



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

Initiative 134

Fiscal Summary

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LCS TITLE: MINIMUM WAGE FOR WORKERS IN ALCOHOL-RELATED BUSINESSES

Fiscal Summary of Initiative 134

This fiscal summary, prepared by the nonpartisan Director of Research of the Legislative Council, contains a preliminary assessment of the measure's fiscal impact. A full fiscal impact statement for this initiative is or will be available at www.colorado.gov/bluebook. This fiscal summary identifies the following impact.

State expenditures. The initiative will require additional staffing at the Department of Labor and Employment to update rules and guidelines, and to accept and process claims for unpaid wages under the new minimum wage requirements. This is expected to cost approximately \$125,000 in the first year and \$150,000 in the second year of implementation.

State and local revenue. By increasing the minimum wage for workers who sell or deliver alcohol, Initiative 134 may increase state income tax revenue if the number of employees eligible for the increased minimum wage stays at least constant, and those employees pay additional income tax as a result of the measure. In addition, to the extent that retailers raise prices to offset higher wages, state and local sales tax collections may also increase.

Economic impacts. Raising the minimum wage will increase incomes for certain employees, allowing them to spend more and increasing overall economic activity. At the same time, higher wages will decrease the amount that certain businesses may spend elsewhere, reducing their capital investments, spending on other employees, or retained profits. The net impact will depend on how increased economic activity from spending by workers is offset by reduced business activity.