

Senate Local Government & Housing

04/10/2025 01:30 PM

HB25-1208 Local Govs Tip Offsets for Tipped Employees

Typed Text of Testimony Submitted

Name, Position, Representing	Typed Text of Testimony
<p>Katherine Jasmann Against themselves</p>	<p>Thank you for hearing my testimony today.</p> <p>My name is Katherine Jasmann, and I have dedicated 25 years to the restaurant industry as a server. I am here to express my deep concern about the proposed legislation to reduce wages for tipped employees. This bill severely threatens my livelihood and that of my colleagues.</p> <p>It's shocking to see tipped workers being blamed for restaurant closures. The people voted for our wage increases, and this is now a backdoor attempt to lower our pay.</p> <p>The data supporting this bill is also flawed. There were changes in licensing in Denver that have inflated the number of restaurants closures. I've spoken with Representative Woodrow, and he has acknowledged this issue.</p> <p>It's true though, that downtown Denver is no longer a vibrant destination. Attractions are few. We face rising crime with recent stabbings, homelessness, vacant office buildings, and a lack of parking—all worsened by costly unnecessary bike lanes and ongoing construction. Commercial real estate tax is insane, raising rents for businesses. Consumer behavior has shifted; dining out is more expensive, and patrons are selective about where they spend their money. We need investment in revitalizing our city, to make it an attractive once more.</p> <p>Another issue here is that Wage theft is rampant, and many tipped workers don't know their rights, leaving them vulnerable. I am currently in a four-year wage dispute against Sushi Den, now in the Court of Appeals. It has been an ordeal. The enforcement of wage laws in our state is weak, and this proposed law will only worsen the situation for those of us on the front lines.</p> <p>It's crucial to recognize that servers lack representation, and unions. We don't have the financial backing of lobbyists like the Colorado Restaurant Association, who advocate for owners, not workers. We endure mistreatment and perform dirty, demanding and sometimes degrading work; we deserve fair hourly wages that reflect the cost of living in our city.</p>

	<p>I urge you to look for solutions other than pay cuts. I'm particularly disappointed in the Democrat representatives, supporting this bill. This is not what we voted for, and now you're turning your backs on us front line workers, instead of addressing the real issues the city clearly has.</p> <p>Please stand with the little guy and protect us front line restaurant workers. Thank you.</p>
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HB25-1208 Testimony for Senate Local Government and Housing Committee

Dear Members of the Senate Local Government and Housing Committee,

I am submitting this testimony as an At-Large Denver City Councilmember asking you to oppose House Bill 25-1208. While I appreciate amendments to the bill that have removed the forced wage cuts on subminimum wage workers, the bill still does not grant municipalities the full local control we need over this issue because the bill in its current form only allows municipalities to **increase** the tip credit.

Denver city council proudly passed the state's first minimum wage increase, going into effect in January 2020, and has defended worker pay standards with multiple pieces of legislation thereafter. This increased minimum wage has been a benefit to our city and its workers. Numerous studies show us that higher minimum wages yield increased productivity, lower turnover, increased consumer spending, improved worker health, lower rates of child neglect and suicide, and so much more.

Denver's higher minimum wage has also not created a crisis in the restaurant industry. Denver's restaurant scene has grown faster than the United States as a whole. That growth has matched the state overall, and Denver performed as well or better than Arapahoe, Jefferson, Boulder, and Larimer counties. Our city has more restaurants per 1,000 people than any other large county in the state. Comprehensive [analysis by the Colorado Center on Law and Policy](#) shows us that Denver's restaurant industry remains resilient, and our city's minimum wage policy is not uniquely responsible for recent fluctuations in the industry.

As Colorado's biggest and most expensive city, our local elected leaders need the tools to sufficiently manage wage policy. HB25-1208 denies Denver leaders the ability to remove subminimum wage altogether and move to One Fair Wage.

Ending subminimum wage in our city would have enormous benefits. First, food and drink service establishments are the second-most likely type of business to break minimum wage laws. From 2007 to 2022, between 12.7% and 16.3% of workers in this industry suffered minimum wage violations. These violations are in part due to the confusing structure and technicalities that subminimum wage structures bring.

Second, research from One Fair Wage shows that states with higher minimum wages experience fewer closures of hospitality businesses in downturns because workers are also consumers. Because a higher minimum wage lifts up lower-income households and these households on average spend a larger portion of their income than higher wage households, businesses in One Fair Wage states tend to fare better during economic downturns.

Third, states with One Fair Wage have higher average full-service restaurant growth rate and higher small business restaurant growth rates than states with subminimum wages. More and more restaurants are endorsing this model. Tip sharing allowed under this model also reduces wage discrepancy for back-of-house employees, increasing racial equity.

Fourth, the existence of subminimum wage forces a workforce that is over two thirds majority women to face the highest rates of sexual harassment of any industry because they must tolerate inappropriate customer behavior to feed their families in tips. A recent One Fair Wage study found that over-three

quarters (76 percent) of tipped workers experienced sexual harassment compared to 52 percent of their non-tipped counterparts. I have seen firsthand the resulting impacts to vulnerable workers that this precarious structure creates.

