



## Overview of Minimum Wage Laws

Federal law requires employers to pay their employees a minimum hourly wage. States have the authority to set different pay standards than the federal minimum wage requirement. However, when the state and federal law differ, such as in Colorado, the higher wage prevails. This issue brief provides an overview and history of federal and Colorado minimum wage laws and provides a summary of how other states compare to the federal standard.

### **Federal Law**

The federal minimum wage was instituted in 1938 as part of the Fair Labor Standards Act (FLSA). It is the lowest hourly wage that employers may legally pay most workers. Since its inception, the federal minimum wage has increased 23 times, from \$0.25 to its current level of \$7.25 per hour for most workers and \$2.13 per hour for workers that receive tips. The federal minimum wage was last increased in 2009.

Under the FLSA, tipped employees must be compensated at least \$2.13 per hour in direct wages, and up to \$5.12 in tips per hour can be applied toward meeting the minimum wage (tip credit). If the employees' direct cash wages and tips do not meet or exceed the minimum wage, the employer must make up the difference. Tipped employees are individuals engaged in occupations in which they customarily and regularly receive more than \$30 per month in tips.

Some employees can be paid below the federal minimum wage under the FLSA. In general, such individuals include student, farm, seasonal, and recreational workers. Workers with disabilities may be paid less than the federal minimum wage, but the employer is required to receive a certificate from the Wage and Hour Division within the U.S. Department of Labor in these cases.

### **Colorado Law**

Prior to 2007, Colorado's minimum wage law was set by federal law for all covered workers. In 2006, this equaled \$5.15 for most workers and \$2.13 for tipped workers. At the 2006 election, Colorado voters adopted an amendment to the state constitution that raised the minimum wage to \$6.85 per hour starting in 2007. This amendment also set the minimum wage for tipped workers at \$3.02 less than the state minimum wage, which equaled \$3.83 in 2007. The amendment also required that the minimum wage be adjusted each year, up or down, for changes in inflation, as measured by the Colorado consumer price index (CPI). The CPI is a common measure for changes in the prices of goods and services, such as food, housing, gasoline, and medical care.

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, and to increase annually thereafter by \$0.90 each year until it

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reached \$12.00 per hour on January 1, 2020.<sup>1</sup> From that point, the minimum wage must be annually adjusted by the increase in the CPI. The amendment also specified that the minimum wage does not decrease in the event that the cost of living falls.

Table 1 shows the Colorado minimum wage and tipped employee minimum wage from 2006 to 2025.

**Table 1**  
**Colorado State Minimum Wage, 2006-2025**

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
2021	\$12.32	\$9.30
2022	\$12.56	\$9.54
2023	\$13.65	\$10.63
2024	\$14.42	\$11.40
2025	\$14.81	\$11.79

Source: Colorado Department of Labor and Employment.

The Division of Labor Standards and Statistics, within the Colorado Department of Labor and Employment, sets the state's minimum wage each year. The division adopts a minimum wage order that describes which employees are covered by federal and state minimum wage provisions. Employers are required to post the [Colorado Minimum Wage Order](#) in a conspicuous place in all of their establishments.

## Local Governments Exceptions

[House Bill 19-1210](#) allowed local governments to enact minimum wage laws separate from that of the state. Currently there are four local governments with a minimum wage higher than the state minimum wage

A local government may increase their minimum wage by up to of \$1.75 per hour or 15 percent of the state minimum wage, whichever is higher and are allowed to choose whether and how to adjust their local minimum wage.

Beginning on January 1, 2026, [House Bill 25-1208](#) allowed local governments that have an enacted a minimum wage that exceeds the state minimum wage to increase their tip offset amount, as long as the increase does not cause the local tipped minimum wage to fall below the state tipped minimum wage. Table 2 shows the current local governments that have enacted a minimum wage greater than the state minimum and their 2025 minimum wage and tipped employee minimum wage.

