



Federal Court Issues Nationwide Preliminary Injunction Blocking DOL's Final Overtime Rule

A federal district court in Texas issued a nationwide preliminary injunction barring the U.S. Department of Labor (DOL) from enforcing its Final Rule implementing higher salary requirements to qualify for an overtime exemption. That Final Rule, which was scheduled to take effect on December 1, 2016, would more than double the minimum salary required for an employee to be eligible for executive, administrative, and professional classifications that are exempt from overtime under the federal Fair Labor Standards Act.

In *State of Nevada v. U.S. Department of Labor*, a case brought by 21 states, the court ruled that the DOL exceeded its authority and disregarded the intent of Congress by raising the threshold salary to such a level that it supplants the duties test for the exemptions. The court found that the plaintiffs demonstrated the likelihood of irreparable injury in the absence of a preliminary injunction, while the DOL was unable to demonstrate any harm likely to result from delaying the effective date of the Final Rule during the pendency of the case.

Although the Final Rule will not take effect on December 1 as scheduled, it is not permanently enjoined. The DOL is expected to challenge the decision, and the court will make a final determination on the validity of the rule, which then may be subject to appeal. However, the Final Rule may never take effect if the new administration arriving in January withdraws it.

In anticipation of the implementation of the Final Rule, many employers have already reclassified exempt employees as nonexempt or raised salaries, and they may find it unwise or difficult to undo such actions. Employers that have not yet come into compliance with the Final Rule might consider delaying implementation, but are encouraged to consult with counsel to discuss the impact of this recent development on their workforce.

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