



July 15, 2016

The Honorable Kurt Schrader
U.S. House of Representatives
2431 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Schrader,

The Heating, Air-conditioning & Refrigeration Distributors International and National Association of Electrical Distributors support your bill, the Overtime Reform and Enhancement Act, to address the concerns of distributors nationwide that would be harmed by the recent Department of Labor overtime rule. Combined, our associations represent more than 1,000 small and medium sized businesses that would be affected by the new overtime regulation. Your bill provides much needed relief for employers and employees that would be negatively impacted by the rule.

The new overtime rule would raise the minimum salary that an overtime exempt employee may earn from \$23,660 to \$47,476 (\$913/week) and establish an effective date of December 1, 2016. This increase would more than double the current exemption. Additionally, the salary level will be automatically updated and increased every three years. It is expected that the salary will be \$51,000 per year on January 1, 2020. We are happy to see that your bill would phase in the increased salary requirements over four years and end the automatic increase mandated by the rule.

For our member companies the new overtime rule could have a harsh impact on employees who would not meet the increased exemption. Employees could be moved from salary to hourly, have reduced travel, and lose bonuses to meet the new requirements. This new rule would limit an employee's ability to attend professional development events and supplemental training by industry experts creating a skills gap in the future of our industries. Additionally, the automatic increase every three years would make compliance with the new exemption an ongoing burden on businesses.

The Overtime Reform and Enhancement Act helps to reduce these negative impacts by extending the timetable for compliance with the new exemption level and ending the automatic exemption increase. This rule has drastic consequences for employers and employees alike and this legislation is a step towards preventing those consequences from harming our member companies.

Sincerely,

Jon Melchi
Vice President, Government Affairs
Heating, Air-conditioning & Refrigeration
Distributors International

Edward M. Orlet
Vice President, Government Affairs
National Association of Electrical
Distributors