First Regular Session Seventy-fifth General Assembly STATE OF COLORADO

PREAMENDED

This Unofficial Version Includes Committee Amendments Not Yet Adopted on Second Reading

LLS NO. 25-0015.02 Yelana Love x2295

HOUSE BILL 25-1001

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A BILL FOR AN ACT

101 **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 <u>http://leg.colorado.gov</u>.)

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. 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.
- 1 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:

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

6 (6) "Employer" has the same meaning as set forth in the federal 7 "Fair Labor Standards Act of 1938", 29 U.S.C. sec. 203 (d), and includes 8 a foreign labor contractor, and a migratory field labor contractor or crew 9 leader, AND EACH INDIVIDUAL WHO OWNS OR CONTROLS AT LEAST 10 TWENTY-FIVE PERCENT OF THE OWNERSHIP INTERESTS IN AN EMPLOYER; 11 except that the provisions of this article 4 do DOES not apply to A 12 MINORITY OWNER OF AN EMPLOYER THAT DEMONSTRATES FULL 13 DELEGATION OF ITS AUTHORITY TO CONTROL DAY-TO-DAY OPERATIONS OF 14 THE EMPLOYER; the state or its agencies or entities; counties; cities and 15 counties; municipal corporations; quasi-municipal corporations; school

1	districts; and irrigation, reservoir, or drainage conservation companies or
2	districts organized and existing under the laws of Colorado.
3	SECTION 2. In Colorado Revised Statutes, 8-4-105, amend (2)
4	as follows:
5	8-4-105. Payroll deductions permitted - notice required.
6	(2) Nothing in this section authorizes a deduction below the APPLICABLE
7	minimum wage. applicable under the "Fair Labor Standards Act of 1938",
8	29 U.S.C. sec. 201 et seq.
9	SECTION 3. In Colorado Revised Statutes, 8-4-109, amend
10	(3)(b) introductory portion; and add (3.5) as follows:
11	8-4-109. Termination of employment - payments required -
12	civil penalties - payments to surviving spouse or heir. (3) (b) On or
13	after January 1, 2023 EXCEPT AS PROVIDED IN SUBSECTION (3.5) OF THIS
14	SECTION, if an employer fails or refuses to pay, in the manner specified
15	in subsection (3)(d) of this section, all earned, vested, and determinable
16	wages or compensation within fourteen days after the A written demand
17	is sent or within fourteen days after a civil action or administrative claim
18	for the wages or compensation is sent to or served on the employer, the
19	employer is liable to the employee or group of similarly situated
20	employees for the amount of the earned, vested, determinable, and unpaid
21	wages or compensation plus an automatic penalty of:
22	(3.5) The director may waive the penalty specified in
23	SUBSECTION $(3)(b)$ of this section for an employer's failure to pay
24	CLAIMED WAGES OR COMPENSATION WITHIN FOURTEEN DAYS AFTER A
25	WRITTEN DEMAND IF THE EMPLOYER PAYS ALL CLAIMED WAGES OR
26	COMPENSATION WITHIN FOURTEEN DAYS AFTER AN ADMINISTRATIVE

27 CLAIM FOR THE SAME WAGES OR COMPENSATION IS SENT TO OR SERVED ON

THE EMPLOYER. THE DIRECTOR SHALL NOT WAIVE THE PENALTY IF THE
 ALLEGED VIOLATION IS A SECOND OR SUBSEQUENT FAILURE OR REFUSAL
 TO PAY AN EMPLOYEE'S WAGES OR COMPENSATION WITHIN FIVE YEARS.
 SECTION 4. In Colorado Revised Statutes, 8-4-110, amend (2);

5 and **repeal** (1)(a) as follows:

8-4-110. Disputes - fees. (1) (a) The court may award the
employer reasonable costs and attorney fees incurred in a civil action if,
within fourteen days after a written demand letter is sent to or a civil
action is served on the employer for unpaid wages or compensation:

(I) The employer makes full legal tender of all amounts demanded
 in good faith for all employees; and

(II) The employees receiving such tender ultimately fail to recover
 a total sum that is greater than the amount the employer tendered.

