First Regular Session Seventy-fifth General Assembly STATE OF COLORADO

INTRODUCED

LLS NO. 25-0015.02 Yelana Love x2295

HOUSE BILL 25-1001

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A BILL FOR AN ACT

CONCERNING THE ENFORCEMENT OF WAGE AND HOUR LAWS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://leg.colorado.gov.)

Section 1 of the bill amends the definition of "employer" for purposes of wage and hour laws to include an individual who owns or controls at least 25% of the ownership interest in an employer.

Section 2 prohibits an employer from making a payroll deduction below a worker's applicable minimum wage.

Section 3 allows the director of the division of labor standards and statistics (division) to waive the penalty for an employer's failure to pay claimed wages or compensation within 14 days after a written demand if

certain specified conditions are met.

Section 4 repeals language allowing a court to award an employer reasonable costs and attorney fees in a civil action for unpaid wages or compensation in certain circumstances. In such an action, the court may pursue all equitable relief to deter future violations and prevent unjust enrichment.

Current law limits the ability of the director of the division to adjudicate claims for nonpayment of wages or compensation to \$7,500 or less. **Section 5** increases this threshold over the years by increasing the amount to \$13,000 for claims filed from July 1, 2026, through December 31, 2027, and in an amount specified by the director of the division to adjust for inflation beginning January 1, 2028. **Section 5** also requires the division, in adjudicating wage claims, to determine whether a violation is willful. For each violation:

- The director shall publish on the division's website the names of all employers found to be in violation and whether the violation was willful; and
- If the violation is not remedied within 60 days after the division's finding that there was a violation, the division must notify all government bodies with the authority to deny, withdraw, or otherwise limit or impose remedial conditions on the employer's license, permit, registration, or other credential.

Additionally, the division may report an employer found to have violated a law related to wages and hours to any government body with authority to deny, withdraw, or otherwise limit or impose remedial conditions on a license, permit, registration, or other credential that the violating employer has or may seek. **Section 5** also repeals language requiring the division to issue a determination on a wage complaint within 90 days.

Section 6 requires an employer found to have misclassified an employee as a nonemployee to pay a fine in the following amounts, in addition to any other relief ordered:

- For a willful violation, \$5,000;
- For a violation not remedied within 60 days after the division's finding, \$10,000;
- For a second or subsequent willful violation within 5 years, \$25,000; or
- For a second or subsequent willful violation not remedied within 60 days after the division's finding, \$50,000.

The director of the division must adjust these fine amounts for inflation by January 1, 2028, and every other year thereafter.

Section 6 also decreases the amount of time the division must wait before paying an employee out of the wage theft enforcement fund from 6 months to 120 days.

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Current law prohibits an employer from discriminating or retaliating against an employee for taking protection under wage and hour laws or the law related to the employment of minors. **Section 7** expands this provision to specify additional protected behavior and expands the prohibition to include other persons in addition to employers.

Section 7 also:

- Requires a fact finder to consider the time between an individual's exercise of a protected activity and an employer's adverse action when determining whether an employer has retaliated against the employee or worker;
- Specifies that any effort to use an individual's immigration status to negatively impact the wage and hour law rights, responsibilities, or proceedings of any employee or worker is an unlawful act of intimidation, threatening, coercion, discrimination, and retaliation; and
- Allows the division to order reasonable attorney fees and costs after investigating a discrimination or retaliation claim.

Be it enacted by the General Assembly of the State of Colorado:

2 **SECTION 1.** In Colorado Revised Statutes, 8-4-101, **amend** (6)

3 as follows:

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8-4-101. Definitions. As used in this article 4, unless the context otherwise requires:

(6) "Employer" has the same meaning as set forth in the federal "Fair Labor Standards Act of 1938", 29 U.S.C. sec. 203 (d), and includes a foreign labor contractor, and a migratory field labor contractor or crew leader, AND EACH INDIVIDUAL WHO OWNS OR CONTROLS AT LEAST TWENTY-FIVE PERCENT OF THE OWNERSHIP INTERESTS IN AN EMPLOYER; except that the provisions of this article 4 do DOES not apply to the state or its agencies or entities; counties; cities and counties; municipal corporations; quasi-municipal corporations; school districts; and irrigation, reservoir, or drainage conservation companies or districts organized and existing under the laws of Colorado.

