

Overtime law

▶ [Frequently asked](#) questions about overtime ▶ [Overtime brochure](#) (PDF)

▶ **Federal Department of Labor's FairPay Overtime Initiative** -- Under the new federal FairPay rules, workers earning less than \$23,660 a year -- or \$455 a week -- are guaranteed overtime protection. Learn more on the [federal Department of Labor Web site](#).

▶ **Navigating the Minnesota and federal exemptions to minimum wage and overtime** -- In the areas of minimum wage and overtime there is dual regulation by the state of Minnesota and by the federal government. If an employment situation falls within the jurisdiction of both state and federal law, then the employer must comply with the state or federal law that sets the higher standard.

For Minnesota employers and employees that fall within the jurisdiction of both state and federal law, the federal overtime statute and regulations have set the higher standard.

However, when the new federal regulations that amend the exemptions from overtime for executive, administrative, professional, computer, highly compensated and outside sales employees went into effect **Aug. 23, 2004**, for certain employment situations, Minnesota's overtime laws and regulations set the higher standard.

Consequently, it is possible under the new federal regulations that an employer is no longer obligated to pay an employee overtime, but is obligated to pay an employee overtime in accordance with state law.

To ensure overtime compliance, employers that fall within the jurisdiction of both state and federal law need to be familiar with both the state and federal overtime statutes and regulations, and determine which provides the higher standard.

In an effort to provide assistance and guidance to Minnesota employers and employees, the Minnesota Department of Labor and Industry has developed a recommended [analysis for employers and employees](#) to follow when determining whether their employment situations are exempt or non-exempt from federal and state minimum wage and overtime laws.

▶ [View recommended analysis worksheet](#) (PDF)

The [Minnesota Fair Labor Standards Act](#) requires employers to pay overtime for all hours worked in excess of 48 per work week.

The [Federal Fair Labor Standards Act](#) requires some employers to pay overtime for all hours worked in excess of 40 per work week. These employers include:

- employers that produce or handle goods for interstate commerce;
- businesses with gross annual sales of more than \$500,000;
- businesses that were covered before April 1, 1990, under the \$250,000 (\$362,500 retail and services) dollar volume test; and
- hospitals and nursing homes, private and public schools, federal, state and local government agencies.



Overtime pay must be at least one-and-one-half times the employee's regular rate of pay, which is determined by dividing the total pay in any work week by the total hours worked in the week. Overtime is based on actual hours worked in a seven-day work week. Holiday hours, vacation time or sick leave are not counted in figuring overtime hours. Therefore, if you work nine hours on Monday but only six hours on Wednesday, and the total



hours for the week do not exceed 40 (federal) or 48 (Minn.), you are not entitled to overtime.

Exempt employees

Some employees are exempt from Minnesota's overtime wages. The following is a partial list:

- executive, administrative or professional employees that meet the salary and duty requirements as defined by state and federal regulations;
- retail or service employees paid on a commission basis, if the regular rate of pay exceeds one-and-one-half times the minimum wage;
- an outside salesperson;
- a salesperson, parts person or mechanic that works for a commercial vehicle dealership on a commission or incentive basis;
- certain agricultural workers (minors employed as corn detasslers or hand field-workers with a parent or guardian are not exempt).