

House Votes to Delay Overtime Rule; More Comprehensive Relief Needed

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The U.S. House of Representatives on Sept. 28 voted to delay the Department of Labor's (DOL) controversial overtime rule by six months. The Regulatory Relief for Small Businesses, Schools and Nonprofits Act (H.R. 6904) would push the effective date of the overtime rule from Dec. 1, 2016, to June 1, 2017.

This spring, the DOL issued a final rule that will double the current overtime salary limit from \$23,660 to \$47,476. The rule further stipulates that the salary threshold will be pegged to inflation and automatically adjusted every three years.

Though a six-month delay would be helpful as employers attempt to comply with the new regulation and absorb its impact, NAHB firmly believes that stronger legislative action is needed to reduce the harmful effects of this rule on the nation's small business community.

NAHB is member of a coalition of business groups known as the [Partnership to Protect Workplace Opportunity](#) (PPWO) to warn lawmakers that such a huge jump in the overtime threshold in such a short period of time could actually hurt a significant number of the workers the rule was meant to help. Many small business owners would be forced to scale back on pay and benefits, as well as cut workers' hours.

Since the issuance of the final regulation in May, NAHB has led the coalition's efforts to seek a better legislative solution. Specifically, NAHB is working to find a path forward for the Overtime Reform and Enhancement Act (H.R. 5813), legislation that would provide permanent reform to the Department of Labor's onerous rule by allowing small businesses operating on tight budgets sufficient time to adjust.

H.R. 5813 would provide a four-year phase-in of the \$47,476 salary threshold and eliminate a provision in the rule that requires automatic increases to the overtime salary threshold moving forward.

In a related development, Sen. Lamar Alexander (R-Tenn.), chairman of the Senate Committee on Health, Education, Labor and Pensions, today introduced the Overtime Reform and Review Act. Similar to House bill H.R. 5813, the legislation would gradually ramp up the overtime salary threshold and eliminate the three-year automatic update provision.

Barring passage of H.R. 5813 or the newly-introduced Senate bill, the PPWO supports congressional passage of H.R. 6904 as a temporary measure until

permanent relief can be achieved. However, it is unclear if the Senate will vote on H.R. 6904 before the overtime rule goes into effect.

With a Dec. 1 implementation deadline looming, there is little time left for Congress to act to stop or reform the rule. As NAHB works toward permanent relief from this burdensome rule, the association will continue to [provide its members with the tools they need](#) to comply with the new overtime requirements.

For more information, contact [Suzanne Beall](#) at 800-368-5242 x8407.