



Date: January 28, 2025

Economic Matters Committee  
Delegate C. T. Wilson  
Room 231  
House Office Building  
Annapolis, Maryland 21401  
Annapolis, MD 21401

**Re: HB 0582 – Exemptions From Overtime Pay - Administrative, Executive, or Professional Capacity  
– Oppose**

Dear Delegate Wilson:

HB0582 would raise the State of Maryland’s salary threshold for exemption from overtime payments to \$1,128.00 per week, or \$58,656 per year. The current federal exemption rate is \$35,568 per year, which equates to \$684 per week.

In 2016, a court stopped a federal rule with the same rate from taking effect just days before the increase was set to take effect. Furthermore, the court then permanently blocked the rule a few months later. In that case, the court said the new salary threshold was too high because it “essentially makes an employee’s duties, functions, or tasks irrelevant if the employee’s salary falls below the new minimum salary level.” The court further prohibited the federal DOL from automatically increasing the salary threshold without following certain requirements under the Administrative Procedure Act, such as providing notice and allowing the public an opportunity to comment.

Since the so-called “white-collar” exemptions included in the Fair Labor Standards Act (FLSA) turn on duties, and not salary, the court found that those changes exceeded the DOL’s authority.

There has been a similar attempt since 2016, and that was struck down as well, under the same reasoning.

In addition to the court’s finding, there are other reasons why such a change is damaging to business and employees alike:

- **Increased compliance costs for employers:**  
A significantly raised threshold could force businesses to reclassify large numbers of employees as non-exempt, leading to increased payroll costs and administrative burdens to manage overtime calculations.



- **Potential job losses/increased costs:**

To manage increased labor costs, employers may be forced to reduce staff or limit hiring, particularly in smaller businesses, if they are unable to absorb the additional overtime expenses. In turn, those businesses may be faced with raising prices for their goods/services.

- **Disruption to workforce planning:**

Large and sudden changes to overtime eligibility can disrupt workforce planning and create uncertainty for both employers and employees.

The Carroll County Chamber of Commerce, a business advocacy organization of nearly 700 members, opposes this bill. We therefore request that you give this bill an unfavorable report.

Sincerely,

A handwritten signature in black ink that reads "Mike McMullin".

Mike McMullin  
President  
Carroll County Chamber of Commerce

CC: Delegate Chris Tomlinson  
Senator Justin Ready