



NEWS

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Democrats, and Some Pals, Choose Trial Lawyers Over Workers, Businesses

Senate votes to stop historic modernization of Overtime Regulations by adopting Harkin Amendment

WASHINGTON—Today with 52 votes in the affirmative, Senate Democrats and several moderate to liberal Republicans adopted Sen. Harkin's (D-IA) amendment that will deliver an even more complicated set of overtime standards to American businesses, while protecting the numerous grey areas in the present regulations—a fertile ground for raising trial lawyers' incomes.

"These 52 Senators have struck a blow for the trial lobby, but employers, and ultimately workers, will be paying the price. The overtime regulations that will result from the Harkin amendment are designed to protect the pay of lawyers, not Joe Six-pack," said Grover Norquist, president of Americans for Tax Reform (ATR).

Under the old rules in place for some 50 years, employees earning only \$155 a week qualify as white-collar employees, not entitled to overtime pay. The Labor Department's new rule would have raised this minimum salary to \$425 a week. An increase of \$270 a week, this would have been the largest increase since the FLSA was passed by Congress in 1938. The regulations were even endorsed by the editorial board of the Washington Post, a group not prone to offering paeans to the Bush administration.

Trial lawyers, on the other hand, were strongly opposed because the updates would have prevented them from taking advantage of arcane and confusing white-collar overtime regulations to bring wasteful class action lawsuits. One trial lawyer profit center relies on using the ambiguity of the old regulations to bring litigation against small businesses for unpaid overtime. Since 2001, federal class action lawsuits under FLSA have outnumbered employment discrimination class actions.

Sen. Harkin took the lead in defeating the Labor Department regulations in favor of trial lawyers' interests, after receiving more than \$575 thousand in campaign cash from them in 1996, jumping by more than \$200 thousand to \$766 thousand in 2002.

"It is a real shame that the Senate has decided to back the trial lawyers instead of everyday Americans," said Norquist. **"We at ATR are particularly disappointed in the Senate moderates who decided to buck the administration in order to pander to the posturing of the trial lawyers."**

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