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Colorado Supreme Court Cuts Timeframe for Minimum Wage Claims from 6 Years to 2

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The Colorado Supreme Court, in *By the Rockies, LLC v. Perez*, has resolved a significant question affecting wage and hour litigation in the state in favor of employers, ruling unanimously that claims brought under Colorado's Minimum Wage Act are subject to a two-year statute of limitations found in the Wage Claim Act, rather than the default six-year limitations period governing most debt collection actions.

Case Background

The dispute arose when Samuel Perez filed a lawsuit in 2022 alleging that his former employer, By the Rockies, LLC ("BTR"), failed to provide required meal and rest breaks during his employment in 2016 and 2017. BTR moved to dismiss the complaint as untimely, arguing that the two-year statute of limitations in the Minimum Wage Act had expired. The Minimum Wage Act allows an employee who receives less than the minimum wage owed to sue and recover any unpaid amounts, but the statute is silent on the timeframe to bring those claims.

Some background on Colorado statutes is helpful to understand this case.

Colorado Revised Statute Title 8 (Labor and Industry) contains Article 4 (Wage Claim Act) and Article 6 (Minimum Wages Act). Article 4, (§ 8-4-122), has a specific two-year limitations period governing actions by employees, while Article 6 contains no explicit statute of limitations provision.

Title 13 (Courts and Court Procedure), Article 80 (Article 80 (Limitations-Personal Actions) has a general limitations period of six years (§ 13-80-103.5(1)(a)) governing actions to recover debts.

The central issue of statutory construction addressed by the Colorado Supreme Court was which limitations period applies to Minimum Wage Act claims, two years (in Title 8, Article 4) or six years (in Title 13, Article 80).

The parties presented two different approaches: BTR argued that the two-year limitations period in the Wage Claim Act should apply because both it and the Minimum Wage Act are part of Title 8's statutory framework addressing wage recovery and serve the same fundamental purpose—allowing employees to recover unpaid wages.

Perez argued that the limiting language of the Wage Claim Act explicitly states it applies only to actions brought "pursuant to this article," meaning

Article 4, not to actions under Article 6 (Minimum Wage Act). Perez asserted in the absence of a clear limitations period in Article 6, the time period should be governed by the general six-year limitations period for actions related to “liquidated debt or an unliquidated, determinable amount of money” in Title 13, Article 80.

The District Court agreed with BTR's argument and dismissed the claim. The Colorado Court of Appeals reversed, and in a split decision, ruled the applicable time period for Perez' claim was six years. The Colorado Supreme Court agreed to hear the case to resolve the limitations period question.

Supreme Court's Analysis

The Colorado Supreme Court adopted the reasoning of dissenting Judge Terry Fox, who concluded that the two-year period should apply. Judge Fox reasoned that the Colorado Wage Act, Article 4 of Title 8 is more specific to employer-employee disputes than Article 80 of Title 13.

The Colorado Supreme Court agreed with Judge Fox (and BTS) that the Wage Claim Act and Minimum Wage Act are part of the same statutory scheme addressing wage payment and serve the same policy purpose: allowing recovery of unpaid wages. The Court applied the principle that statutes dealing with the same subject should be construed harmoniously to avoid absurdities. Following established precedent, the Court focused its analysis of statutory construction on “the nature of the right sued upon” rather than “the particular form of action or the precise character of the relief requested.” Since both types of claims seek recovery of unpaid wages, they should be subject to the same period of limitations.

Applying the established rule that more specific statutes should be applied over general ones, the Court found that Title 8 is more specific to employer-employee disputes than Title 13 and concluded the limitations period within the labor law framework should apply. The Court noted several factors supporting the two-year limitation:

1. **Record-keeping requirements:** Colorado employers must maintain payroll records for only three years, suggesting the legislature intended employees could reach back no further than three years to recover wages.
2. **Administrative consistency:** Alleged violations under the Colorado Minimum Wage Order must be registered within two years for non-willful violations.
3. **Federal alignment:** The federal Fair Labor Standards Act uses the same two-year framework (three years for willful violations).
4. **Legislative history:** When re-enacting Colorado wage laws, the General Assembly sought to align state law with federal standards.

This decision has several important implications for wage and hour litigation in Colorado. First, it provides for uniformity in that all wage recovery claims in Colorado—whether brought under the Wage Claim Act or Minimum Wage Act—are now subject to the same two-year limitations period (three years for willful violations). Second, it reduces exposure.

Employers face a shorter potential lookback period for minimum wage violations, reducing potential liability exposure. Third, it requires litigants to be more strategic. Employees and their counsel must be more vigilant about filing claims promptly, as they can no longer rely on the six-year limitations period for minimum wage violations. Finally, it provides employers consistency, as the ruling aligns Colorado practice with federal FLSA standards, creating consistency across state and federal wage and hour claims.

Key Takeaways

The Colorado Supreme Court's decision in *By the Rockies* provides much-needed clarity on an important procedural issue affecting wage and hour litigation. By applying established principles of statutory construction and emphasizing the comprehensive nature of Colorado's wage protection scheme, the Court has created a uniform approach to limitations periods for all wage recovery claims in the state.

The decision reinforces the importance of prompt action in wage and hour cases and aligns Colorado law with federal standards, providing predictability for both employers and employees in this critical area of employment law.

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