

**Initiative #101
State Minimum Wage**

1 **Amendment ? proposes amending the Colorado Constitution to:**

- 2 ◆ increase the state minimum wage from \$8.31 to \$9.30 per hour
3 beginning January 1, 2017;
- 4 ◆ increase the minimum wage annually by \$0.90 per hour beginning
5 January 1, 2018, until it reaches \$12.00 per hour on January 1, 2020;
6 and
- 7 ◆ on January 1, 2021, and thereafter, adjust the minimum wage each year
8 based on cost-of-living increases.

9 **Summary and Analysis**

10 ***What is the minimum wage?*** The minimum wage is the lowest wage that can be
11 paid to most workers. The federal minimum wage is currently set at \$7.25 per hour for
12 most workers and \$2.13 per hour for workers who receive tips. It was last increased in
13 2009. Federal law allows states and cities to set a higher minimum wage than the
14 federal government.

15 ***What is Colorado's current minimum wage law?*** In 2006, Colorado voters
16 adopted an amendment to the state constitution that raised the minimum wage to
17 \$6.85 per hour on January 1, 2007, and required that the minimum wage be adjusted
18 each year up or down for changes in inflation, as measured by the Colorado consumer
19 price index (CPI). The CPI is a common measure for changes in the prices of goods
20 and services, such as food, housing, gasoline, and medical care. The Colorado
21 Department of Labor and Employment sets the state's minimum wage each January.
22 It is currently set at \$8.31 per hour for most workers. Colorado law does not allow
23 cities to set a higher minimum wage than the state.

24 The 2006 amendment also set the minimum wage for tipped workers at \$3.02 less
25 than the state minimum wage. The minimum wage for tipped workers is currently
26 \$5.29 per hour plus tips. Some tipped workers, such as servers and bartenders, may
27 earn enough in tips to bring their hourly earnings above the state minimum wage, while
28 some may not earn enough in tips to reach it. When tipped workers do not earn
29 enough, employers must supplement their wages to ensure that they receive at least
30 the state minimum wage.

31 The occupations of workers most likely to be paid minimum wage include retail
32 salespeople, food service workers, child care workers, janitors, and home health
33 aides.

34 ***How does Amendment ? change state law?*** Amendment ? increases the state
35 minimum wage to \$9.30 per hour on January 1, 2017, after which it increases annually

1 by \$0.90 per hour until it reaches \$12.00 per hour in 2020. Because the minimum
2 wage for tipped workers remains at \$3.02 less than the state minimum wage,
3 Amendment ? increases the tipped minimum wage to \$8.98 per hour plus tips by 2020.
4 Beginning in 2021, the minimum wage is adjusted annually for increases in the CPI.
5 Although Amendment ? and current law both use the CPI to adjust the minimum wage,
6 Amendment ? prevents a decrease in the minimum wage if the cost of living falls.

*For information on those issue committees that support or oppose the measures on the ballot at the **November 8, 2016**, election, go to the Colorado Secretary of State's elections center web site hyperlink for ballot and initiative information:*

<http://www.sos.state.co.us/pubs/elections/Initiatives/InitiativesHome.html>

10 **Arguments For**

11 1) Colorado's current minimum wage is too low to provide a basic standard of
12 living for some workers. Full-time workers making the minimum wage in Colorado
13 earn approximately \$17,285 annually, or about \$300 per week after taxes, and some
14 rely on public assistance to make ends meet. While the minimum wage has increased
15 only 21 percent since 2007 (when the last voter-approved increase in the minimum
16 wage went into effect), prices for basic necessities such as health care and housing
17 have increased more steeply. For example, the overall average rent price in the
18 Denver metro area has increased about 37 percent, from approximately \$946 in 2007
19 to about \$1,292 in 2015.

20 2) Raising the minimum wage may help businesses. Higher wages may improve
21 employee productivity and morale and reduce turnover. This is especially important
22 for businesses that pay the minimum wage, as they tend to have very high turnover.
23 Hiring and training new employees can be very costly for businesses. Lower turnover
24 translates into more experienced, more productive workers and significant cost
25 savings.

