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Recent Amendments to the Colorado Wage Act: Stronger Employee Protections, Higher Stakes for Employers

On August 6, 2025, various amendments to the Colorado Wage Act, § 8-4-101, *et. seq.* took effect and have important ramifications for Colorado employers. Among other changes, the amendments create new fines for employee misclassification; allow higher value administrative wage claims; and strengthen anti-retaliation protections for employees. **Several key provisions are summarized below.**

Misclassification Penalties

Employers will now be subject to hefty fines for misclassifying an employee as a nonemployee (i.e., as an independent contractor) if the misclassification could affect wage and hour payment or reporting obligations. Those fines are as follows:

- \$5,000 for a willful violation;
- \$10,000 for a violation not remedied within 60 days after the division's finding;
- \$25,000 for a second or subsequent willful violation within five years; and
- \$50,000 for a second or subsequent willful violation not remedied within sixty days after the division's finding.

The penalties above will increase in 2028 and every two years after that.

Larger Wage Claims Permitted

Starting in June 2026, employees will be able to pursue administrative wage claims for up to \$13,000, a steep increase from the current limit of \$7,500. In 2028, that amount will increase every

two years by at least \$1,000 to keep up with inflation.

Expanded Definition of “Employer”

Individuals may now be subject to personal liability for their businesses’ wage and hour missteps. Notably, the amended Colorado Wage Act defines “employer” to include individuals who own or control at least 25% percent of the ownership interests in the employer, unless they are a minority owner that can demonstrate full delegation of authority to control day-to-day operations.

Stronger Retaliation Protection for Employees

Under the Colorado Wage Act’s amended anti-retaliation provisions, raising concerns in good faith about compliance with wage and hour laws or providing information about legal rights and remedies are considered protected activities.

Further, the amendments created a rebuttable presumption that retaliation has occurred if an adverse action occurs within 90 days of an employee’s protected activity. Employees who prevail in a civil action under the Colorado Wage Act’s anti-retaliation provisions are entitled to attorney fees and costs, and they may now seek compensatory damages for economic and non-economic injury (e.g., emotional distress).

Legal Remedies

The amended Colorado Wage Act broadened the legal remedies available to employees. Specifically, aggrieved individuals may now seek equitable relief (in addition to monetary damages) to prevent future violations of Colorado law.

Employer Attorney Fees

Employers now face a higher standard for recovering attorney fees—the employee must have lacked “substantial justification” for pursuing the wage claim. This term has not been defined under the Colorado Wage Act and will likely be subject to litigation in the

coming years.

The [amendments](#) include other changes to the Division of Labor's enforcement powers, employer penalties for repeat violations, and local city/county government enforcement authority. Employers should review their compensation policies and procedures and consult with employment counsel to ensure compliance with these recent amendments.

If you have questions about the Colorado Wage Act, please contact the authors or any member of Frost Brown Todd's [Labor and Employment Practice Group](#).

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