



Supreme Court Rules Service Advisors Fall Within Federal Overtime Exemption

On April 2, 2018 the Supreme Court issued a 5-4 decision in *Encino Motorcars, LLC v. Navarro*, concluding that dealership service advisors fall within the “salesmen, partsmen, and mechanics” overtime pay exemption under the federal Fair Labor Standards Act. In doing so, it reversed a January 2017 decision by the Ninth Circuit Court of Appeals that held — in direct conflict with several other federal and state decisions — that the exemption did not apply.

NADA is extremely pleased with the Court’s ruling. The decision upholds more than 40 years of consistent interpretation by the courts and the U.S. Department of Labor and will allow auto retailers to continue structuring employment relationships that are efficient and beneficial to dealerships, their employees and their customers.

NADA provided extensive support to the dealers litigating the case and worked with the state dealer associations in the Ninth Circuit to file several “friend of the court” briefs on behalf of all dealers.

To be exempt from overtime, the “salesmen, partsmen, and mechanics” exemption requires only that covered employees spend over half their time working as a “salesmen, partsmen, or mechanics,” regardless of how or how much they are paid (so long as they are paid minimum wage for every hour worked). A copy of the decision is found [here](#). For more information contact regulatoryaffairs@nada.org.