

# FINAL BILL REPORT

## SHB 2845

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C 94 L 92

*Synopsis as Enacted*

**Brief Description:** Modifying overtime compensation for automobile salespersons.

By House Committee on Commerce & Labor (originally sponsored by Representatives Heavey, Lisk and Ludwig).

House Committee on Commerce & Labor  
Senate Committee on Commerce & Labor

**Background:** Under federal and state law, employers are required to pay overtime compensation to covered employees who work more than 40 hours in a work week. Federal law exempts automobile and truck salespersons working for non-manufacturing businesses primarily selling vehicles to ultimate purchasers. Washington law provides exemptions for salespersons, but only if the salesperson primarily works outside the employer's place of business.

In 1986, the Department of Labor and Industries authorized the automobile dealers to pay overtime for salespersons by paying either commissions or one and one-half times the base rate of pay established for a 40 hour week, whichever was greater. Recently the department has indicated that this method of compensation is not permitted under Washington law.

**Summary:** Employers of commissioned salespersons primarily engaged in the business of selling automobiles and trucks to the ultimate purchaser do not violate state overtime compensation requirements if the salespersons are paid the greater of (1) compensation at the hourly rate for hours up to 40 hours per week, plus overtime at one and one-half times the hourly rate, or (2) commissions, salaries, or salaries plus commission.

***Votes on Final Passage:***

House	92	0
Senate	38	1

**Effective:** June 11, 1992