



**Colorado
Legislative
Council
Staff**

SB16-054

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0641
Prime Sponsor(s): Sen. Merrifield

Date: January 27, 2016
Bill Status: Senate SVMA
Fiscal Analyst: Chris Creighton (303-866-5834)

BILL TOPIC: LOCAL GOVERNMENT MINIMUM WAGE

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue	Potential increase.	
State Expenditures		
FTE Position Change		
Appropriation Required: None.		
Future Year Impacts: None.		

Summary of Legislation

Current law prevents local governments from establishing minimum wages within their jurisdiction. This bill repeals this provision and allows local governments to establish minimum wages through their governing body, an initiative, or referendum.

State Revenue

The bill potentially changes wages in local jurisdictions that choose to enact local minimum wage laws. Any impact on state revenue is conditional, dependant on future decisions made by local governments.

Wage income paid to individuals impacts the amount of sales and income taxes collected by the state. Changes to business' costs and investments, including higher wages, impacts the amount of sales and income tax paid. No estimate of the revenue change is available at this time.

Local Government Impact

The fiscal note assumes that a unit of local government includes municipalities and counties only; however, a unit of local government may also include special districts, school districts, urban renewal boards, and other commissions. Any impact on local government expenditures or revenue is conditional, dependant on future decisions made by those local governments.

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 must 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.

A local government's revenue from sales taxes may also be impacted by changing the income of individuals or the expenses of business. No precise estimate of the change in local government expenses or revenue can be made at this time.

Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Counties
Law

Municipalities
Local Affairs

Labor
Revenue