



Calculating Overtime for Tipped Employees in Colorado in 2026

Calculating overtime for tipped employees in Colorado is not as simple as multiplying their tipped wage by time-and-a-half (or 1.5). Because the Colorado tip credit is not a percentage of the full minimum wage, you cannot simply multiply a tipped employee’s hourly wage by 1.5 or you would end up paying them less than what is required by law.

2026: The tip credit allows employers to pay tipped employees \$3.02/per hour less than the required minimum wage given that tips make up the difference. *It is illegal to pay any employee less than the full minimum wage for your jurisdiction.*

If an employee does not earn the minimum wage per hour through their base pay + tips, the employer must pay the difference to ensure they earn the full minimum wage.

The tip credit in Colorado is \$3.02. Colorado’s full minimum wage is \$15.16 per hour, and the tipped minimum wage is \$12.14 per hour.

- *Calculated as: \$15.16 (full minimum wage) - \$3.02 (Colorado tip credit) = \$12.14 per hour*

Calculating overtime rates for tipped employees:

Example of **incorrect** overtime calculation:

- \$15.16 x 1.5 = \$22.74 (hourly minimum overtime rate in Colorado)
- \$12.14 x 1.5 = \$18.21 (This is \$4.53 less than the state’s hourly minimum overtime rate; if paying this rate per hour of overtime work, the employer would be taking a tip credit larger than \$3.02, which is illegal in Colorado.)

The **correct** hourly overtime rate for tipped employees is based upon the applicable minimum wage of your location, minus the “available tip credit,” which is \$3.02 in all Colorado municipalities except Edgewater, where the tip credit is \$4.67.

See the chart below to reference your local minimum wage rate and tip credit. If no local minimum applies, use the state of Colorado’s minimum wage rate and tip credit.

Minimum Wage in:	2026	2026 w/ tip credit	2025	2025 w/ tip credit	2024	2024 w/ tip credit
Colorado (if no local minimum applies)	\$15.16	\$12.14	\$14.81	\$11.79	\$14.42	\$11.40
Denver City/County	\$19.29	\$16.27	\$18.81	\$15.79	\$18.29	\$15.27
City of Edgewater	\$18.17	13.50*	\$16.52	\$13.50	\$15.02	\$12.00
Boulder County (only unincorporated areas)	\$16.82	\$13.80	\$16.57	\$13.55	\$15.69	\$12.67
City of Boulder	\$16.82	\$13.80	\$15.57	\$12.55	--	--

Example 1

Situation: A tipped employee making the tipped minimum wage of \$12.14 per hour works 50 hours in a workweek (40 hours of straight-time earnings, 10 hours of overtime earnings), with no work in excess of the 12-hour Colorado overtime criteria*.

- $\$15.16 \times 40 = \606.40 (straight-time earnings for regular hours)
- $\$15.16 \times 1.5 \times 10$ (straight-time earnings x 1.5 OT premium x number of OT hours) = \$227.40
- $\$606.40 + \$227.40 = \$833.80$ (total owed before applying any tip credit)
- $\$3.02$ (tip credit) x 50 (hours worked) = \$151.00 (tip credit which the employer may apply)
- **$\$833.80 - \$151.00 = \$682.80$** (total owed to the employee for the 50-hour workweek)

Example 2

Situation: A tipped employee earning a rate of \$12.81 per hour works 50 hours in the workweek, with no work in excess of the 12-hour Colorado overtime criteria*. The employer doesn't take the full \$3.02 tip credit, they only take \$2.00.

- $\$15.16 \times 40 = \606.40 (straight-time earnings for regular hours)
- $\$15.16 \times 1.5 \times 10$ (straight-time earnings x 1.5 OT premium x number of OT hours) = \$227.40
- $\$606.40 + \$227.40 = \$833.80$ (total owed before applying any tip credit)
- $\$15.16 - \$13.16 = \$2.00$ (calculation of the tip credit the employer uses)
- $\$2.00$ (tip credit) x 50 (hours worked) = \$100.00 (tip credit which the employer may apply)
- **$\$833.80 - \$100.00 = \$733.80$** (total owed to the employee for the 50-hour workweek)

Got questions? Reach out to us at info@corestaurant.org or 303-830-2972.

*In Colorado, work in excess of twelve hours per workday, or twelve consecutive hours without regard to the starting and ending time of the workday (excluding duty-free meal periods), is subject to overtime pay.

(Some information provided by the U.S. and Colorado Departments of Labor)