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1	SECTION 2. In Colorado Revised Statutes, 8-4-105, amend (2)
2	as follows:
3	8-4-105. Payroll deductions permitted - notice required.
4	(2) Nothing in this section authorizes a deduction below the APPLICABLE
5	minimum wage. applicable under the "Fair Labor Standards Act of 1938",
6	29 U.S.C. sec. 201 et seq.
7	SECTION 3. In Colorado Revised Statutes, 8-4-109, amend
8	(3)(b) introductory portion; and add (3.5) as follows:
9	8-4-109. Termination of employment - payments required -
10	civil penalties - payments to surviving spouse or heir. (3) (b) On or
11	after January $1,2023$ Except as provided in Subsection (3.5) of this
12	SECTION, if an employer fails or refuses to pay, in the manner specified
13	in subsection (3)(d) of this section, all earned, vested, and determinable
14	wages or compensation within fourteen days after the A written demand
15	is sent or within fourteen days after a civil action or administrative claim
16	for the wages or compensation is sent to or served on the employer, the
17	employer is liable to the employee or group of similarly situated
18	employees for the amount of the earned, vested, determinable, and unpaid
19	wages or compensation plus an automatic penalty of:
20	(3.5) The director may waive the penalty specified in
21	SUBSECTION (3)(b) OF THIS SECTION FOR AN EMPLOYER'S FAILURE TO PAY
22	CLAIMED WAGES OR COMPENSATION WITHIN FOURTEEN DAYS AFTER A
23	WRITTEN DEMAND IF THE EMPLOYER PAYS ALL CLAIMED WAGES OR
24	COMPENSATION WITHIN FOURTEEN DAYS AFTER AN ADMINISTRATIVE
25	CLAIM FOR THE SAME WAGES OR COMPENSATION IS SENT TO OR SERVED ON
26	THE EMPLOYER. THE DIRECTOR SHALL NOT WAIVE THE PENALTY IF THE
27	ALLEGED VIOLATION IS A SECOND OR SUBSEQUENT FAILURE OR REFUSAL

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1	TO PAY AN EMPLOYEE'S WAGES OR COMPENSATION WITHIN FIVE YEARS.
2	SECTION 4. In Colorado Revised Statutes, 8-4-110, amend (2);
3	and repeal (1)(a) as follows:
4	8-4-110. Disputes - fees. (1) (a) The court may award the
5	employer reasonable costs and attorney fees incurred in a civil action if,
6	within fourteen days after a written demand letter is sent to or a civil
7	action is served on the employer for unpaid wages or compensation:
8	(I) The employer makes full legal tender of all amounts demanded
9	in good faith for all employees; and
10	(II) The employees receiving such tender ultimately fail to recover
11	a total sum that is greater than the amount the employer tendered.
12	(2) Any In addition to other relief available to employees
13	UNDER THIS TITLE 8, A person claiming to be aggrieved by A violation of
14	any provisions of this article or regulations prescribed pursuant to this
15	article This article 4 or any other law or rule related to wages
16	OR HOURS may file suit in any court having jurisdiction over the parties
17	TO PURSUE ALL AVAILABLE EQUITABLE RELIEF, INCLUDING EQUITABLE
18	RELIEF TO DETER FUTURE VIOLATIONS AND PREVENT UNJUST ENRICHMENT,
19	without regard to exhaustion of any administrative remedies.
20	SECTION 5. In Colorado Revised Statutes, 8-4-111, amend
21	(1)(a)(II), (2)(a)(I) introductory portion, and (8); repeal (2)(a)(III); and
22	add (1)(a.5) as follows:
23	8-4-111. Enforcement - duty of director - duties of district or
24	city attorneys - rules. (1) (a) (II) The director may establish an
25	administrative procedure to receive complaints and adjudicate claims for
26	nonpayment of wages or compensation of:
27	(A) Seven thousand five hundred dollars or less FOR CLAIMS FILED

