



Date: January 27, 2026

Government, Labor, and Elections
Delegate Melissa Wells
145 Lowe
House Office Building
Annapolis, MD 21401

Re: HB 0069 – Exemptions From Overtime Pay - Administrative, Executive, or Professional Capacity
– **Oppose**

Dear Delegate Wells:

HB 0069 would raise the State of Maryland's salary threshold for exemption from overtime payments to \$39,999.96 per year as of July 1, 2027, and increasing to \$50,000.00 per year as of July 1, 2031. The current federal exemption rate is \$35,568 per year, which equates to \$684 per week.

Raising the exemption threshold has been tried several times on the Federal level in recent years. 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, and was in conflict with the Fair Labor Standards Act.

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 findings, there are other reasons why such a change is damaging to business and employees alike:

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

To manage increased labor costs, businesses will be forced to reduce staff or limit hiring, particularly in smaller businesses, being unable to absorb the additional overtime expenses. In turn, those businesses will likely be forced into raising prices for their goods/services, or in many cases, simply having to close up shop or move to another state.

- **Increased compliance costs for employers:**

A significantly raised threshold will force businesses to reclassify large numbers of employees as non-exempt, leading to increased payroll costs and administrative burdens to manage overtime calculations.

- **Disruption to workforce planning:**

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

In a time when the state of Maryland is already at a competitive disadvantage economically, such an increase would cause significant damage, especially to smaller businesses, and therefore seems imprudent at best.

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". The script is cursive and fluid.

Mike McMullin
President
Carroll County Chamber of Commerce

CC: Delegate Chris Tomlinson
Senator Justin Ready