

## Federal Court Blocks New Overtime Rule

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On November 22, 2016, a federal judge in Texas issued a nationwide injunction preventing the U.S. Department of Labor (DOL) from implementing its new overtime rule. The rule – which would have raised the salary threshold below which employees must be paid overtime to \$47,476/year – was scheduled to go into effect on December 1, 2016. (The firm’s previous client alert on the rule can be **found here**.) As a result, unless an appellate court reverses the decision, the rule will not be implemented on December 1, and the rules now in place will continue to apply.

A group of states and businesses had filed suit in the U.S. District Court for the Eastern District of Texas challenging the new rule. They asked the court to issue an injunction preventing the rule from going into effect. To the surprise of many, the court granted the injunction, ruling that the salary threshold imposed by new rule violated the Fair Labor Standards Act.

President Obama’s DOL may challenge the ruling, but time may not be on their side because the incoming Trump administration may not wish to pursue such an appeal. Many Republicans in Congress have strongly opposed the new rule and some Trump advisors have also been critical.

The firm will continue to keep clients posted on news regarding the rule as it occurs.

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