



Calculating Overtime for Tipped Employees in Denver in 2026

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

2025: Denver's tipped minimum wage is \$16.27 per hour. Denver's full minimum wage is \$19.29 per hour.

- *Calculated as: \$19.29 (full minimum wage) - \$3.02 (Denver tip credit) = \$16.27 per hour*

Example of **incorrect** overtime calculation:

- $\$19.29 \times 1.5 = \28.94 (hourly minimum overtime rate in Colorado)
- $\$16.27 \times 1.5 = \24.41 (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 Denver and Colorado.)

The **correct** hourly overtime rate for tipped employees is based upon the Colorado full minimum wage (\$19.29) minus the "available tip credit," which varies across municipalities. How you calculate overtime is the same, but check your local minimum wage and tip credit rates to ensure you are doing the calculations correctly. See the examples provided below.

Example 1

Situation: A tipped employee making the tipped minimum wage of \$16.27 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*.

- $\$19.29 \times 40 = \771.60 (straight-time earnings for regular hours)
- $\$19.29 \times 1.5 \times 10$ (straight-time earnings x 1.5 OT premium x number of OT hours) = \$289.35
- $\$771.60 + \$289.35 = \$1,060.95$ (total owed before applying any tip credit)
- $\$19.29 - \$16.27 = \$3.02$ (calculation of the available tip credit)
- $\$3.02$ (tip credit) x 50 (hours worked) = \$151.00 (tip credit which the employer may apply)
- **$\$1,060.95 - \$151.00 = \$909.95$** (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*.

- $\$19.29 \times 40 = \771.60 (straight-time earnings for regular hours)
- $\$19.29 \times 1.5 \times 10$ (straight-time earnings x 1.5 OT premium x number of OT hours) = \$289.35
- $\$771.60 + \$289.35 = \$1,060.95$ (total owed before applying any tip credit)
- $\$19.29 - \$17.29 = \$2.00$ (calculation of the available tip credit)
- $\$2.00$ (tip credit) x 50 (hours worked) = \$100.00 (tip credit which the employer may apply)
- **$\$1,060.95 - \$100.00 = \$960.95$** (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)