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FISCAL NOTE

Drafting Number: LLS 19-0166 Date: February 28, 2019
Prime Sponsors: Rep. Melton; Galindo Bill Status: House Trans. & Local Govt.
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Bill Topic: LOCAL GOVERNMENT MINIMUM WAGE

- Summary of Fiscal Impact: State Revenue (conditional), TABOR Refund (conditional), State Expenditure, Local Government (conditional), State Transfer, Statutory Public Entity

This bill allows a local government to establish a minimum wage law for individuals performing work in its jurisdiction. It has a conditional impact on state revenue and local government revenue and expenditures.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Summary of Legislation

Current state law prevents local governments from enacting minimum wage laws separate from those of the state. This bill repeals that provision and allows local governments to establish minimum wage laws for individuals performing work while physically present within their jurisdictions through their governing body, an initiative, or referendum.

The authority to enact a local government minimum wage applies to a city, home rule city, town, territorial charter city, city and county, county, and home rule county.

Background

Colorado's minimum wage. Prior to 2007, Colorado's minimum wage law was set by federal law. In 2006, Colorado voters approved an amendment to the state constitution that raised the minimum wage from \$5.15 per hour to \$6.85 per hour beginning in 2007, and from \$2.13 per hour to \$3.83 per hour for tipped workers. In 2016, Colorado voters again amended the state constitution to increase the state minimum wage from \$8.31 to \$9.30 per hour beginning on January 1, 2017, after which it increases annually by \$0.90 per hour until it reaches \$12.00 per hour on January 1, 2020. Beginning January 1, 2021, it will be adjusted each year thereafter by the increase in the Consumer Price Index. The federal minimum wage is currently set at \$7.25 per hour, and \$2.13 for tipped workers.

Table 1 shows the Colorado minimum wage and tipped employee minimum wage from 2006 to 2020.

Table 1
Colorado State Minimum Wage, 2006-2020

Effective Year	Minimum Wage	Tipped Employee Minimum Wage
2006	\$5.15	\$2.13
2007	\$6.85	\$3.83
2008	\$7.02	\$4.26
2009	\$7.28	\$4.26
2010	\$7.24	\$4.22
2011	\$7.36	\$4.34
2012	\$7.64	\$4.62
2013	\$7.78	\$4.76
2014	\$8.00	\$4.98
2015	\$8.23	\$5.21
2016	\$8.31	\$5.29
2017	\$9.30	\$6.28
2018	\$10.20	\$7.18
2019	\$11.10	\$8.08
2020	\$12.00	\$8.98

Source: Colorado Department of Labor and Employment; Colo. Const. art. XVIII, § 15.

Assumptions

This fiscal notes assumes that the Division of Labor in the Colorado Department of Labor and Employment is not required to enforce local minimum wage laws or accompanying local workplace laws (e.g., overtime policies, meal and break policies, etc.) enacted by a local government under the permissive authority of the bill. For this reason, the bill is assessed as having no impact on the department.

State Revenue and Expenditures

The bill potentially changes wages in local jurisdictions that choose to enact local minimum wage laws, which may affect state individual income taxes and sales taxes. Any impact on state tax revenue and the TABOR refund amount is conditional, dependent on future decisions made by local governments. This fiscal note does not estimate how the measure will conditionally affect individuals' wages and the subsequent impact on tax collections, nor does it estimate the overall impact to businesses and the economy. Such an estimate would rely on many secondary factors outside the scope of this analysis.

Local Government Impact

Any impact on local government revenue or expenditures is conditional upon future decisions made by those local governments.

Revenue. A local government's revenue from sales taxes may be impacted by changing the income of individuals or the expenses of business. This fiscal impact estimate would rely on many secondary factors outside the scope of this analysis.

Expenditures. A municipality or county that changes local law to require a unique minimum wage will change the expenses of that government in order to pay their employees a different wage amount. Additionally, each municipality or county that enacts a unique minimum wage may also create an enforcement mechanism where none currently exists, increasing local government costs. In the event that a minimum wage change is brought through an initiative or referendum, increased election costs will also be incurred.

Effective Date

The bill takes effect August 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Counties Judicial Labor Municipalities