

Congress Must Pass the No Tax on Overtime for All Workers Act

Transportation labor urges Congress to immediately pass the bicameral, bipartisan No Tax on Overtime for All Workers Act, H.R. 5475, led by Representatives Nicole Malliotakis (R-NY), Emilia Sykes (D-OH), Nick LaLota (R-NY), Steven Horsford (D-NV), Brian Fitzpatrick (R-PA), and Tom Suozzi (D-NY), and S. 4310 led by Senators Jim Justice (R-WV) and Maria Cantwell (D-WA). This bipartisan legislation will provide immediate tax relief to millions of workers who build, operate, and maintain our transportation networks and are excluded from these benefits.

The U.S. tax code allows most hourly workers to deduct up to \$12,500 (single) or \$25,000 (married) of qualified overtime pay from their annual income. For many working families, this can mean saving as much as \$6,000 in taxes each year. However, for the purposes of this tax deduction, “overtime” is defined by the Fair Labor Standards Act of 1938 (FLSA). This definition includes many exemptions and restrictions. As a result, millions of Americans cannot claim or fully claim this tax benefit. The FLSA’s definition of overtime excludes most transportation workers, including those in the airline, rail, trucking, and maritime industries. That means these workers cannot deduct their overtime earnings. In addition, firefighters, law enforcement officers, and hospital workers must work well beyond the usual 40-hour work week to qualify for overtime pay under the FLSA. While these workers may earn overtime wages through state law or collective bargaining agreements, this compensation is ineligible for the current overtime income tax deduction because it is not recognized under the FLSA.

The No Tax on Overtime for All Workers Act would expand the tax code’s definition of overtime for the purposes of this deduction and allow more workers to qualify for it. Expanding eligibility would provide a fairer tax benefit to Americans who put in long hours at their jobs to keep our supply chain moving, support the economy, and protect the public. Passing this legislation would signal Congress’s commitment to supporting workers and their vital contributions to our nation. We must extend this tax benefit to transportation, public safety, and other excluded workers to ensure that their overtime pay is not penalized by the tax system.

Congress must act now and pass the No Tax on Overtime for All Workers Act to deliver immediate relief to millions of workers and create a fairer tax system that helps workers keep their earnings.

Policy Statement No. S26-03

ADOPTED 6.7.26