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# Compliance Connection

**August 2026**

## Federal Compliance Update

### DOL Issues Updated Model Employer CHIP Notice

The U.S. Department of Labor (DOL), through its Employee Benefits Security Administration (EBSA), has released a new model Employer CHIP Notice with information current as of **July 31, 2026**.

**Background**

As a reminder, the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) imposes an annual notice requirement on employers that maintain group health plans in states that provide premium assistance subsidies under a Medicaid plan or a Children's Health Insurance Plan (CHIP).

**Furnishing Method**

An employer can choose to provide the notice on its own or concurrent with the furnishing of:

- Materials notifying the employee of health plan eligibility;
- Materials provided to the employee in connection with an open season or election process conducted under the plan; or
- The summary plan description (SPD).

**Covered Employers**

An employer is subject to this annual notice requirement if its group health plan covers participants who reside in a state that provides a premium assistance subsidy, regardless of the employer's location.

The DOL's model notice, which employers may use for this disclosure, is updated periodically to reflect changes in the states that offer premium assistance subsidies. **The DOL's model Employer CHIP Notice includes information current as of July 31, 2026**.

Employers could also choose to prepare their own notices or modify the model notice. Employers should be sure to include at least the minimum relevant state contact information for any employee residing in a state with premium assistance.

**Employer Resources**

The EBSA's CHIPRA webpage includes the latest model notice (English language and Spanish language versions are available), a fact sheet, a compliance assistance guide and other publications for employers and advisers.

# State Compliance Update

## Colorado Minimum Wage to Increase in 2027

Colorado employers should prepare for another increase in the state minimum wage beginning January 1, 2027. The statewide minimum wage will increase from $15.16 to $15.71 per hour, a 3.6% increase over the 2026 rate according to the Colorado Department of Labor and Employment (CDLE) in their August 2026 press release.

For employees who qualify for the tip credit, including many restaurant servers and other tipped workers, the statewide tipped minimum wage will increase to $12.69 per hour.

### Why Does Colorado's Minimum Wage Increase Each Year?

Colorado's minimum wage is adjusted annually for cost of living. After voter-approved constitutional amendments increased the wage by set annual amounts through 2020, subsequent increases have been tied to inflation.

For the 2027 adjustment, Colorado uses the federal Consumer Price Index for All Urban Consumers (CPI-U). At $15.71 per hour, the 2027 statewide minimum will be 41.5% higher than Colorado's $11.10 minimum wage in 2019.

### Don't Forget About Local Minimum Wages

The statewide rate is not necessarily the rate every Colorado employer must pay. Municipalities may establish higher minimum wages. Denver has announced a 2027 minimum wage of $19.84 per hour, and Edgewater and Boulder are also among the municipalities with rates above the statewide minimum.

### What Should Employers Do Before January 1?

Employers should review payroll records before year-end and identify employees whose hourly rates will need to increase. Businesses with tipped employees should also review their tip-credit practices and applicable minimum rates.

### Looking Ahead: Could Colorado's Exempt Salary Reach Nearly $60,000?

Colorado employers may want to start budgeting now for another increase in the state's exempt salary threshold in 2027. Colorado's minimum salary for certain executive, administrative, and professional exemptions is **$57,784 in 2026**. Beginning in 2025, Colorado began adjusting this threshold annually for inflation.

***If the 2027 adjustment were 3.6%*, the exempt salary threshold could increase to approximately $59,864 per year — nearly $60,000.**

Employers with exempt salaried employees may want to begin reviewing compensation budgets now and identify employees whose salaries are close to the current threshold.

**Important:** The 2027 figure above is a **planning estimate** based on a 3.6% increase and **should not be treated** as Colorado's official 2027 exempt salary threshold. Employers should confirm the final amount published by the Colorado Department of Labor and Employment before making compliance decisions.

## Colorado Agricultural Employers: New 56-Hour Overtime Standard Takes Effect in 2027

Colorado agricultural employers should begin preparing now for a significant change to the state's overtime requirements.

Governor Jared Polis signed **Senate Bill 26-121** into law on May 4, 2026. Beginning **January 1, 2027**, covered agricultural employees generally must receive overtime pay when they work more than 56 hours in a workweek.

### What Is Changing?

Beginning January 1, 2027, Colorado will establish a more uniform overtime threshold for covered agricultural employees.

Under SB 26-121, agricultural employers generally must pay overtime when a covered employee works more than 56 hours in a workweek. Under the rules in effect since January 1, 2025, agricultural overtime generally begins after 48 hours per week, while qualifying highly seasonal employers may use a 56-hour threshold for up to 22 peak weeks per year.

That means that beginning in 2027, the 56-hour threshold will apply more broadly, rather than being limited to designated peak weeks for highly seasonal agricultural employers.

The law retains exceptions for certain employees, including workers principally engaged in range production of livestock on the open range, qualifying decision-making managers, and certain family members of agricultural business owners.

SB 26-121 also increases penalties for agricultural employers that commit wage theft or employee misclassification, making accurate employee classification, timekeeping, and payroll practices especially important.

