

INACTIVE

UNITED STATES DEPARTMENT OF LABOR
WAGE AND HOUR DIVISION
WASHINGTON, D. C.

TITLE 29 -- LABOR

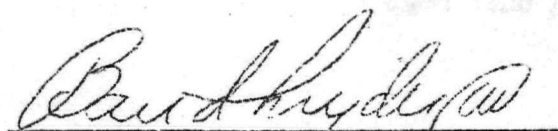
CHAPTER V -- WAGE AND HOUR DIVISION

PART 531

REGULATIONS DETERMINING THE REASONABLE COST
OF BOARD, LODGING, AND OTHER FACILITIES
PURSUANT TO SECTION 3(m) OF THE FAIR LABOR
STANDARDS ACT OF 1938

The following amendment to Regulation -- Part 531 (Regulations Determining the Reasonable Cost of Board, Lodging, and Other Facilities Pursuant to Section 3(m) of the Fair Labor Standards Act) is hereby issued. This amendment, amending Section 531.1 of said regulations, which shall become effective upon my signing the original and upon publication thereof in the Federal Register and shall be in force and effect until repealed or modified by regulations hereafter made and published.

Signed at Washington, D. C., this 10th day of September, 1940.


Baird Snyder, Acting Administrator
Wage and Hour Division
Department of Labor

Published in Federal Register, Thursday, September 12, 1940.

SECTION 531.1 - REASONABLE COST UNDER SECTION 3(m) OF THE ACT

The term "reasonable cost" in section 3(m) of the Act is hereby determined to be not more than the actual cost to the employer of the board, lodging, or other facilities customarily furnished by him to his employees.

(a) Reasonable cost does not include a profit to the employer or to any affiliated person.

(b) The reasonable cost to the employer of furnishing the employee board, lodging or other facilities (including housing) is hereby determined to be the cost of operation and maintenance including adequate depreciation plus a reasonable allowance (not more than $5\frac{1}{2}$ percent) for interest on the depreciated amount of capital invested by the employer; provided that if the total so computed is more than the fair rental value (or the fair price of the commodities or facilities offered for sale), the fair rental value (or the fair price of the commodities or facilities offered for sale) shall be the reasonable cost. The cost of operation and maintenance, the rate of depreciation, and the depreciated amount of capital invested by the employer shall be those arrived at under good accounting practices.

(c) The term "good accounting practices" shall not include accounting practices which have been rejected by the Bureau of Internal Revenue for income tax purposes. The term "depreciation" shall include obsolescence.

(d) The cost of furnishing "facilities" which are primarily for the benefit or convenience of the employer will not be recognized as reasonable and may not therefore be included in computing wages.

The following list of facilities found by the Administrator to be primarily for the benefit or convenience of the employer is meant as illustrative rather than exclusive: (1) Tools of the trade and other materials and services incidental to carrying on the employer's business; (2) the cost of any construction by and for the employer; (3) the cost of uniforms and of their laundering, where the nature of the business requires the employee to wear a uniform.

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