



July 21, 2025

The Honorable Mike Johnson
Speaker
U.S. House of Representatives

The Honorable John Thune
Majority Leader
U.S. Senate

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives

The Honorable Chuck Schumer
Minority Leader
U.S. Senate

Dear Speaker Johnson, Leader Thune, Leader Jeffries, and Leader Schumer,

On behalf of more than 3 million American workers, we are writing to encourage you to swiftly correct a technical error in the tax code which is costing our individual members thousands of dollars each year. The current law exempting premium compensation earned for overtime hours utilizes an outdated, nearly century old definition of overtime which does not accurately reflect our modern work schedules and unintentionally excludes millions of hourly workers.

As amended by the One Big Beautiful Bill Act (OBBA), the tax code allows most hourly workers to deduct up to \$25,000 of overtime pay from their annual income for tax purposes (26 USC § 225). That represents as much as \$6,000 in tax savings per year for working families – a massive benefit for workers who put in the long hours necessary to earn it. However, the tax code uses an extremely limited and outdated definition of overtime from the Fair Labor Standards Act (FLSA) – a law that was never intended to be used related to the tax code or the taxable treatment of worker's time. This definition exempts millions of hourly workers and uses arbitrary formulas that begin overtime at 55 hours of work or more each week. Wedging this definition into the tax code has left airline, motorcoach, railroad, trucking, delivery, emergency response, and many other workers out in the cold.

The FLSA definition of overtime completely excludes nearly all transportation workers, including airline, rail, trucking, maritime and others based off their employer and job duties. Many of these workers are in highly-skilled positions essential to our economy. The current

overtime tax provision creates a disincentive for new workers to take these positions relative where other jobs that qualify for these benefits are available.

Fire fighters, law enforcement officers, hospital workers, and other emergency service workers have significantly higher federal thresholds under the FLSA for overtime pay. Some states and localities have addressed this disparity by setting much more reasonable thresholds through state law or collective bargaining agreements. The overtime tax deduction ignores this modernized reality and excludes these workers from accessing overtime tax benefits until they exceed the arbitrarily high FLSA minimums which are unrelated to their actual work schedules.

As constructed, the overtime tax exemption unintentionally prevents millions of hourly workers from benefitting from this new provision. Our unions have supported legislation offered by both Republicans and Democrats to correct this oversight and honor the long hours our members put into the essential jobs that keep our economy running. We urge you to swiftly pass legislation that ensures all hourly workers are eligible for this important tax benefit.

Sincerely,

Air Line Pilots Association (ALPA)

American Train Dispatchers Association (ATDA)

Association of Flight Attendants – CWA (AFA)

Brotherhood of Locomotive Engineers and Trainmen (BLET)

Brotherhood of Maintenance of Way Employees Division (BMWED)

Brotherhood of Railroad Signalmen (BRS)

International Association of Fire Fighters (IAFF)

International Association of Machinists and Aerospace Workers (IAM)

International Brotherhood of Boilermakers (IBB)

International Brotherhood of Teamsters (IBT)

International Organization of Masters, Mates, & Pilots (MMP)

Marine Engineers Beneficial Association (MEBA)

National Conference of Firemen and Oilers (NCFO)

Seafarers International Union (SIU)

Sheet Metal Air, Rail, and Transportation Union, Mechanical Division (SMART-MD)

Sheet Metal Air, Rail, and Transportation Union, Transportation Division (SMART-TD)

Transportation Communications Union (TCU)

Transportation Trades Department, AFL-CIO (TTD)

Transport Workers Union of America (TWU)

UNITE HERE

United Steel Workers (USW)