



IAM
UNION

International Association of Machinists
& Aerospace Workers

NO TAX ON OVERTIME FOR ALL WORKERS ACT (H.R. 5475 / S. 4310)

BIPARTISAN

The “One Big Beautiful Bill” passed in 2025 gave most American workers a No Tax on Overtime benefit worth up to \$6,000 per year. But an 86-year-old loophole in the Fair Labor Standards Act (FLSA) means railroad and airline employees are shut out — working the same long, grueling hours, paying the same taxes, and getting none of the relief. Rail and airline workers are not alone either, as there are millions of workers who are exempt from the deduction simply because of this legislative quirk.

NOTE: This was NOT intentional, but rather a result of applying the deduction to the only existing federal definition of overtime in the Fair Labor Standards Act.

THE PROBLEM: Left Behind by a 1938 Law

The Fair Labor Standards Act exempts or is preempted for various worker classifications—including railroaders and airline employees—from its standard overtime definitions. The new overtime tax deduction is built on those same FLSA definitions. What that means in practice:

- Railroad and airline workers are not subject to FLSA overtime rules because they are preempted by the Railway Labor Act (RLA).
- Because FLSA overtime definitions don't apply to them, the tax deduction doesn't apply either.
- Union contracts often define overtime differently than FLSA — and those contract-based definitions are excluded from the current deduction.
- The result: workers earning the exact same wages for the exact same long hours receive up to \$6,000 less in tax relief while their colleagues in other FLSA-exempt/pre-empted industries do not.

THE EXPANSION: What H.R. 5475 / S. 4310 Would Do

- Expand the definition of “qualified overtime compensation” to ensure that No Tax on Overtime deduction applies to all workers, regardless of FLSA applicability.
- Recognize contract-negotiated overtime — honoring what workers and their unions fought for at the bargaining table.
- Allows railroaders and airline employees, truck drivers, nurses, firefighters and police officers to deduct up to \$25,000 in overtime pay from their federal taxable income — the same benefit every other overtime worker already has.
- Apply retroactively to tax year 2025, so workers aren't penalized for the delay in Congress enacting.

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Same Work. Different Rules.

A railroad or airline employee that is forced to work a 16-hour shift has no more control over those hours than any other overtime worker. The law simply denies them a tax break everyone else receives.

Bipartisan. Pro-Worker.

H.R. 5475 is sponsored by Republicans and Democrats alike. In the Senate, Sens. Jim Justice (R-WV) and Maria Cantwell (D-WA) introduced S. 4310 together. There is no partisan argument for leaving transportation workers behind.

As of 6/1/26:

- H.R. 5475 has 50 cosponsors (25 R, 25 D).
- S. 4310 has 2 cosponsors (1 R, 1 D) – *NOTE: It was only recently introduced on April 15, 2026.*

Our Ask:

Cosponsor H.R. 5475 / S. 4310 today, and encourage passage of this expansion to make the *No Tax on Overtime* promise real for every American worker who earns it.

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