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1	THROUGH JUNE 30, 2026;
2	(B) THIRTEEN THOUSAND DOLLARS OR LESS FOR CLAIMS FILED
3	FROM JULY 1, 2026, THROUGH DECEMBER 31, 2027; AND
4	(C) AN AMOUNT THAT THE DIRECTOR SPECIFIES IN RULE BY
5	January 1, 2028, and by rule for every other year thereafter.
6	SUCH AMOUNT MUST BE EQUAL TO THE AMOUNT IN THE PREVIOUS
7	CALENDAR YEAR INCREASED BY ONE THOUSAND DOLLARS OR A HIGHER
8	AMOUNT IF SUCH HIGHER AMOUNT IS NECESSARY TO ADJUST FOR
9	INFLATION. INFLATION IS MEASURED BY THE ANNUAL PERCENTAGE
10	CHANGE IN THE UNITED STATES DEPARTMENT OF LABOR'S BUREAU OF
11	LABOR STATISTICS CONSUMER PRICE INDEX, OR A SUCCESSOR INDEX, FOR
12	DENVER-AURORA-LAKEWOOD FOR ALL ITEMS PAID FOR BY URBAN
13	CONSUMERS.
14	(a.5) In carrying out the duties specified in subsection
15	(1)(a)(I) OF THIS SECTION, THE DIRECTOR:
16	(I) SHALL PUBLISH ON THE DIVISION'S WEBSITE, FOR ANY
17	VIOLATION THAT IS A MATTER OF PUBLIC RECORD PURSUANT TO SECTION
18	8-1-115 (1)(b), THE CITATION, DETERMINATION, OR WRITTEN OPINION;
19	WHETHER THE VIOLATION WAS WILLFUL; AND THE NAMES OF ALL
20	EMPLOYERS IN VIOLATION;
21	(II) SHALL REPORT AN EMPLOYER WITH A WILLFUL VIOLATION
22	UNREMEDIED WITHIN SIXTY DAYS AFTER THE DIVISION'S FINDING TO ANY
23	GOVERNMENT BODY WITH AUTHORITY TO DENY, WITHDRAW, OR
24	OTHERWISE LIMIT OR IMPOSE REMEDIAL CONDITIONS ON THE EMPLOYER'S
25	LICENSE, PERMIT, REGISTRATION, OR OTHER CREDENTIAL. THE DIVISION
26	MAY POST A DECISION AGAINST AN EMPLOYER BY A GOVERNMENT BODY
27	ON THE DIVISION'S WEBSITE.

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(III) MAY REPORT AN EMPLOYER FOUND TO HAVE VIOLATED A LAW RELATED TO WAGES AND HOURS TO A GOVERNMENT BODY WITH AUTHORITY TO DENY, WITHDRAW, OR OTHERWISE LIMIT OR IMPOSE REMEDIAL CONDITIONS ON THE EMPLOYER'S LICENSE, PERMIT, REGISTRATION, OR OTHER CREDENTIAL. THE DIVISION MAY POST A DECISION AGAINST AN EMPLOYER BY A GOVERNMENT BODY ON THE DIVISION'S WEBSITE.

(2) (a) (I) THE DIVISION SHALL INVESTIGATE A WAGE COMPLAINT if one or more employees file a THE wage complaint with the division

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claiming unpaid wages or compensation, EXCLUSIVE OF PENALTIES AND FINES, of seven thousand five hundred dollars or less per employee exclusive of penalties and fines, the division shall investigate the wage complaint FOR CLAIMS FILED THROUGH JUNE 30, 2026; THIRTEEN THOUSAND DOLLARS OR LESS FOR CLAIMS FILED FROM JULY 1, 2026, THROUGH DECEMBER 31, 2027; AND AN AMOUNT THAT THE DIRECTOR SPECIFIES IN RULE BY JANUARY 1, 2028, AND BY RULE FOR EVERY OTHER YEAR THEREAFTER. SUCH AMOUNT MUST BE EQUAL TO THE AMOUNT IN THE PREVIOUS CALENDAR YEAR INCREASED BY ONE THOUSAND DOLLARS OR A HIGHER AMOUNT IF SUCH HIGHER AMOUNT IS NECESSARY TO ADJUST FOR INFLATION. INFLATION IS MEASURED BY THE ANNUAL PERCENTAGE CHANGE IN THE UNITED STATES DEPARTMENT OF LABOR'S BUREAU OF LABOR STATISTICS CONSUMER PRICE INDEX, OR A SUCCESSOR INDEX, FOR DENVER-AURORA-LAKEWOOD FOR ALL ITEMS PAID FOR BY URBAN CONSUMERS. The division may investigate any A wage complaint made on behalf of a group of similarly situated employees. If the division declines to investigate a group complaint, similarly situated employees may consent in writing to participate as parties to that complaint, and the

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division may pursue a direct investigation informed by and concurrent with that complaint. The division shall initiate the administrative procedure by sending a notice of complaint to the employer by mail or electronic means in accordance with rules as the director may promulgate when the complaint states a claim for relief. The notice of the complaint must include:

- (III) The division shall issue a determination within ninety days after the notice of complaint is sent unless the division extends the time period by providing advance written notice to the employee and employer stating good cause for the extension of time.
- (8) Nothing in this article shall be construed to limit ARTICLE 4 LIMITS the authority of the district attorney of any county or city and county or the city attorney of any city to prosecute actions for such violations of this article ARTICLE 4 as may come to his or her ADISTRICT ATTORNEY'S OR A CITY ATTORNEY'S knowledge, or to enforce the provisions of this article THIS ARTICLE 4 independently and without specific direction of the director, or to limit the right of any wage claimant to sue directly or through an assignee for any wages, or penalty, due him or her under the provisions of this article OR OTHER RELIEF AVAILABLE PURSUANT TO THIS ARTICLE 4. A LOCAL OR STATE ENTITY WITH AUTHORITY TO ENFORCE THIS ARTICLE 4, INCLUDING THE DISTRICT ATTORNEY OF A COUNTY OR CITY AND COUNTY, A CITY ATTORNEY OF ANY CITY, AND THE ATTORNEY GENERAL, MAY PURSUE ANY RELIEF AUTHORIZED BY THIS ARTICLE 4.
- **SECTION 6.** In Colorado Revised Statutes, 8-4-113, **amend** 26 (5)(a); and **add** (1)(a)(I.5) as follows:
- 27 8-4-113. Fines pursuant to enforcement wage theft

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1	enforcement fund - created - administrative lien and levy of employer
2	assets - wage claim payments from the fund - definition - rules.
3	(1)(a)(I.5)Anemployer found to have misclassified an employee
4	AS A NONEMPLOYEE IN A WAY THAT MAY AFFECT A WAGE AND HOUR
5	PAYMENT OR REPORTING OBLIGATION UNDER A STATE, FEDERAL, OR LOCAL
6	LAW, RULE, OR REGULATION SHALL PAY A FINE IN THE FOLLOWING
7	amounts, increased by the director by rule by January 1, 2028,
8	AND BY RULE BY JANUARY 1 EVERY OTHER YEAR BASED ON THE PRIOR
9	TWO YEARS' INCREASE, IF ANY, IN THE UNITED STATES DEPARTMENT OF
10	LABOR'S BUREAU OF LABOR STATISTICS CONSUMER PRICE INDEX, OR A
11	SUCCESSOR INDEX, FOR DENVER-AURORA-LAKEWOOD FOR URBAN WAGE
12	EARNERS AND CLERICAL WORKERS, PER EMPLOYEE, IN ADDITION TO ANY
13	OTHER RELIEF ORDERED:
14	(A) FOR A WILLFUL VIOLATION, FIVE THOUSAND DOLLARS;
15	(B) FOR A VIOLATION NOT REMEDIED WITHIN SIXTY DAYS AFTER
16	THE DIVISION'S FINDING, TEN THOUSAND DOLLARS;
17	(C) FOR A SECOND OR SUBSEQUENT WILLFUL VIOLATION WITHIN
18	FIVE YEARS, TWENTY-FIVE THOUSAND DOLLARS; OR
19	(D) FOR A SECOND OR SUBSEQUENT WILLFUL VIOLATION NOT
20	REMEDIED WITHIN SIXTY DAYS AFTER THE DIVISION'S FINDING, FIFTY
21	THOUSAND DOLLARS.
22	(5) (a) On and after April 1, 2024, if an employer fails to pay an
23	employee an amount of wages, compensation, or other monetary relief
24	owed the employee, as determined by the division pursuant to this article
25	4 or article 6 or 12 of this title 8 or as decided by a hearing officer
26	pursuant to section 8-4-111.5, within six months ONE HUNDRED TWENTY
27	DAYS after the division's determination, the hearing officer's decision, or

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1	the expiration of any AN order from the division, the hearing officer, or
2	a court staying or postponing the employer's payment obligation,
3	whichever is later, the division may disburse the amount of wages,
4	compensation, or other monetary relief determined to be owed the
5	employee, subject to available resources in the fund and the division's
6	prioritization, from the fund to the employee.
7	SECTION 7. In Colorado Revised Statutes, amend 8-4-120 as
8	follows:
9	8-4-120. Discrimination and retaliation prohibited - employee
10	protections - criminal penalties - civil remedies. (1) An employer, OR
11	ANY OTHER PERSON THAT IS REGULARLY ENGAGED IN BUSINESS OR
12	COMMERCIAL ACTIVITY THAT HAS CONTRACTED WITH AN EMPLOYER OR
13	WORKER, DIRECTLY OR INDIRECTLY, FOR LABOR FROM WHICH SUCH
14	PERSON IS THE BENEFICIARY, shall not intimidate, threaten, restrain,
15	coerce, blacklist, discharge, or in any manner discriminate or retaliate
16	against any AN employee OR WORKER who has:
17	(a) Filed any A complaint or instituted or caused to be instituted
18	any A proceeding under this article 4 or any other law or rule related to
19	wages, hours, or employment of minors; or
20	(b) Testified or provided other evidence, or may testify or provide
21	other evidence, in any A proceeding on behalf of the employee or another
22	person regarding afforded protections under this article 4 or under any
23	other law or rule related to wages, or hours, OR THE EMPLOYMENT OF
24	MINORS; OR
25	(c) RAISED CONCERNS IN GOOD FAITH ABOUT COMPLIANCE WITH
26	OR OTHERWISE PROVIDED INFORMATION AS TO LEGAL RIGHTS AND
27	REMEDIES AVAILABLE UNDER THIS ARTICLE 4 OR ANY OTHER LAW OR RULE