26 **Arguments Against**

27 1) Increasing the state minimum wage may actually hurt the very employees that
28 the higher wage is meant to help. If Amendment ? passes, some workers earning the
29 minimum wage may face lay-offs, reduced hours, or fewer benefits. Also, workers
30 seeking minimum wage employment may have a harder time finding work if
31 businesses make fewer minimum wage jobs available. Finally, businesses may
32 choose to raise prices. Because low-wage workers spend a higher percentage of their
33 income on basic necessities like food, they are particularly vulnerable to rising prices.

1 2) Increasing the state minimum wage may hurt small and family-owned
2 businesses, particularly in rural communities where the cost of living is lower and
3 economic recovery has been slow compared with urban areas. Businesses in rural

1 communities have a harder time absorbing increases in costs and may struggle to pay
2 higher costs if the minimum wage increases, which may further distress the economy
3 in rural Colorado.

4 **Estimate of Fiscal Impact**

5 ***State government spending.*** Amendment ? will affect costs for several state
6 government agencies. Any state agency that pays an employee an hourly wage less
7 than those required by Amendment ? will experience an incremental increase in
8 staffing costs if Amendment ? passes. The actual increase in state costs for each of
9 these agencies will depend on how the agencies, universities, and the legislature
10 manage the increase. Their options may include increasing state funding, increasing
11 fees, raising prices, reducing workers' hours, or some combination of these choices.

12 ***Local government impact.*** The fiscal impact of the measure on local
13 governments has not been estimated. Costs will increase for any local governments
14 that currently pay workers at or near the minimum wage.

Last Draft as Mailed to Interested Parties

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15 21 percent since 2007 (when the last voter-approved increase in the minimum wage
16 went into effect), prices for basic necessities such as health care and housing have
17 increased more steeply. For example, the overall average rent price in the Denver
18 metro area has increased about 37 percent, from approximately \$946 in 2007 to about
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2 higher costs if the minimum wage increases, which may further distress the economy
3 in rural Colorado.

4 **Estimate of Fiscal Impact**

5 ***State government revenue and spending.*** Amendment ? may affect the amount
6 of revenue the state government collects and will affect costs to the state. The impact
7 to state revenue depends on several factors, such as income and sales tax collections,
8 and cannot be determined. The amendment may also affect costs for several state
9 government agencies.

10 Any state agency that pays an employee an hourly wage less than those required
11 by Amendment ? will experience an incremental increase in staffing costs if
12 Amendment ? passes. The actual increase in state costs for each of these agencies
13 will depend on how the agencies, universities, and the legislature manage the
14 increase. Their options may include increasing state funding, increasing fees, raising
15 prices, reducing workers' hours, or some combination of these choices.

16 ***Local government impact.*** The fiscal impact of the amendment on local
17 governments has not been estimated. Any change in local government tax revenue
18 cannot be quantified at this time. Costs will increase for any local governments that
19 currently pay workers at or near the minimum wage.

Last Draft Comments from Interested Parties

Initiative #101 State Minimum Wage

Hermine Kallman, representing Sonia Riggs as an Opponent

Ms. Kallman submitted an attachment (Attachment A) with comments to the final draft.



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July 14, 2016

VIA E-MAIL (minimumwage2016.ga@state.co.us)

Mr. Louis Pino
Room 029 State Capitol
Denver, CO 80203

RE: Initiative #101 - State Minimum Wage Ballot Analysis - Comments on the Second Draft

Dear Mr. Pino:

Thank you for sending the second draft of the ballot analysis on Initiative #101 – State Minimum Wage. Below, please find our comments on behalf of our client, Sonia Riggs.

