

U.S. Supreme Court Signals Broader Application of FLSA Exemptions

By H. Carlton Hilson

April 2018

On April 2, 2018, the United States Supreme Court ruled in *Encino Motorcars, LLC v. Navarro* that automotive service advisers are exempt from overtime pay requirements under the FLSA. In its 5-4 decision authored by Justice Clarence Thomas, the Court held that the service advisers—employees at a Mercedes-Benz car dealership who greet customers and advise about repair work—fall within the exemption applicable to “any salesman, partsman or mechanic primarily engaged in selling or servicing automobiles.”

The service advisers had argued that their job duties required them to greet customers, but that they did not actually sell cars or perform repairs as required by the exemption. The Supreme Court rejected the service advisers’ position: “We conclude that service advisers are exempt from the overtime-pay requirement of the FLSA because they are “salesm[e]n . . . primarily engaged in . . . servicing automobiles,” Justice Thomas wrote for the majority. Specifically, the Court found that the service advisers were “integrally involved in the servicing process” between customers and the mechanics who performed the maintenance and repair work.

Significantly, the decision signals the Court’s rejection of many lower courts’ position that the FLSA exemptions should be construed “narrowly.” Justice Thomas criticized the Ninth Circuit Court of Appeals’ “narrow” interpretation of the FLSA exemptions. Justice Thomas wrote “[t]he Ninth Circuit also invoked the principle that exemptions to the FLSA should be construed narrowly,” but “[w]e reject this principle as a useful guidepost for interpreting the FLSA.” According to the Court, “[b]ecause the FLSA gives no ‘textual indication’ that its exemptions should be construed narrowly, ‘there is no reason to give [them] anything other than a fair (rather than a ‘narrow’) interpretation.”

The Supreme Court’s ruling comes just over a year after employers nationwide received the U.S. Department of Labor’s proposed regulatory changes to the common white collar FLSA exemptions. The Court’s ruling may favor broader application of the FLSA exemptions moving forward. Of course, employers should regularly review job applications and job duties with counsel to ensure employees are paid in accordance with the FLSA and any applicable state and local wage-hour laws. We will continue to monitor this area of the law and report any updates.

To discuss further, please contact:

[H. Carlton Hilson](#) in Birmingham at chilson@burr.com or (205) 458-5195 or the Burr & Forman attorney with whom you regularly work.

No representation is made that the quality of legal services to be performed is greater than the quality of legal services performed by other lawyers.