



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1208: LOCAL GOVS TIP OFFSETS FOR TIPPED EMPLOYEES

Prime Sponsors:

Rep. Woodrow; Valdez
Sen. Amabile; Daugherty

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Fiscal note status: This revised fiscal note reflects the reengrossed bill.

Summary Information

Overview. The bill allows 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.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- State Revenue
- TABOR Refunds

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact ¹	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	Indeterminate	Indeterminate
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	Indeterminate	Indeterminate
Change in State FTE	0.0 FTE	0.0 FTE

¹ State revenue will be lower if local governments increase the tip credit offset in their jurisdictions, as permitted by the bill. This impact is indeterminate and will depend on future decisions by local governments.

Summary of Legislation

Beginning on January 1, 2026, the bill allows local governments that have 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.

State Revenue

The bill will reduce General Fund revenue by an indeterminate amount. Currently there are four local governments with a minimum wage higher than the state minimum wage. To the extent these local governments and any future local governments with a minimum wage higher than the state minimum wage raise their tip offset to an amount greater than \$3.02, General Fund revenue to the state will be reduced relative to current law.

State Expenditures

The bill increases workload in the CDLE to receive, evaluate, respond to additional wage complaints, and update published guidance. The exact impact will depend on local decisions regarding the tip offset credit. If local governments, especially those with large populations, significantly increase the tip credit offset, it is likely that a higher volume of complaints to the CDLE will occur. Given uncertainty on the amount and timing of any changes to the tip credit offset by local governments, it is assumed that this workload can be managed by CDLE within existing appropriations and will be addressed through the annual budget process if additional resources are required.

TABOR Refunds

For FY 2025-26 and FY 2026-27, if any of the four local governments with a minimum wage higher than the state minimum wage or if a local government adopts a minimum wage higher than the state minimum wage increases their tip offset greater than \$3.02, state revenue required to be refunded to taxpayers will be less than estimated in the March 2025 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Counties

Labor and Employment

Local Affairs

Municipalities

Regulatory Agencies