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July 21, 2016

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

Via fax 202.225.5699

Dear Congressman Schrader:

On behalf of more than 4,024 community banks and branches located in Texas and the 73,000 people they employ, the Independent Bankers Association of Texas (IBAT) extends our support for the Overtime Reform and Enhancement Act introduced on July 17.

When the Department of Labor's final rule, entitled "Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales and Computer Employees," takes effect this December, it will more than double the salary test of those now eligible for overtime from \$23,660 to \$47,776 without any adjustment to reflect wide regional variations in the cost of living and will permanently index the threshold for inflation.

This will have a dramatic effect on personnel cost by greatly expanding the number of employees eligible for overtime pay. Reclassifying employees from salaried to hourly will limit an employer's flexibility, bonus and incentive pay while demoralizing many more employees who would now be subjected to punching a time clock. In the long run, this rule will have the unintended consequence of reducing employee benefits and serve as a detriment to future hiring.

Community banks in Texas and nationwide are suffocating under a mountain of increased costly regulations in the wake of Dodd-Frank. In Texas, more than 150 banks have disappeared in the past five years as a result of these costs and government intervention in their business models. The DOL rule is just one more increased cost that will lead to future consolidation in our industry and have a dramatic impact on all small business.

For these reasons, we believe the Overtime Reform and Enhancement Act provides a much more reasonable timeline for organizations to comply with this significant payroll burden, starting with a salary threshold increase to approximately \$35,984 on December 1, 2016, with additional, incremental increases phased in over the next three years. IBAT also favors the provision in the bill that would eliminate the automatic increase to the salary threshold every three years to maintain the threshold at the 40th percentile of full-time salaried workers in the lowest-wage region of the country. IBAT believes any proposed increase to the salary threshold should be subject to public notice and comment periods consistent with the rulemaking process.

Thank you for your leadership on this issue critical to the nation's community banks and the small businesses they serve. We strongly support your efforts.

Sincerely,

Christopher L. Williston, CAE
President and CEO