14 (2) Any IN ADDITION TO OTHER RELIEF AVAILABLE TO EMPLOYEES 15 UNDER THIS TITLE 8, A person claiming to be aggrieved by A violation of 16 any provisions of this article or regulations prescribed pursuant to this 17 article THIS ARTICLE 4 OR ANY OTHER LAW OR RULE RELATED TO WAGES 18 OR HOURS may file suit in any court having jurisdiction over the parties 19 TO PURSUE ALL AVAILABLE EQUITABLE RELIEF, INCLUDING EQUITABLE 20 RELIEF TO DETER FUTURE VIOLATIONS AND PREVENT UNJUST ENRICHMENT, 21 without regard to exhaustion of any administrative remedies.

SECTION 5. In Colorado Revised Statutes, 8-4-111, amend
(1)(a)(II), (2)(a)(I) introductory portion, and (8); repeal (2)(a)(III); and
add (1)(a.5) and (9) as follows:

8-4-111. Enforcement - duty of director - duties of district or
city attorneys - local government authority to enact and enforce laws
rules. (1) (a) (II) The director may establish an administrative

procedure to receive complaints and adjudicate claims for nonpayment of
 wages or compensation of:

3 (A) Seven thousand five hundred dollars or less FOR CLAIMS FILED
4 THROUGH JUNE 30, 2026;

5 (B) THIRTEEN THOUSAND DOLLARS OR LESS FOR CLAIMS FILED
6 FROM JULY 1, 2026, THROUGH DECEMBER 31, 2027; AND

7 (C) AN AMOUNT THAT THE DIRECTOR SPECIFIES IN RULE BY 8 JANUARY 1, 2028, AND BY RULE FOR EVERY OTHER YEAR THEREAFTER. 9 SUCH AMOUNT MUST BE EQUAL TO THE AMOUNT IN THE PREVIOUS 10 CALENDAR YEAR INCREASED BY ONE THOUSAND DOLLARS OR A HIGHER 11 AMOUNT IF SUCH HIGHER AMOUNT IS NECESSARY TO ADJUST FOR 12 INFLATION. INFLATION IS MEASURED BY THE ANNUAL PERCENTAGE 13 CHANGE IN THE UNITED STATES DEPARTMENT OF LABOR'S BUREAU OF 14 LABOR STATISTICS CONSUMER PRICE INDEX, OR A SUCCESSOR INDEX, FOR 15 DENVER-AURORA-LAKEWOOD FOR ALL ITEMS PAID FOR BY URBAN 16 CONSUMERS.

17 (a.5) IN CARRYING OUT THE DUTIES SPECIFIED IN SUBSECTION
18 (1)(a)(I) OF THIS SECTION, THE DIRECTOR:

(I) SHALL PUBLISH ON THE DIVISION'S WEBSITE, FOR ANY
VIOLATION THAT IS A MATTER OF PUBLIC RECORD PURSUANT TO SECTION
8-1-115 (1)(b), THE CITATION, DETERMINATION, OR WRITTEN OPINION;
WHETHER THE VIOLATION WAS WILLFUL; AND THE NAMES OF ALL
EMPLOYERS IN VIOLATION;

(II) SHALL REPORT AN EMPLOYER WITH A WILLFUL VIOLATION
UNREMEDIED WITHIN SIXTY DAYS AFTER THE DIVISION'S FINDING TO ANY
GOVERNMENT BODY WITH AUTHORITY TO DENY, WITHDRAW, OR
OTHERWISE LIMIT OR IMPOSE REMEDIAL CONDITIONS ON THE EMPLOYER'S

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LICENSE, PERMIT, REGISTRATION, OR OTHER CREDENTIAL. THE DIVISION
 MAY POST A DECISION AGAINST AN EMPLOYER BY A GOVERNMENT BODY
 ON THE DIVISION'S WEBSITE.

