



Colorado Increases Minimum Wage and Salary Thresholds in 2025: Your 5-Step Action Plan

Insights

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From the Eastern Plains to the Western Slope, it's a new year in Colorado, which means new minimum wage and salary thresholds have taken effect across the Centennial State. Below is a summary of important changes to be aware of as well as five action items you should take to ensure your business stays compliant with an ever-expanding patchwork of laws and regulations on employee pay.

Minimum Wage is Going Up — and Varies by Jurisdiction

If your business employs any minimum wage workers, you need to know that Colorado's statewide minimum wage has increased to \$11.79 per hour for employees who receive tips and \$14.81 per hour for employees who do not receive tips. But that's just the start.

Certain municipalities are taking advantage of a state law passed in 2019 that allows local governments to set their own local minimum wages. Four communities along the Front Range have now done so, with many more that are debating the idea. The following local minimum wages took effect on January 1:

- Denver: \$18.81 per hour (\$15.79 per hour with tip credit)
- Boulder: \$15.57 per hour (\$12.55 per hour with tip credit)
- Edgewater: \$16.52 per hour (\$13.50 per hour with tip credit)
- Unincorporated Boulder County (including Niwot, Eldorado Springs, Eldora, Allenspark, Gold Hill, Hygiene, Coal Creek Canyon, and those parts of Gunbarrel that are not part of the City of Boulder): \$16.57 per hour (\$13.55 per hour with tip credit)

Each of these minimum wages will rise at different rates in coming years:

- Denver's is pegged to the rate of inflation;
- Boulder's is rising by eight percent annually through 2027;
- Edgewater's is rising by ten percent annually through 2028; and
- Unincorporated Boulder County's is rising by a fixed amount each year until it reaches \$25.00 per hour in 2030.

Note: Many minors can be paid fifteen percent less than the full statewide minimum wage, but this is another area where employers must be mindful of differences among municipalities with local minimum wages.

Colorado's Exempt Salary Threshold for "White Collar" Employees is Not the Same as the Federal Threshold

After a federal judge recently blocked the U.S. Department of Labor's dramatic increases to the federal salary threshold for the so-called "white collar" overtime exemption, you and your compliance department may have thought you were in the clear and would not have to increase employee pay to qualify for the exemption. Not so fast.

Colorado imposes a higher salary threshold for executive, administrative, and professional employees to qualify as exempt from overtime pay. For 2025, employees must make at least \$1,086.25 per week (\$56,485 annually) and at least the minimum wage for all hours worked in a workweek to qualify for the exemption. Keep in mind too that employee pay is only half of the equation, as employees must also perform the requisite job duties for the executive, administrative, or professional exemption.

Employees Must Now Earn More Than \$125,000 Per Year to Be "Highly Compensated"

Under Colorado regulations, the threshold employees must be paid to be considered "highly compensated" has also increased. Now, highly compensated employees are those who earn at least \$127,091 annually and \$1,086.25 per week.

This amount is important to keep in mind for many reasons, especially for your noncompete agreements or other restrictive covenants. As Colorado's new restrictive covenant statute specifies, noncompetes are void unless the employee bound by the noncompete makes at least the threshold amount for highly compensated employees. Further, agreements not to solicit customers are likewise void unless the employee bound by the customer non-solicitation agreement makes at least sixty percent of the threshold amount for highly compensated employees (\$76,254.60 annually in 2025).

Your 5-Step Action Plan

1. **Communicate** with employees about any changes to their compensation.
2. **Keep and maintain accurate pay records.** Nothing sinks a business faster in wage and hour litigation than not having complete employee compensation records.
3. **Audit your job descriptions** to make sure that positions you're treating as exempt under the "white collar" exemptions perform the necessary job duties.
4. **Review your employment agreements,** including noncompetes and other restrictive covenants, to make sure covered employees meet the compensation threshold.

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5. **Reach out to your Fisher Phillips attorney** with any questions you may have. As the saying goes, “an ounce of prevention is worth a pound of cure,” and our team of wage and hour lawyers wants you to stay ahead of any compliance challenges in 2025.

Conclusion

Wage and hour law is complicated, particularly in Colorado. We’ll continue to monitor developments and publish periodic updates, so make sure you’re subscribed to [Fisher Phillips’ Insight System](#) to ensure you have the latest information. If you have further questions, contact your Fisher Phillips attorney, the authors of this Insight or any attorney in [our Denver office](#). We wish you and your businesses much success in the new year!

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James S. Bradbury
Associate
303.218.3628
Email



Micah Dawson

Partner
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