



NEWS

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Hearing to Focus on What's Good for Businesses and Workers, not Trial Lawyers

ATR praises House Small Business Committee for looking into the effect of DoL overtime regs on small business

WASHINGTON—ATR today praised members of the Small Business Committee of the House of Representatives for looking into the effects of overtime regulations on small businesses. The Department of Labor has recently issued regulations clarifying and modernizing overtime regulations for the first time in 50 years. But the Senate struck a blow to the new regulations because some senators were too concerned about the negative impact of overtime reform on trial lawyers' cash awards, the group says.

"These antique and Byzantine overtime rules are a cash cow for the trial lawyers, and small business have to pay the price," said Grover Norquist, president of Americans for Tax Reform. **"Many small businesspeople live in daily fear that a trial lawyer will come knocking on their door and shut their business down."**

Since 2001, federal class action lawsuits under FLSA have outnumbered employment discrimination class actions. This trial lawyer profit center relies on the ambiguity of the old regulations to bring litigation against small businesses for unpaid overtime. Employing about 50 percent of the United States workforce, these businesses represent a disproportionate amount of the economic growth of the past several months.

"The House is looking in exactly the right place to understand the current regulations. Small businesses and the workers they employ are penalized by their federally-mandated vulnerability to the vulturous trial lawyers. Businesses and workers need the DoL regulations, not the Senate's trial-lawyer-friendly version," Norquist said.

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 raise this minimum salary to \$425 a week. An increase of \$270 a week, this would be 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.

In the Senate, the new overtime regulations were stymied by Senators Specter (R-Penn.) and Harkin (D-Iowa), both with close ties to the trial lawyers' lobby.

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.