



Summer 2026 Legislation Update

New Laws Business Owners Should Know

Each year brings a fresh batch of laws and regulations that affect how businesses operate, from payroll to privacy to taxes. Below, we've rounded up the changes most likely to affect our clients, both here in Colorado and at the federal level. This is a general overview, not legal advice specific to your business. If any of these items raise questions, please reach out to our office.

At a Glance

- Colorado's minimum wage and exempt salary threshold both increased in 2026.
- Colorado significantly revised its AI law with new rules taking effect January 1, 2027.
- Federal tax law (the 2025 tax reform bill) brought permanent, business-friendly changes for 2026.
- Federal beneficial ownership (BOI) reporting is still on indefinite hold for most domestic small businesses.

Colorado: Employment & Wage Law

Expanded Paid Leave

As of January 1, 2026, parents of infants requiring neonatal care may qualify for an additional 12 weeks of paid leave under Colorado's FAMLI program, on top of standard bonding leave — for up to 24 weeks total. Employers should make sure their FAMLI notices to employees are updated to reflect this.

Expanded Definition of "Employer" and Bigger Penalties

House Bill 25-1001 expanded who counts as an "employer" under Colorado's Wage Act to include any individual who owns or controls at least 25% of a business — unless that person can show they've fully delegated day-to-day control. In practice, this means minority owners who don't run daily operations can still be held personally liable for wage violations.

The same law significantly raised fines for misclassifying workers as independent contractors - up to \$50,000 for a second violation - and increased the state's authority to adjudicate wage claims from \$7,500 to \$13,000 per employee, effective July 1, 2026. The state must also now publish the names of employers found in violation.

Why it matters: This is a good time to double-check independent contractor classifications and make sure ownership structures and delegation of authority are clearly documented.

Minimum Wage & Exempt Salary Increases

As of January 1, 2026, Colorado's statewide minimum wage rose to \$15.16 per hour (unless a higher local rate applies). Tipped employees may be paid as low as \$12.14 per hour, provided tips bring them up to the full minimum wage, and non-emancipated minors must be paid at least \$12.89 per hour.

A table showing minimum wage requirements, including higher local rates, can be found at this link: [Labor Standards and Statistics | Department of Labor & Employment](#)



The minimum salary to qualify as an overtime-exempt employee (executive, administrative, or professional) also increased to \$1,111.23 per week, or \$57,784 per year. Highly compensated employees must now be paid at least \$130,014 annually to qualify for that exemption.

Why it matters: Businesses should confirm payroll systems and exempt-employee classifications reflect these new numbers, especially if operating in a city or county with its own higher minimum wage.

Colorado: Privacy & Artificial Intelligence

Colorado significantly revised its first-in-the-nation AI law. Governor Polis signed SB26-189 on May 14, 2026, repealing the original "high-risk AI system" framework and replacing it with a narrower approach that regulates the use of automated decision-making technology (ADMT) in "consequential decisions" (things like employment, lending, housing, and healthcare decisions). The new law takes effect January 1, 2027.

Separately, amendments to the Colorado Privacy Act requiring written policies and consumer consent around biometric data collection (such as fingerprint time clocks or facial recognition) remain in effect.

Why it matters: Any client using AI tools to help make hiring, lending, or similar decisions has about six months to prepare for new notice, documentation, and consumer-rights requirements.

Federal: Tax Law Changes

The tax reform legislation signed into law in mid-2025 (commonly called the "One Big Beautiful Bill") brought several permanent, business-friendly changes that take full effect in the 2026 tax year:

- **20% Qualified Business Income (QBI) deduction** is now permanent for eligible pass-through entities (LLCs, S-corps, sole proprietors), with a guaranteed minimum \$400 deduction for anyone earning at least \$1,000 in qualified business income.
- **100% bonus depreciation** and expanded Section 179 expensing are now permanent, along with more favorable rules for deducting research and business interest expenses.
- **New tax deductions for tips and overtime pay** apply through 2028 — payroll systems should be updated to capture this correctly.
- **1099 reporting thresholds increased:** Forms 1099-NEC/MISC now kick in at \$2,000 (up from \$600), and third-party platforms like PayPal and Venmo return to a \$20,000 / 200-transaction threshold for 1099-K reporting.

Federal: Beneficial Ownership Reporting (Corporate Transparency Act)

Enforcement of the federal beneficial ownership information (BOI) reporting rule remains unrequired while regulators reconsider the burden it places on small, domestic companies. For now, most Colorado small businesses can ignore filing unless they are foreign-owned or in a higher-risk category. Our recommendation: Keep a current internal record of beneficial owners (names, addresses, dates of birth, ID numbers) so you're ready to file if the rule is reinstated, but do not concern yourself at this time.

Questions?

This newsletter is intended as a general summary and does not constitute legal advice for your specific situation. If you have questions about how any of these changes apply to your business, please contact our office. We're happy to help.

For Further Reading

- *Colorado Implements Changes to Wage and Hour Rules for 2026* (Ogletree Deakins) — <https://ogletree.com/insights-resources/blog-posts/colorado-implements-changes-to-wage-and-hour-rules-for-2026/>
- *Updates to Colorado's Employment Landscape in 2026* (Milgrom Daskam & Ellis) — <https://www.milgromlaw.com/employment-law/updates-to-colorados-employment-landscape-in-2026/>
- *A Colorado Employer's Review of New and Proposed Legislation for 2026* (Fisher Phillips) — <https://www.fisherphillips.com/en/news-insights/a-colorado-employers-review-of-new-and-proposed-legislation-for-2026.html>
- *Colorado Enacts Revised AI Law* (Norton Rose Fulbright) — <https://www.nortonrosefulbright.com/en-us/knowledge/publications/18733d31/colorado-enacts-revised-ai-law>
- *These Colorado Laws Are Going Into Effect on July 1, 2026* (KDVR (FOX31 Denver)) — <https://kdvr.com/news/local/these-colorado-laws-are-going-into-effect-in-july/>
- *2026 Business Tax Planning Guide* (Grant Thornton) — <https://www.granthornton.com/insights/alerts/tax/2025/legislative-updates/2026-business-tax-planning-guide>
- *Small Business Tax Changes for 2026: Everything You Need to Know* (1-800Accountant) — <https://1800accountant.com/blog/tax-changes-for-2026>
- *2026 Top Regulatory Issues: What Businesses Should Know* (Paychex) — <https://www.paychex.com/articles/compliance/top-regulatory-issues>