

Electronic Alert

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FLSA Overtime Exemptions No Longer Construed Narrowly

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On Monday, April 2, the Supreme Court of the United States held that service advisors at car dealerships are exempt from the overtime requirements of the Fair Labor Standards Act (FLSA) in *Encino Motorcars, LLC v. Navarro et al.* While this case directly interpreted the specific overtime exemption for employees working at car dealerships, some of the analysis regarding FLSA overtime exemptions has positive implications for employers looking to utilize other FLSA overtime exemptions.

The Supreme Court's *Encino Motorcars* decision overturned the Ninth Circuit's decision holding that the overtime exemptions to the FLSA should be construed narrowly. The exemption the Court was asked to apply to service advisors specifically states that "salesm[e]n ... primarily engaged in ... servicing automobiles" are not subject to the overtime requirements of the FLSA. In analyzing the text of the exemption, the Court found that it applied to those "integrally involved in the servicing process," and therefore to service advisors.

Notably, this decision's impact goes beyond employers in the car dealership industry, and affects all employers who use FLSA exemptions. The Supreme Court's opinion explains that, because the "exemptions are as much a part of the FLSA's purpose as the overtime-pay requirement," a court interpreting the text of an exemption "ha[s] no license to give the exemption anything but a fair reading." In short, *Encino Motorcars* ends the narrow construction principle of FLSA exemptions that existed for employers in several jurisdictions, including the Ninth Circuit. *Encino Motorcars* represents a benefit to employers as they utilize other FLSA overtime exemptions, such as the executive, administrative, professional, computer professional, or other highly litigated exemptions, as these exemptions should no longer be interpreted narrowly; rather, they should be given a "fair reading" based on the language of the exemption.

For specific questions about how overtime exemptions apply to your workplace, contact Nicole Elgin at (503) 276-2109 or nelgin@barran.com. You can also register [here](#) for our next breakfast seminar on advanced wage and hour laws.