



NEWS

AMERICANS FOR TAX REFORM

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Sen. Harkin Working Hard...For Trial Lawyers

Senate's biggest opponent of expanding overtime received most – and largest – campaign contributions from trial attorneys.

WASHINGTON — Revision of the U.S. Department of Labor's overtime rules is the hottest issue facing Labor since the minimum wage hike in 1996. But Sen. Tom Harkin (D – Iowa), a primary opponent of the Department's revisions – the first such modernization of rules in 50 years – appears to be taking his cue from trial attorneys.

According to campaign contribution records, the previous two election cycles saw Tom Harkin has receive large sums from trial attorneys. In 1996 election cycle he received more than \$575 thousand in campaign cash, and that figure jumped in his 2002 reelection bid by over \$200k more to \$766,000 in campaign donations.

“These large donations may explain why Sen. Harkin is so eager to protect trial lawyers instead of providing overtime to more than 1.3 million people,” said Grover Norquist, President of ATR. **“What is most reprehensible is that Sen. Harkin claims to support hard working American families while accepting large amounts of campaign donations from trial lawyers and unions.”**

As the Senate continues consideration of S. 1637, the FSC-ETI JOBS bill, Sen. Tom Harkin (D-IA) has announced that he will introduce an amendment to prevent the Department of Labor from modernizing the 50-year-old regulations defining exemptions from the Fair Labor Standards Act (FLSA) for “white-collar” employees.

Under the old rules, employees earning only \$155 a week qualify as white-collar employees, not entitled to overtime pay. The department's new rule raises this minimum salary to \$425 a week. This represents an increase of \$270 a week and is the largest increase since the FLSA was passed by Congress in 1938.

Trial lawyers are strongly opposed because the updates will prevent them from taking advantage of arcane and confusing white-collar overtime regulations to bring wasteful class action lawsuits. **Since 2001, federal class action lawsuits under FLSA have outnumbered employment discrimination class actions. Trial lawyers have used the ambiguity of the old regulations to bring litigation against small businesses for unpaid overtime.** The increased litigation has forced small businesses and entrepreneurs to settle out of court for outrageous fees.

“Sen. Harkin's amendment will undo the efforts made by the department and all others involved to clarify the rules and instead allow trial lawyers to continue taking advantage of white-collar overtime regulations, bringing wasteful class action lawsuits that cost the economy millions of dollars,” said Norquist. **“In fact, under the Harkin amendment, the litigation explosion would continue unabated.”**

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal and state tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at jcollegio@atr.org.