<sup>1</sup> Colo. Const. art. XVIII, §15

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**Table 2**  
**Colorado Local Governments with a Minimum Wage Greater than the State Minimum**

Local Government	2025 Minimum Wage	Tipped Employee Minimum Wage
City and County of Denver	\$18.81	\$15.79
City of Boulder	\$15.57	\$12.55
City of Edgewater	\$16.52	\$13.50
Boulder County	\$16.57	\$13.55

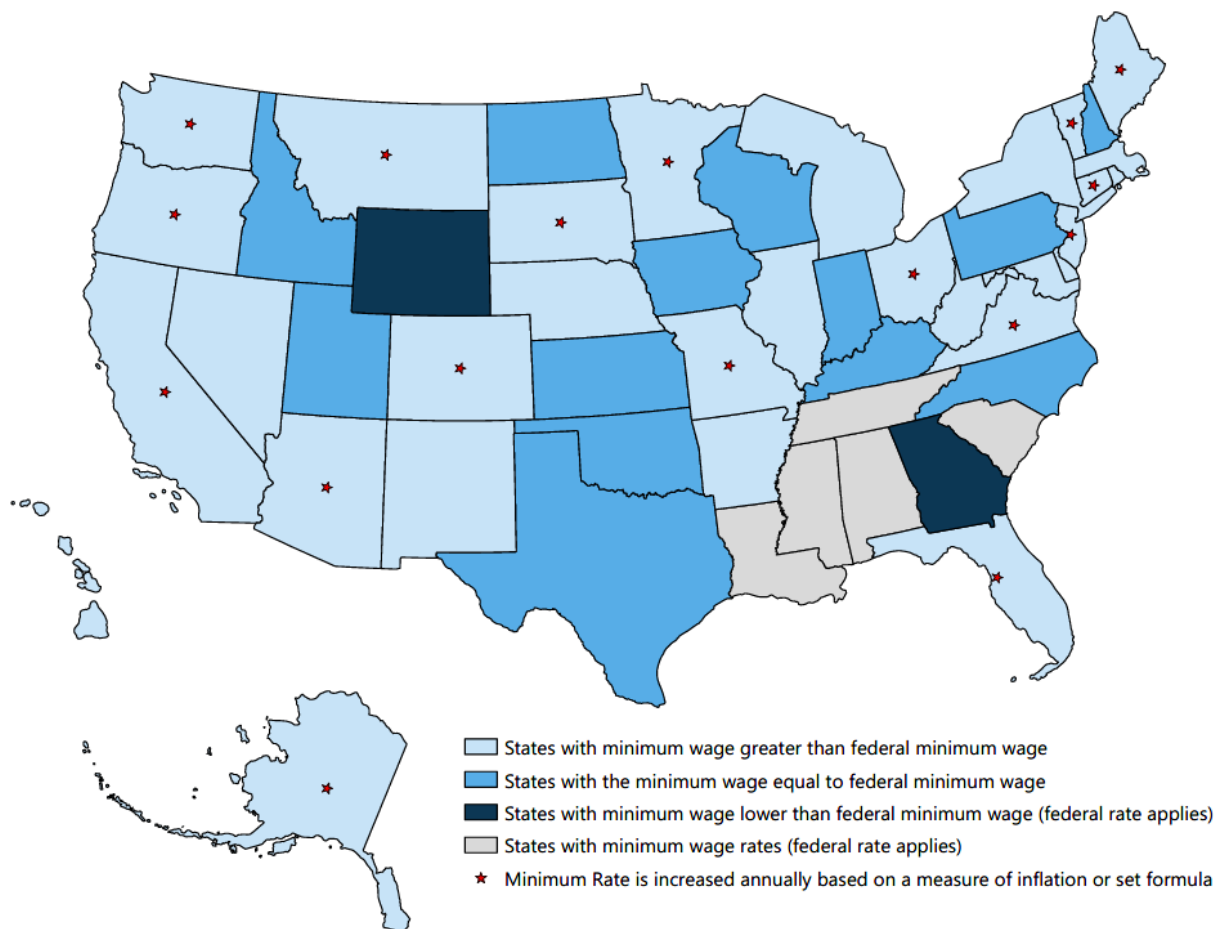
Source: Colorado Department of Labor and Employment.

## Other States

Currently, 30 states have set minimum wage rates that are higher than the federal rate of \$7.25 per hour, with rates ranging from \$8.75 in West Virginia to \$18.16 in Washington state.

Figure 1 shows minimum wage laws for the 50 states as of October 1, 2025, and indicates states that index their state minimum wage rates to a measure of inflation, such as CPI, or apply a set formula.

**Figure 1**  
**State Minimum Wage Laws, October 1, 2025**



Source: U.S. Bureau of Labor Statistics (BLS).  
Map prepared by Colorado Legislative Council Staff.