Attachment D

COLORADO ASSOCIATION OF COMMERCE & INDUSTRY

The State Chamber of Commerce

Oppose HB 1331 – Mandating Overtime Pay for Salaried Employees

Sponsors: Rep. Tyler & Sen. Merrifield

Explanation of HB 1331:

HB 1331 would change the minimum wage standard for hourly employees receiving overtime, making the new standard 3 times the current annual state minimum wage of $8.23 per hour.

Concerns with HB 1331:

- Colorado's minimum wage is tied to inflation, so at the recommended ~$50,000 level, this threshold amount is significantly above the federal standard. Unless the state experiences deflation, the **pay rate** and **burden to manage** all employee hours would increase annually;

- This bill would preempt decades of federal hourly and salaried labor standards, essentially upending the way salaried employees with incomes between $23,600 and $51,355 are paid. Forcing employers to remove salaried positions means *employees are the ones who will suffer;*

- **HB-1331 would pre-empt and go beyond federal standards of the Fair Labor Standards Act definitions for salaried employees.** This means employees currently considered "salaried" may be forced to give up benefits, transition to hourly wages, and businesses will have to track hours of employees previously deemed professionals, supervisors and administrators.

- Colorado should wait for the proposed federal standard to prevent creating a patchwork of state standards, particularly for businesses operating in multiple states. President Obama issued Executive Order 13658 last February to establish a larger threshold for hourly-worker overtime. This standard is expected to be released as early as this month;

"This law attempts to fix a problem that does not exist and academic studies have validated that the impact of this increase, like an increase in minimum wage, would result in job losses for the impacted employees. This would increase our costs approx. $101,000 per year. As a Colorado company headquartered here we do not support this legislation."

– Colorado Springs Company

Colorado Businesses Speak Against 1331

- **Makes Wages More Complicated:** "This law makes Colorado an odd exception compared to other states and makes our state less competitive to attract new businesses here. If the state starts adopting complicated labor laws, companies will start to see Colorado as an unfriendly business environment and look at other states when deciding to invest in jobs."
- "We have several decades of definitions for exempt and nonexempt employees. And at present, Colorado law is in agreement with Federal law. This would change that and unduly complicate an already confusing situation."
- "In response to House Bill 1331, due to length of service, requiring non-exempt status for any employee earning less than $50,000, would create an issue with employees in the same position having *different* classifications when it comes to salaried and hourly employees."
- **Fewer Benefits:** "HB1331 would require us to re-evaluate our bonus programs since non-exempt employees do not participate in bonus plans. Having worked for companies who did business in California, this sounds like the kind of law that they would implement to make it even harder for companies to conduct business in the state."
- **More Burden on Business:** "Salaried employees have different expectations and skills and should not have their salary tied to the minimum wage. Salaried employees are salaried because they fall into certain spelled-out categories that get them out of being an hourly employee AND avoid needing to keep track of hours worked. Now this bill would make both salaried and hourly employees need to keep track of hours worked-"
- **Less Opportunity:** "This legislation will reduce the number of salaried positions available to new college grads and entry level/early career workers. It is a detriment to the employee, as the job market looks at hourly vs. salaried positions differently. Hourly positions are considered to either be a trade, general labor, or lower skilled position. Forcing new grads into an hourly position could make the individual less competitive in the job market for higher skilled positions, (particularly when looking for employment out of state).
- **Less Employee Flexibility:** "Salaried employees generally enjoy more flexibility and have more control over their hours (start/end times, working from home, etc.). Salaried employees are not penalized for stepping out for a doctor appointment or leaving early for a child's school event, which is not the case for hourly employees."
- "Some salaried jobs, like in finance and accounting, have busier times of the month or year (e.g. book close or tax filing periods). We count on these employees being able to work these additional hours during busy periods. This law taxes business by forcing them to either pay more for work that is already being done or delay when that work is completed."

Contact information: Loren Furman, Sr. VP of State & Federal Relations, 303-866-9642 or
Leah Curtsinger, Federal Relations Representative, CACI, 303-866-9641.