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Colorado Minimum Wage Fact Sheet

December 2009

[This information is subject to change and does not constitute legal advice.](#)

Background

Article XVIII, Section 15, of the Colorado Constitution requires the Colorado state minimum wage to be adjusted annually for inflation. This fact sheet describes the minimum wage and inflation adjustment process for the new state minimum wage effective January 1, 2010.

2010 Colorado State Minimum Wage

In September of 2009, the Colorado Division of Labor initiated the rulemaking process to implement the new state minimum wage, which will become effective January 1, 2010. A public hearing was held at the Division on November 6, 2009, to receive comments regarding the new state minimum wage.

Colorado Minimum Wage Order Number 26 was adopted by the Division on November 10, 2009, and an opinion issued by the Office of the Colorado Attorney General on November 20, 2009, indicated that there was no apparent constitutional or legal deficiency in the form or substance of the rules.

The new inflation adjusted state minimum wage for January 1, 2010, will be \$7.24 per hour and \$4.22 per hour for tipped employees. Colorado Minimum Wage Order Number 26 may be found at: www.colorado.gov/cdle/labor.

Colorado State Minimum Wage versus Federal Minimum Wage

If an employee is covered by federal and Colorado state minimum wage laws, then the employer must pay the higher minimum wage. On January 1, 2010, federal minimum wage is scheduled to remain at \$7.25 per hour, which is higher than the Colorado State minimum wage of \$7.24. Therefore, covered employers in Colorado will have to pay their employees the higher value of \$7.25 per hour under federal law.

Colorado State Tipped Minimum Wage versus Federal Tipped Minimum Wage

If an employee is covered by federal and Colorado state minimum wage laws, then the employer must pay the higher minimum wage for tipped employees. On January 1, 2010, federal tipped minimum wage is scheduled to remain at \$2.13 per hour, which is lower than the Colorado tipped minimum wage of \$4.22. Therefore, covered employers in Colorado will have to pay their employees the higher value of \$4.22 per hour under Colorado law. If an employee's tips combined with the employer's cash wage of at least \$4.22 per hour do not equal the minimum hourly wage, the employer must make up the difference in cash wages.

Colorado State Minimum Wage History

- **January 1, 2010, will decrease to \$7.24 per hour.**
- January 1, 2009, increased to \$7.28 per hour.
- January 1, 2008, increased to \$7.02 per hour.
- January 1, 2007, increased to \$6.85 per hour.

Tipped Employees Minimum Wage (employees who regularly receive tips)

- **January 1, 2010, will decrease to \$4.22 per hour (\$7.24-\$3.02).**
- January 1, 2009, increased to \$4.26 per hour (\$7.28-\$3.02).
- January 1, 2008, increased to \$4.00 per hour (\$7.02-\$3.02).
- January 1, 2007, increased to \$3.83 per hour (\$6.85-\$3.02).

No more than \$3.02 per hour in tip income may be used to offset the Colorado minimum wage of tipped employees.

Inflation Adjustment Process

In accordance with the Colorado Constitution, the Colorado minimum wage is adjusted annually for inflation as measured by the Consumer Price Index used for Colorado. The inflation adjustment is based on the Consumer Price Index for All Urban Consumers (CPI-U), All Items, for the Denver-Boulder-Greeley combined metropolitan statistical area as published by the [United States Bureau of Labor Statistics](#) (BLS).

The CPI-U decreased 0.6 percent from the first half of 2008 to the first half of 2009, which results in the new Colorado minimum wage of \$7.24 per hour effective January 1, 2010. The August 14, 2009, BLS [press release](#) provides additional details on the Consumer Price Index data used in the minimum wage adjustment.

Subsequent annual Colorado minimum wage calculations will be identical and will compare changes in the CPI-U from the first half of the preceding year with the first half of the current year to calculate a new state minimum wage for the next year.

For example, changes observed in the CPI-U from the first half of 2009 to the first half of 2010 will be used to calculate the new state minimum wage effective January 1, 2011. It is anticipated that data for future state minimum wage adjustments, as provided by the BLS, will be available to the public in mid-August preceding each January adjustment.

Who Must Receive the Colorado Minimum Wage

The state minimum wage shall be paid to employees who receive the state or federal minimum wage. Article XVIII, Section 15, of the Colorado Constitution has not altered the coverage of employers, or the exemption of certain employees, from state or [federal](#) wage and hour laws.

Filing Complaints

The Division of Labor may accept complaints regarding non-payment of state minimum wage. Visit www.colorado.gov/cdle/labor, or call 303-318-8441 for information on how to file a complaint. The Division of Labor cannot investigate complaints regarding termination, interview, selection, or promotion disputes, reductions in work hours, or disputes pertaining to other terms and conditions of employment. You may wish to contact an attorney for legal guidance on these topics.

Federal Law and Additional Resources

Contact the U.S. Department of Labor for information on federal workplace laws. Visit www.dol.gov or call 720-264-3250 for more information.

The Advisory Bulletins and Resource Guide, produced by the Colorado Division of Labor, is a comprehensive guide to Colorado labor and employment laws. Click [here](#) to access the guide.

Text of Colorado Constitution, Article XVIII, Section 15

Effective January 1, 2007, Colorado's minimum wage shall be increased to \$6.85 per hour and shall be adjusted annually for inflation, as measured by the Consumer Price Index used for Colorado. This minimum wage shall be paid to employees who receive the state or federal minimum wage. No more than \$3.02 per hour in tip income may be used to offset the minimum wage of employees who regularly receive tips.