

This message is being sent to all active State of Alaska (SOA) employees.

Subject: [Information] Notice of Upcoming Timesheet Event Changes of FLSA Overtime Reporting



Greetings,

The Division of Finance would like to inform [Fair Labor Standards Act \(FLSA\)](#) overtime-eligible employees of changes to tax law under the [One Big Beautiful Bill Act \(OBBBA\)](#). Eligible employees with qualified overtime compensation can deduct up to \$12,500 per individual (or \$25,000 for joint filers) from their federal income tax. Please note that Alaska Marine Highway System (AMHS) employees are exempt from FLSA OT rules.

Only those hours that are required to be paid as overtime by the FLSA can qualify for a possible income tax deduction, which for most non-exempt employees, is all hours worked over 40 in a workweek. Because Personnel Rules or Collective Bargaining Agreements have provisions that can often result in overtime pay under more generous circumstances than FLSA requirements, new timesheet events have been created that will distinguish which overtime and premium pay hours are qualifying based on FLSA overtime laws.

Beginning with Pay Period 01 (12/18/2025 – 12/31/2025 and 12/22/2025 – 1/4/2026), employees must utilize new qualifying and non-qualifying overtime and premium event codes on their timesheets. These new event codes are being implemented to ensure accurate tracking of overtime, which is required for reporting on Form W-2 for tax years 2026 through 2028 in support of the One Big Beautiful Bill Act (OBBBA) on Overtime.

Upcoming email notifications will be distributed in the coming weeks outlining where comprehensive learning materials for employees, managers, timekeepers, and payroll staff will be located for these changes.

Please review your [Collective Bargaining Agreement](#), or contact your union representative if you have questions regarding your eligibility.

Respectfully,

The Division of Finance