Summary and Arguments

1. Page 1, lines 2-8: To provide voters adequate context, the language should reference the total percentage increase. Voters should be informed that they are voting to increase the minimum wage by 44% (from \$8.31 to \$12) between 2016-2020.
2. Page 1, lines 2-8: Because the ultimate goal of the Initiative is to raise the minimum wage to \$12/hour, that figure should appear first (on lines 2-3). It can then be explained that the Initiative proposes incremental increases to achieve that goal.
3. Page 1, lines 17-24: In the discussion of Colorado's minimum wage, voters should have the context of its recent historical growth. The minimum wage has increased from \$5.15 in 2006 to \$8.31 in 2016 – or a 61% increase in the last 10 years.
4. Page 1, line 27: The ballot analysis should include an explanation of what a tipped worker is, *e.g.* "servers and bartenders," so voters understand what type of jobs are being referenced.
5. Page 2, line 12: Using the word "must" in this sentence is misleading; we propose the use of the word "may."

6. Page 2, lines 13-17: The comparison in the increase in the minimum wage should be to 2006 for voter context, not 2007, since that is the last time the minimum wage was increased. Further, the comparison to the increase in the cost of living should be in terms of Consumer Price Index adjustments, not single measures, such as housing, especially given the fact that the measure ties future increases to cost-of-living increases.
7. Page 2, line 25: We propose the following sentence to be added to the beginning of this paragraph: “In 2006 voters approved a large minimum wage increase, but this proposal goes too far and would hurt the people it’s intended to help.”
8. Page 3, lines 1-6: An independent study by Dr. Eric Fruits is a helpful resource to the discussion regarding the risk to jobs and should be cited. It shows Initiative 101 would result in the loss of 90,000 jobs and \$3.9 billion in annual wages by 2022. These is important data that should be included, just as data regarding the cost of living is included in the “Arguments For” section, to provide voters with more fulsome information.
9. Page 3, Lines 2-4: We propose the following sentence to be added after the first sentence of the paragraph: “According to the Small Business Administration, 98% of all private employers in Colorado are small businesses.”¹

Fiscal Impact Statement

The estimate of fiscal impact should contain dollar figures or estimates attached to the cost to state government: specifically, the cost to each state agency listed that may be impacted by the measure should be separately set forth. Similar work should be done to show the cost to local governments.

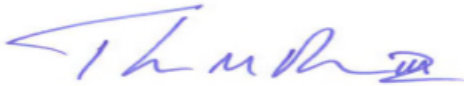
In the discussion of how state and local governments may react to higher labor costs, it should be mentioned that state and local governments will also feel a wage compression impact. Because under the measure, persons starting out with less experience will be receiving \$12/hour, the current employees with more experience making \$12/hour will expect to see a

¹ See : 2016 SBA Small Business Profile of Colorado, *available at* <https://www.sba.gov/sites/default/files/advocacy/Colorado.pdf>.

raise. This will cause increased labor costs even for departments or governments currently paying higher than minimum wage.

Thank you for your consideration of these comments. We are looking forward to the next draft.

Very truly yours,



Thomas M. Rogers III
Lewis Roca Rothgerber Christie LLP

TMR

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**Initiative 101
State Minimum Wage**

1 **Ballot Title:** Shall there be an amendment to the Colorado constitution increasing the minimum
2 wage to \$9.30 per hour with annual increases of \$0.90 each January 1 until it reaches \$12 per hour
3 effective January 2020, and annually adjusting it thereafter for cost-of-living increases?

4 *Be it Enacted by the People of the State of Colorado:*

5 **SECTION 1.** In the constitution of the state of Colorado, **amend** section 15 of article XVIII
6 as follows:

7 **Section 15. State minimum wage rate.** Effective January 1, 2007~~17~~, Colorado's minimum
8 wage ~~shall be~~ IS increased to ~~\$6.85~~ \$9.30 per hour and ~~shall be~~ IS adjusted INCREASED annually BY
9 \$0.90 EACH JANUARY 1 UNTIL IT REACHES \$12 PER HOUR EFFECTIVE JANUARY 2020, AND THEREAFTER IS
10 ADJUSTED ANNUALLY for inflation COST OF LIVING INCREASES, as measured by the Consumer Price
11 Index used for Colorado. This minimum wage shall be paid to employees who receive the state or
12 federal minimum wage. No more than \$3.02 per hour in tip income may be used to offset the
13 minimum wage of employees who regularly receive tips.