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Colorado Minimum Wage Hike Passes

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Colorado voters decided to raise the minimum wage to \$12 per hour over the next four years. By about a 54-to-46 margin, Colorado passed Amendment 70 which amends the Colorado constitution to gradually raise the state's minimum wage.

Gradual Increases In Minimum Wage

Amendment 70 raises the hourly minimum wage in Colorado by 90 cents per hour each year, starting from the 2016 minimum wage of \$8.31. The annual increases will be as follows:

- \$9.30 in 2017
- \$10.20 in 2018
- \$11.10 in 2019
- \$12.00 in 2020

Tipped employees will continue to be entitled to a minimum wage that is \$3.02 per hour less than the regular state minimum wage. The minimum wage for tipped workers is currently \$5.29 per hour, plus tips. It will then go up by 90 cents per hour each year until reaching \$8.98 in 2020.

After 2020, annual adjustments will be made to reflect increases in the cost of living.

Adjustments Already in Colorado Constitution

This is not the first time that Colorado voters have approved a Constitutional amendment increasing the minimum wage. In 2006, Colorado voters approved Initiative 42 which increased the minimum wage from \$5.15 to \$6.85 per hour, and added a provision to the Colorado Constitution that requires an annual adjustment in the state minimum wage based on the Consumer Price Index (CPI). That measure was approved with 53 percent voting “yes” and 47 percent voting “no.” Under that amendment, the Colorado Department of Labor and Employment has set the state minimum hourly wage each year, adjusting it either up or down according to the changes in the CPI over the prior year.

Under this year's Amendment 70, the minimum wage will only be adjusted up for increases in the CPI. It will not go down, even if the cost of living decreases.

Supporters and Their Opposition

Colorado Families for a Fair Wage was the leading group supporting

Amendment 70. Numerous unions, organizations, and officials, including Governor John Hickenlooper, also supported the measure. A key argument in favor of the boost in the minimum wage is the high cost of housing in Colorado, which has gone up significantly in recent years. They argued that a full-time worker making the minimum wage in Colorado earns about \$17,285 per year which is not enough to cover basic necessities, such as health care and housing. As of November 1, 2016, the committee registered to support Amendment 70 raised contributions of over \$5.3 million, outpacing their opponents by over \$3.6 million.

Opponents of Amendment 70 included organizations such as Keep Colorado Working as well as numerous associations in industries that employ minimum wage workers. They argued that increasing the state minimum wage would make it more expensive for businesses to hire workers, resulting in potential lay-offs, reduced hours, or fewer benefits. They also asserted that the increased cost will need to be passed along to consumers, meaning higher prices which counteracts the increase in the minimum wage.

Preparing For The Wage Hike

The 2017 minimum wage will go up to \$9.30 per hour (\$6.19 for tipped employees). If you employ workers at less than this amount, you need to prepare for that increase effective January 1, 2017. Make sure that your payroll system and personnel are ready for the change. Remember too that overtime pay goes up accordingly at one-and-one-half times a non-exempt employee's regular rate. And don't forget to post the new Colorado Minimum Wage Order poster when it comes out.

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