties test."

The legal battle over the federal overtime rules is far from over. There is little doubt this decision will be appealed to the United States Court of Appeals for the Fifth Circuit. At least for now, however, the new overtime rules will not go into effect. Employers are no longer required to meet the December 1, 2016 deadline. It is unlikely the nationwide injunction would be lifted before the Trump Administration takes office in January 2017, and it is unclear whether the new Administration will push for the new overtime rules to take effect or repeal them altogether.

We will continue to monitor these developments and any updates that follow.

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