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1	RELATED TO WAGES OR HOURS TO ANY PERSON.
2	(2) An employer who A PERSON THAT violates this section
3	commits a class 2 misdemeanor.
4	(3) (a) An employee OR WORKER who alleges a violation of
5	subsection (1) of this section may file a civil action in a court of
6	competent jurisdiction against the employer alleged to have violated this
7	section to seek legal and equitable relief as appropriate to remedy the
8	violation, including:
9	(I) Back pay;
10	(II) Reinstatement of employment or, if reinstatement is not
11	feasible, front pay;
12	(III) The payment of wages unlawfully withheld;
13	(IV) Interest on unpaid wages at a rate of twelve percent per
14	annum from the date the wages were first due;
15	(V) The payment of a penalty of fifty dollars per day for each
16	employee whose rights under this section were violated and for each day
17	that the violation occurred or continued;
18	(VI) Liquidated damages in an amount equal to the greater of two
19	times the amount of the unpaid wages OR OTHER LOST PAY OR
20	COMPENSATION or two thousand dollars; and
21	(VII) Injunctive relief; AND
22	(VIII) COMPENSATORY DAMAGES FOR OTHER ECONOMIC OR
23	NONECONOMIC LOSS OR INJURY SHOWN BY COMPETENT EVIDENCE.
24	(b) If the employee AN AGGRIEVED PERSON prevails in a civil
25	action brought pursuant to this subsection (3), the court shall award the
26	employee PERSON reasonable attorney fees and costs.
27	(c) (I) IN DETERMINING WHETHER THERE HAS BEEN RETALIATION

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1	AS PROHIBITED IN SUBSECTION (1) OF THIS SECTION, A FACT FINDER SHALL
2	CONSIDER THE TIME BETWEEN AN INDIVIDUAL'S EXERCISE OF A PROTECTED
3	ACTIVITY AND AN EMPLOYER'S ADVERSE ACTION. A PERIOD OF NINETY OR
4	FEWER DAYS BETWEEN THE EXERCISE OF A PROTECTED ACTIVITY AND THE
5	ADVERSE ACTION MAY, WITHOUT MORE, BE SUFFICIENT TO FIND
6	RETALIATORY INTENT.
7	(II) ANY EFFORT TO USE AN INDIVIDUAL'S IMMIGRATION STATUS
8	TO NEGATIVELY IMPACT THE WAGE AND HOUR LAW RIGHTS,
9	RESPONSIBILITIES, OR PROCEEDINGS OF ANY EMPLOYEE OR WORKER IS AN
10	ACT OF INTIMIDATION, THREATENING, COERCION, DISCRIMINATION, AND
11	RETALIATION IN VIOLATION OF SUBSECTION (1) OF THIS SECTION.
12	(4) The division may investigate and enforce discrimination or
13	retaliation prohibited by this article 4 or article 6 of this title 8 and, after
14	investigation, may order the relief specified in subsection (3)(a) of this
15	section AND REASONABLE ATTORNEY FEES AND COSTS.
16	SECTION 8. Act subject to petition - effective date -
17	applicability. (1) This act takes effect at 12:01 a.m. on the day following
18	the expiration of the ninety-day period after final adjournment of the
19	general assembly; except that, if a referendum petition is filed pursuant
20	to section 1 (3) of article V of the state constitution against this act or an
21	item, section, or part of this act within such period, then the act, item,
22	section, or part will not take effect unless approved by the people at the
23	general election to be held in November 2026 and, in such case, will take
24	effect on the date of the official declaration of the vote thereon by the
25	governor.
26	(2) This act applies to conduct occurring on or after the applicable

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effective date of this act.

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