

CLIENT ALERT: Federal Court Enjoins U.S. Department of Labor Overtime Rule for the State of Texas

On June 28, 2024, the U.S. District Court for the Eastern District of Texas granted a preliminary injunction to delay the implementation of the new U.S. Department of Labor (DOL) overtime regulations with respect to the State of Texas as an employer. The order does not cover any other employers, including any private employers in Texas or any other state. Consequently, the first stage of the new regulations are currently in effect as of today – July 1, 2024 – for all employers other than the State of Texas.

On April 23, 2024, the DOL released its final rule raising the minimum salary level for an employee to qualify as exempt from the Fair Labor Standards Act's (FLSA) overtime requirements (read more about the rule in our [Client Alert](#)). The DOL's new rule boosted the minimum salary level from \$684 per week (\$35,568 annually) to \$844 per week (\$43,888 annually) on July 1, 2024; and it will then increase that level again to \$1,128 per week (\$58,656 annually) on January 1, 2025. The new rule also impacts the highly compensated employee exemption by increasing its total annual compensation requirement from the current level of \$107,432 to \$132,964 on July 1, 2024 and then again to \$151,164 on January 1, 2025.

The State of Texas sued the DOL in the Eastern District of Texas, claiming that the agency exceeded its authority in implementing the rule. The Court agreed, finding that the State of Texas was likely to succeed on the merits of its claim. As the Court summarized, "since the EAP Exemption requires that exemption status turn on duties—not salary—and the 2024 Rule's changes make salary predominate over duties for millions of employees, the changes exceed the authority delegated by Congress to define and delimit the relevant terms."

The injunction is a partial setback for the DOL; but again, it is currently limited to the State of Texas as an employer. That said, there are several other legal challenges currently pending including requests for injunctive relief on a nationwide basis. This decision may provide a framework for the decisions in those cases. However, the rule remains in effect for all employers other than the State of Texas – at least for the time being.

MBJ will continue to monitor these issues for any forthcoming guidance. In the meantime, please contact your MBJ attorney with any questions you may have regarding these or any of the other legal changes addressed above.

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This alert was prepared on July 1, 2024.

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