4 (III) MAY REPORT AN EMPLOYER FOUND TO HAVE VIOLATED A LAW 5 RELATED TO WAGES AND HOURS TO A GOVERNMENT BODY WITH 6 AUTHORITY TO DENY, WITHDRAW, OR OTHERWISE LIMIT OR IMPOSE 7 REMEDIAL CONDITIONS ON THE EMPLOYER'S LICENSE, PERMIT, 8 REGISTRATION, OR OTHER CREDENTIAL. THE DIVISION MAY POST A 9 DECISION AGAINST AN EMPLOYER BY A GOVERNMENT BODY ON THE 10 DIVISION'S WEBSITE.

11 (2) (a) (I) THE DIVISION SHALL INVESTIGATE A WAGE COMPLAINT 12 if one or more employees file a THE wage complaint with the division 13 claiming unpaid wages or compensation, EXCLUSIVE OF PENALTIES AND 14 FINES, of seven thousand five hundred dollars or less per employee 15 exclusive of penalties and fines, the division shall investigate the wage 16 complaint for claims filed through June 30, 2026; thirteen 17 THOUSAND DOLLARS OR LESS FOR CLAIMS FILED FROM JULY 1, 2026, 18 THROUGH DECEMBER 31, 2027; AND AN AMOUNT THAT THE DIRECTOR 19 SPECIFIES IN RULE BY JANUARY 1, 2028, AND BY RULE FOR EVERY OTHER 20 YEAR THEREAFTER. SUCH AMOUNT MUST BE EQUAL TO THE AMOUNT IN 21 THE PREVIOUS CALENDAR YEAR INCREASED BY ONE THOUSAND DOLLARS 22 OR A HIGHER AMOUNT IF SUCH HIGHER AMOUNT IS NECESSARY TO ADJUST 23 FOR INFLATION. INFLATION IS MEASURED BY THE ANNUAL PERCENTAGE 24 CHANGE IN THE UNITED STATES DEPARTMENT OF LABOR'S BUREAU OF 25 LABOR STATISTICS CONSUMER PRICE INDEX, OR A SUCCESSOR INDEX, FOR 26 DENVER-AURORA-LAKEWOOD FOR ALL ITEMS PAID FOR BY URBAN 27 CONSUMERS. The division may investigate any A wage complaint made

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1 on behalf of a group of similarly situated employees. If the division 2 declines to investigate a group complaint, similarly situated employees 3 may consent in writing to participate as parties to that complaint, and the 4 division may pursue a direct investigation informed by and concurrent 5 with that complaint. The division shall initiate the administrative 6 procedure by sending a notice of complaint to the employer by mail or 7 electronic means in accordance with rules as the director may promulgate 8 when the complaint states a claim for relief. The notice of the complaint 9 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.

14 (8) Nothing in this article shall be construed to limit ARTICLE 4
15 LIMITS:

16 (a) The authority of the district attorney of any county or city and
17 county, or the city attorney of any city A PERSON DELEGATED AUTHORITY
18 BY A COUNTY OR CITY AND COUNTY TO PROSECUTE CRIMINAL OFFENSES
19 OR ENFORCE LAWS OR ORDINANCES RELATED TO THE PAYMENTS OF
20 WAGES, to:

(I) Prosecute actions for such violations of this article as ARTICLE
4 THAT may come to his or her THE DISTRICT ATTORNEY'S OR THE
DELEGATED PERSON'S knowledge; or to

(II) Enforce the provisions of this article THIS ARTICLE 4
independently and without specific direction of the director; or to limit
(b) 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

1 this article OR OTHER RELIEF AVAILABLE PURSUANT TO THIS ARTICLE 4.

