

U.S. Supreme Court Rejects Narrow Reading in Favor of “Fair” Reading of FLSA Exemptions

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The [US Supreme Court recently issued a five-four decision](#) addressing whether service advisers of a car dealership fell within the automobile sales exemption. While the opinion may not seem particularly helpful for businesses that do not sell cars, a deeper reading reveals that it is a positive case for employers.

At issue was whether sales advisors, those employees who greeted customers and suggested and sold services, were exempt under the auto salesperson exemption. While they did not sell cars or actually perform vehicle services, the High Court held that these positions were exempt from the overtime provisions of the Fair Labor Standards Act because they sold services. The exemption states that the overtime provisions of the FLSA are inapplicable to “any salesman, partsman, or mechanic primarily engaged in selling or servicing automobiles, trucks, or farm implements.” 29 USC § 213(b)(10)(A). Key to the Court’s decision was the *or* part of this exemption. The Court read this to mean those who sold services fall within this exemption in large part because this provision was written in the disjunctive. The dissent surely disagreed that this was a proper read of the exemption, believing that the Court itself had crafted a brand new exemption for those who sold services

The takeaway for employers is the Court’s position on the construction of FLSA exemptions. Plaintiffs had argued that the car salesperson exemption, like other FLSA exemptions, must be narrowly applied to the position at hand. This has been the prevailing sentiment in published wage and hour cases for years. The High Court disagreed. “We reject [the narrow construction] principle as a useful guidepost for interpreting the FLSA. Because 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.”

Of course, this does not mean an employer should use FLSA exemptions with abandon to capture work that is typically non-exempt. Each word of the exemption is important, and hence the focus on the use of the disjunctive in the auto sales person exemption in *Encino*. When conducting a job classification audit, ensure that each part of

the exemption is met and the *Encino* case can be used as further support that an employer has used the plain (or “fair”) reading of the exemption.

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