

Court Strikes Down Overtime Rule

*From the desk of the Iowa Hotel & Lodging Association
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Earlier today, a federal court in Texas [struck down](#) the Department of Labor's 2024 Overtime Rule, preventing costly changes to salary thresholds that would have impacted restaurants nationwide with automatic increases afterward. The court found that DOL exceeded its authority by prioritizing salary over job duties, which contradicted the requirements of the Fair Labor Standards Act (FLSA). This ruling restores the minimum salary threshold to \$35,568 and the threshold for highly compensated employees to \$107,432, striking down both the July 1, 2024, increase and the planned January 1, 2025, increase.



The Iowa Hotel and Lodging Association's National Partners AAHOA and AHLA strongly opposed the rule estimating that the proposed rule would have cost the average hotel \$18K in the first six months collectively burdening the industry with hundreds of millions in additional expenses.

Key details:

- The court ruled that the 2024 rule's salary thresholds "effectively eliminate" consideration of whether an employee performs exempt duties, violating the FLSA
- Automatic updates to the salary threshold every three years were also invalidated for violating notice-and-comment rulemaking requirements of the Administrative Procedure Act (APA)
- The minimum salary threshold reverts to \$35,568/year (\$684/week), and the highly compensated employee threshold reverts to \$107,432/year

What's next:

- With just over two months left in the Biden administration, the DOL is unlikely to appeal the decision. Even if it did, a Trump administration, set to take office in January 2025, would likely drop the appeal. A Trump DOL could issue its own rulemaking to update the threshold—the \$684/week threshold was set under the first Trump term in 2019.

[CLICK HERE](#) to read the decision.