Fifth, [research from the Economic Policy Institute](#) shows tipped workers are nearly twice as likely to live in poverty as non-tipped workers. Yet poverty rates are significantly lower for tipped workers in states where they receive the full regular minimum wage.

As our city grapples with impending budget crises amplified by state and federal budget cuts, it is of the utmost importance that we are giving our working families every possible chance to survive these turbulent times. Please consider this opposition to HB25-1208 and the need for local governments to hold the tools to relieve subminimum wage workers from a labor structure that makes them vulnerable to abuse, wage theft, and poverty. The well-being of the 700,000+ residents I represent are at stake.

Sincerely,

Denver Councilmember At-Large Sarah Parady

Dear Members of the General Assembly:

We the undersigned believe that tip offset alongside minimum wage is a matter of local concern, particularly in a highly diverse state where costs of living, managing a business, and more vary across different regions. **We therefore respectfully request that you amend HB25-1208 to provide full local control of tip offset to local governments that have passed or will pass local minimum wage policies (pursuant to CRS 8-6-101).**

As you may know HB25-1208 requires local governments that have adopted a minimum wage to immediately reduce tipped worker wages by as much as \$4 per hour by forcing them to increase the local tip offset—an allowance for lower wages for tipped workers. Local governments who enact minimum wage policies going forward will be required to exclude tipped workers from their local wage increases. These requirements are in place until October 1, 2026. After October 1, 2026 municipalities are still extremely restricted and may only reduce the tip offset by 50 cents per year from what is described above. This disproportionately creates confusion, inequity, and arbitrary wage changes for workers and business owners in the four local jurisdictions that have already adopted minimum wage policies. It also restricts flexibility for those local governments who will seek to create local minimum wage policies in the future.

In 2019 the legislature passed HB19-1210 to give local governments the ability to enact policies for minimum wages that are higher than the state minimum wage. The touchstone of the 2019 bill was that local elected officials know best what is needed in their own communities. As introduced, HB19-1210 allowed for local control of the tip offset. It was amended and passed with a limitation that local minimum wage policies must provide a tip offset that mirrors that of the state (\$3.02).

The cities of Denver, Edgewater, and Boulder alongside unincorporated Boulder County have all passed local minimum wages. Yet each ordinance was passed at different times with different parameters, resulting in four different municipal minimum wages, timelines, and rates of increase.

Per the requirements of statute, each of these municipalities consulted “with surrounding local governments and engage[d] stakeholders, including chambers of commerce, small and large businesses, businesses that employ tipped workers, workers, labor unions, and community groups” to arrive at its specific legislation, in some instances discussing it over the course of years. Similar diligence should be expected inside communities to address any changes to the tip offset.

We recognize the complexity of a fixed tip offset amidst variable wages, and believe local decision-making authority allows concerns involving tip offset to be addressed most effectively. It is clear that some local governments would prefer to have flexibility on whether to have a tip offset and if so, what amount it should be. This is true for the local governments who have already enacted policies and those who will follow in doing so.

We therefore request an amendment to HB25-1208 that allows local control of tip offset across all local governments that have passed local minimum wages or will do so in the future, as was the original intent of HB19-1210.

Signed,

Amanda Sandoval, Denver City Council President
Flor Alvidrez, Denver City Council Member
Serena Gonzales-Gutierrez, Denver City Council Member
Kevin Flynn, Denver City Council Member
Stacie Gilmore, Denver City Council Member
Chris Hinds, Denver City Council Member
Paul Kashmann, Denver City Council Member
Sarah Parady, Denver City Council Member
Amanda Sawyer, Denver City Council Member
Jamie Torres, Denver City Council Member
Kali Janda, Edgewater Mayor Pro Tem
Hannah Gay Keao, Edgewater City Council Member
Joie Iten, Edgewater City Council Member
Joel Newton, Edgewater City Council Member
Lilly Steirer, Edgewater City Council Member
Mercedes Valdez, Edgewater City Council Member
John Thomsen, Edgewater City Council Member
Lauren Folkerts, Boulder Mayor Pro Tem
Nicole Speer, Boulder City Council Member
Ryan Schuchard, Boulder City Council Member
Ashley Stolzmann, Boulder County Commissioner
Matt Scherr, Eagle County Commissioner
Jessica Campbell, Arapahoe County Commissioner
Emma Pinter, Adams County Commissioner
Deven Shaff, Broomfield Mayor Pro Tem
Jeslin Shahrezaei, Lakewood Mayor Pro Tem
Isabel Cruz, Lakewood City Council Member
Sophia Mayott-Guerrero, Lakewood City Council Member
Shawna Ambrose, Arvada City Council Member
Roberta Ayala, Thornton City Council Member
Renée Millard Chacon, Commerce City City Council Member
Alison Coombs, Aurora City Council Member
Crystal Murillo, Aurora City Council Member
Obi Ezeadi, Westminster City Council Member
Amber Hott, Westminster City Council Member
Tommy Butler, Greely City Council Member
Michal Rosenoer, Buena Vista Town Trustee