(9) A CITY, COUNTY, OR CITY AND COUNTY MAY ENACT AND
ENFORCE LAWS RELATED TO THE PAYMENT OF WAGES FOR WORK
PERFORMED WITHIN ITS JURISDICTION IF THE LAWS DO NOT DIMINISH THE
PROTECTIONS OR BENEFITS TO EMPLOYEES PROVIDED IN THIS ARTICLE 4.
SECTION 6. In Colorado Revised Statutes, 8-4-113, amend

7 (5)(a); and **add** (1)(a)(I.5) as follows:

8 Fines pursuant to enforcement - wage theft 8-4-113. 9 enforcement fund - created - administrative lien and levy of employer 10 assets - wage claim payments from the fund - definition - rules. 11 (1)(a)(I.5) AN EMPLOYER FOUND TO HAVE MISCLASSIFIED AN EMPLOYEE 12 AS A NONEMPLOYEE IN A WAY THAT MAY AFFECT A WAGE AND HOUR 13 PAYMENT OR REPORTING OBLIGATION UNDER A STATE, FEDERAL, OR LOCAL 14 LAW, RULE, OR REGULATION SHALL PAY A FINE IN THE FOLLOWING 15 AMOUNTS, INCREASED BY THE DIRECTOR BY RULE BY JANUARY 1, 2028, 16 AND BY RULE BY JANUARY 1 EVERY OTHER YEAR BASED ON THE PRIOR 17 TWO YEARS' INCREASE, IF ANY, IN THE UNITED STATES DEPARTMENT OF 18 LABOR'S BUREAU OF LABOR STATISTICS CONSUMER PRICE INDEX, OR A 19 SUCCESSOR INDEX, FOR DENVER-AURORA-LAKEWOOD FOR URBAN WAGE 20 EARNERS AND CLERICAL WORKERS, PER EMPLOYEE, IN ADDITION TO ANY 21 OTHER RELIEF ORDERED:

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(A) FOR A WILLFUL VIOLATION, FIVE THOUSAND DOLLARS;

23 (B) FOR A VIOLATION NOT REMEDIED WITHIN SIXTY DAYS AFTER
24 THE DIVISION'S FINDING, TEN THOUSAND DOLLARS;

25 (C) FOR A SECOND OR SUBSEQUENT WILLFUL VIOLATION WITHIN
26 FIVE YEARS, TWENTY-FIVE THOUSAND DOLLARS; OR

27 (D) FOR A SECOND OR SUBSEQUENT WILLFUL VIOLATION NOT

REMEDIED WITHIN SIXTY DAYS AFTER THE DIVISION'S FINDING, FIFTY
 THOUSAND DOLLARS.

3 (5) (a) On and after April 1, 2024, if an employer fails to pay an 4 employee an amount of wages, compensation, or other monetary relief 5 owed the employee, as determined by the division pursuant to this article 6 4 or article 6 or 12 of this title 8 or as decided by a hearing officer 7 pursuant to section 8-4-111.5, within six months ONE HUNDRED TWENTY 8 DAYS after the division's determination, the hearing officer's decision, or 9 the expiration of any AN order from the division, the hearing officer, or 10 a court staying or postponing the employer's payment obligation, 11 whichever is later, the division may disburse the amount of wages, 12 compensation, or other monetary relief determined to be owed the 13 employee, subject to available resources in the fund and the division's 14 prioritization, from the fund to the employee.

15 SECTION 7. In Colorado Revised Statutes, amend 8-4-120 as
16 follows:

17 8-4-120. Discrimination and retaliation prohibited - employee 18 protections - criminal penalties - civil remedies. (1) An employer, OR 19 ANY OTHER PERSON THAT IS REGULARLY ENGAGED IN BUSINESS OR 20 COMMERCIAL ACTIVITY THAT HAS CONTRACTED WITH AN EMPLOYER OR 21 WORKER, DIRECTLY OR INDIRECTLY, FOR LABOR FROM WHICH SUCH 22 PERSON IS THE BENEFICIARY, shall not intimidate, threaten, restrain, 23 coerce, blacklist, discharge, or in any manner discriminate or retaliate 24 against any AN employee OR WORKER who has:

(a) Filed any A complaint or instituted or caused to be instituted
 any A proceeding under this article 4 or any other law or rule related to
 wages, hours, or employment of minors; or

