

APA-1

TRANSMITTAL SHEET FOR NOTICE
OF INTENDED ACTION

Control: 810

Department or Agency: Alabama Department of Revenue

Rule No.: 810-3-72-.03

Rule Title: Overtime Pay Exemption Pursuant to Act 2024-437: U.S.
Fair Labor Standards Act Alignment

Intended Action New

Would the absence of the proposed rule significantly harm or
endanger the public health, welfare, or safety? No

Is there a reasonable relationship between the state's police
power and the protection of the public health, safety, or welfare? Yes

Is there another, less restrictive method of regulation available
that could adequately protect the public? No

Does the proposed rule have the effect of directly or indirectly
increasing the costs of any goods or services involved? No

To what degree?: N/A

Is the increase in cost more harmful to the public than the harm
that might result from the absence of the proposed rule? NA

Are all facets of the rule-making process designed solely for the
purpose of, and so they have, as their primary effect, the
protection of the public? Yes

Does the proposed action relate to or affect in any manner any
litigation which the agency is a party to concerning the subject
matter of the proposed rule? No

Does the proposed rule have an economic impact? No

If the proposed rule has an economic impact, the proposed rule is required to be
accompanied by a fiscal note prepared in accordance with subsection (f) of Section
41-22-23, Code of Alabama 1975.

Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance
with the requirements of Chapter 22, Title 41, Code of Alabama 1975, and that it
conforms to all applicable filing requirements of the Administrative Procedure
Division of the Legislative Services Agency.

Signature of certifying officer

Cameron Clark
Cameron Clark

Date

Monday, August 19, 2024

REC'D & FILED

AUG 19, 2024

LEGISLATIVE SVC AGENCY

ALABAMA DEPARTMENT OF REVENUE

NOTICE OF INTENDED ACTION

AGENCY NAME: Alabama Department of Revenue

RULE NO. & TITLE: 810-3-72-.03 Overtime Pay Exemption Pursuant to Act
2024-437: U.S. Fair Labor Standards Act Alignment

INTENDED ACTION: New

SUBSTANCE OF PROPOSED ACTION:

Pursuant to Act 2024-437, the rule is being proposed to provide an updated definition of the overtime exemption beginning October 1, 2024. This rule is being promulgated in conjunction with the amendment of rule 810-3-72-.02 that provides a sunset date of September 30, 2024, for the 40 hour exclusion on the overtime exemption that was amended pursuant to the Act.

TIME, PLACE AND MANNER OF PRESENTING VIEWS:

A public hearing will be held at 1:30 P.M. on Tuesday, October 08, 2024, via web-conference. To participate in the upcoming web-conference public hearing please contact the Tax Policy and Governmental Affairs Division at Taxpolicy@revenue.alabama.gov or 334-242-1380 to obtain the appropriate sign-in information for a specific public hearing date. Copies of the rule(s) can be obtained at <http://www.revenue.alabama.gov/tax-policy>.

All interested parties may present their views in writing to the Secretary of the Alabama Department of Revenue, Room 4131, Gordon Persons Building, 50 N Ripley Street, Montgomery, Alabama 36132 at any time following publication of the notice up until the conclusion of the hearing. Interested parties may also present their views during the web-conference.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:

Tuesday, October 8, 2024

CONTACT PERSON AT AGENCY:

Nicci Adams
Alabama Department of Revenue
4131 Gordon Persons Building
Montgomery, Alabama 36132
(334) 242-1380

Cameron Clark

Cameron Clark

(Signature of officer authorized
to promulgate and adopt
rules or his or her deputy)

810-3-72-.03

**Overtime Pay Exemption Pursuant to Act
2024-437: U.S. Fair Labor Standards Act
Alignment.**

(1) For periods beginning on October 1, 2024, and ending June 30, 2025, gross income does not include amounts paid as overtime in accordance with the U.S. Fair Labor Standards Act.

(2) For employers governed by the National Railway Labor Act, the exemption applies to hourly component overtime compensation as defined in applicable collective bargaining agreements.

(3) Exempt overtime reporting requirements beginning October 1, 2024, require the following to be reported on the employers monthly (Form A-6) or quarterly (Form A-1) withholding tax return:

(a) The total amount of exempt overtime paid for the period.

(b) The total number of employees to which it was paid during the period filed.

(4) The exempt overtime wages included in box 14 of the employees annual Forms W-2 should correspond to the total exempt overtime wages reported with the monthly/quarterly filings for the year.

Author: Kathleen Abrams and Neal Hearn

Statutory Authority: §§40-2A-7(a)(5) and 40-18-14, Code of Ala. 1975.

History: Repealed: Filed July 27, 1988. **New Rule:** Published _____; effective _____.