**Are All Agricultural Employees Covered?**
No. The law contains several important exceptions.

The 56-hour requirement does not apply to an agricultural employee who is:
- Principally engaged in range production of livestock on the open range, as defined by applicable federal regulations;
- A qualifying decision-making manager employed by an agricultural employer; or
- A family member of a family owner of an agricultural employer.

The managerial exception has specific requirements. For example, simply giving an employee a “manager” title does not necessarily make the employee exempt. The statute establishes criteria involving salary, employment status, independent judgment and decision-making responsibilities.

Employers who believe an exception applies should carefully review the requirements rather than relying solely on an employee’s job title or family relationship.

**Increased Consequences for Wage Violations**
SB 26-121 is not limited to changing the overtime threshold. The legislation also increases penalties associated with wage theft and employee misclassification by agricultural employers.

That makes accurate timekeeping, employee classification and payroll practices particularly important as employers prepare for 2027.

**What Should Agricultural Employers Do Now?**
Although the new overtime threshold does not take effect until January 1, agricultural employers can use the remainder of 2026 to prepare.

Consider reviewing current employee classifications, identifying workers who regularly exceed 56 hours per week, evaluating whether claimed exemptions actually satisfy the statutory requirements, and confirming that payroll and timekeeping systems can properly calculate overtime.

Employers may also want to examine staffing plans for busy seasons. Depending on current schedules, businesses could face a choice between paying additional overtime, adjusting employee schedules, hiring additional workers or restructuring how work is distributed during peak periods.

Finally, supervisors and payroll personnel should understand that all hours worked need to be accurately recorded, particularly when employees have irregular schedules or perform work before or after their normally scheduled shifts.

**January 1 Will Be Here Quickly**
Colorado agricultural businesses operate under workforce conditions unlike many other industries. Weather, harvest schedules, livestock needs and other factors can make a traditional 40-hour workweek impractical.

SB 26-121 recognizes a different weekly overtime threshold for agricultural employment, but it also creates a clear compliance obligation beginning in 2027.

Agricultural employers should use the coming months to understand which employees are covered, review their payroll practices and determine how the 56-hour threshold could affect their labor costs and staffing needs.

## New Colorado Law Protects Workers' Identification Documents

Colorado has enacted new protections designed to prevent employers from improperly taking or holding workers' identification documents.

House Bill 26-1283, **Protections Regarding Seizures of Identification Documents**, was passed by the Colorado General Assembly during the 2026 legislative session and signed by the governor on June 3, 2026. The measure applies protections to employees, job applicants, and people performing or seeking work in other capacities, including migrant and seasonal workers.

**What Does the New Law Do?**

Under HB 26-1283, with certain exceptions, an employer or an employer's agent may not demand, confiscate, retain, or otherwise require a worker or job applicant to surrender a government-issued identification document.

Government-issued identification documents are essential for everyday life. They can be necessary to drive, travel, access services, establish identity, and complete employment-related requirements. By restricting employers' ability to take possession of these documents, the law is intended to ensure that workers maintain control over their own identification.

**Violations Can Carry Criminal Penalties**

The law includes consequences for knowingly violating these protections. A person who knowingly violates the prohibition on taking or retaining an individual's government-issued identification document commits criminal possession of an identification document, a class 2 misdemeanor.

HB 26-1283 also addresses situations involving intimidation or harassment. A person may commit a bias-motivated crime when, with the intent to intimidate or harass someone because of an actual or perceived protected characteristic, the person violates the law's identification-document protections or provides, or threatens to provide, the individual's identification document to federal immigration authorities, except where doing so is required or permitted by state or federal law. Under the act, that offense is a class 1 misdemeanor, and victims may also pursue other remedies available under law.

**What Employers Should Know**

HB 26-1283 is an important reminder for Colorado employers to review their hiring, onboarding, document-verification, and recordkeeping practices. Supervisors, managers, recruiters, labor contractors, and other individuals acting on behalf of an employer should understand the difference between lawfully inspecting identification and improperly requiring a worker to surrender it.

Employers may want to review existing policies and train staff who handle employment documents to ensure their procedures comply with the new requirements.

Employers and workers with questions about how HB 26-1283 applies to a particular situation should review the enacted legislation and seek appropriate legal guidance when necessary.

## Colorado Updates Voting Leave Law

Colorado recently updated its voting leave law to require employers of all sizes to allow employees to take leave to vote on *any day* that voter service and polling centers are open. (Previously, voting leave was only required on the day of the election.)

Employers do not have to grant leave if an employee has at least three consecutive hours during which they're not scheduled to work while the polls are open. Colorado employees are entitled to **up to two hours** of voting leave, subject to the three-consecutive-hours exception.

HB 26-1113 was signed by the governor on June 1, 2026, and took immediate effect.

# Compliance Calendar

**September**
9/30 – Summary Annual Report (SAR) Deadline for Calendar Year Plans

**October**
10/3 – QSEHRA Notice Deadline (Calendar Year Plans)
10/15 – Medicare Part D Creditable/Non-creditable Coverage Notice

**November**
Nothing so far…