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(b) Testified or provided other evidence, or may testify or provide
 other evidence, in any A proceeding on behalf of the employee or another
 person regarding afforded protections under this article 4 or under any
 other law or rule related to wages, or hours, OR THE EMPLOYMENT OF
 MINORS; OR

6 (c) RAISED CONCERNS IN GOOD FAITH ABOUT COMPLIANCE WITH
7 OR OTHERWISE PROVIDED INFORMATION AS TO LEGAL RIGHTS AND
8 REMEDIES AVAILABLE UNDER THIS ARTICLE 4 OR ANY OTHER LAW OR RULE
9 RELATED TO WAGES OR HOURS TO ANY PERSON.

10 (2) An employer who A PERSON THAT violates this section
11 commits a class 2 misdemeanor.

(3) (a) An employee OR WORKER who alleges a violation of
subsection (1) of this section may file a civil action in a court of
competent jurisdiction against the employer alleged to have violated this
section to seek legal and equitable relief as appropriate to remedy the
violation, including:

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(I) Back pay;

18 (II) Reinstatement of employment or, if reinstatement is not19 feasible, front pay;

20 (III) The payment of wages unlawfully withheld;

21 (IV) Interest on unpaid wages at a rate of twelve percent per
22 annum from the date the wages were first due;

(V) The payment of a penalty of fifty dollars per day for each
employee whose rights under this section were violated and for each day
that the violation occurred or continued;

26 (VI) Liquidated damages in an amount equal to the greater of two
27 times the amount of the unpaid wages OR OTHER LOST PAY OR

- 1 COMPENSATION or two thousand dollars; and
 - (VII) Injunctive relief; AND

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- 3 (VIII) COMPENSATORY DAMAGES FOR OTHER ECONOMIC OR
 4 NONECONOMIC LOSS OR INJURY SHOWN BY COMPETENT EVIDENCE.
- 5 (b) If the employee AN AGGRIEVED PERSON prevails in a civil 6 action brought pursuant to this subsection (3), the court shall award the 7 employee PERSON reasonable attorney fees and costs.
- 8 (c) (I) IN DETERMINING WHETHER THERE HAS BEEN RETALIATION 9 AS PROHIBITED IN SUBSECTION (1) OF THIS SECTION, A FACT FINDER SHALL 10 CONSIDER THE TIME BETWEEN AN INDIVIDUAL'S EXERCISE OF A PROTECTED 11 ACTIVITY AND AN EMPLOYER'S ADVERSE ACTION. A PERIOD OF NINETY OR 12 FEWER DAYS BETWEEN THE EXERCISE OF A PROTECTED ACTIVITY AND THE 13 ADVERSE ACTION MAY, WITHOUT MORE, BE SUFFICIENT TO FIND 14 RETALIATORY INTENT.
- (II) ANY EFFORT TO USE AN INDIVIDUAL'S IMMIGRATION STATUS
 TO IN ANY MANNER DISCRIMINATE OR RETALIATE AGAINST AN EMPLOYEE
 OR WORKER WHO HAS ENGAGED IN ACTIVITY DESCRIBED IN SUBSECTION
 (1) OF THIS SECTION IS A VIOLATION OF THIS SECTION.
- (4) The division may investigate and enforce discrimination or
 retaliation prohibited by this article 4 or article 6 of this title 8 and, after
 investigation, may order the relief specified in subsection (3)(a) of this
 section AND REASONABLE ATTORNEY FEES AND COSTS.
- 23 SECTION 8. Act subject to petition effective date -24 applicability. (1) This act takes effect at 12:01 a.m. on the day following 25 the expiration of the ninety-day period after final adjournment of the 26 general assembly; except that, if a referendum petition is filed pursuant 27 to section 1 (3) of article V of the state constitution against this act or an

item, section, or part of this act within such period, then the act, item,
 section, or part will not take effect unless approved by the people at the
 general election to be held in November 2026 and, in such case, will take
 effect on the date of the official declaration of the vote thereon by the
 governor.

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(2) This act applies to conduct occurring on or after the applicable effective date of this act.