

HB0584 compared with HB0584S01

19 **Other Special Clauses:**

20 None

21 **Utah Code Sections Affected:**

22 AMENDS:

23 **49-22-403** , as last amended by Laws of Utah 2021, Chapter 345

24 **49-23-403** , as last amended by Laws of Utah 2021, Chapter 345

25 **63A-17-505** , as renumbered and amended by Laws of Utah 2021, Chapter 344

26 **63A-17-506** , as renumbered and amended by Laws of Utah 2021, Chapter 344

27 **63A-17-507** , as renumbered and amended by Laws of Utah 2021, Chapter 344

28 **63A-17-508** , as renumbered and amended by Laws of Utah 2021, Chapter 344

29 **67-19d-201** , as last amended by Laws of Utah 2021, Chapter 344

30 ENACTS:

31 **63A-17-508.1** , Utah Code Annotated 1953

32

33 *Be it enacted by the Legislature of the state of Utah:*

34 Section 1. Section **49-22-403** is amended to read:

35 **49-22-403. Eligibility to receive a retirement allowance for a benefit tied to a retirement date for defined contribution members.**

37 (1) As used in this section, "eligible to receive a retirement allowance" means the date selected by the member who is a participant under this part on which the member has ceased employment and would be qualified to receive an allowance under Section 49-22-304 if the member had been under the Tier II Hybrid Retirement System for the same period of employment.

42 (2) The office and a participating employer shall make an accounting of years of service credit accrued for a member who is a participant under this part in order to calculate when a member would be eligible to receive a retirement allowance for purposes of establishing when a member may be eligible for a benefit tied to a retirement date that may be provided under Section 63A-17-508, Section 63A-17-508.1, this title, another state statute, or by a participating employer.

48 Section 2. Section **49-23-403** is amended to read:

49 **49-23-403. Eligibility to receive a retirement allowance for a benefit tied to a retirement date for defined contribution members.**

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(1) As used in this section, "eligible to receive a retirement allowance" means the date selected by the member who is a participant under this part on which the member has ceased employment and would be qualified to receive an allowance under Section 49-23-303 if the member had been under the Tier II Hybrid Retirement System for the same period of employment.

56 (2) The office and a participating employer shall make an accounting of years of service credit accrued for a member who is a participant under this part in order to calculate when a member would be eligible to receive a retirement allowance for purposes of establishing when a member may be eligible for a benefit tied to a retirement date that may be provided under Section 63A-17-508, Section 63A-17-508.1, this title, another state statute, or by a participating employer.

62 Section 3. Section **63A-17-505** is amended to read:

63 **63A-17-505. Sick leave -- Definitions -- Unused sick days retirement programs --
Rulemaking.**

65 (1) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the director shall make rules:

67 (a) for the procedures to implement the provisions of this section through Section
[63A-17-508] 63A-17-508.1; and

69 (b) to establish the maximum number of hours of converted sick leave an employee may accrue.

71 (2) The Division of Finance shall develop and maintain a system of accounting for employee sick leave and converted sick leave as necessary to implement the provisions of this section through Section
[63A-17-508] 63A-17-508.1.

74 Section 4. Section **63A-17-506** is amended to read:

75 **63A-17-506. Converted sick leave.**

Converted sick leave hours that are not used ~~[prior to]~~ before an employee's retirement date shall

be used under the:

78 (1) Unused Sick Leave Retirement Option Program I under Section 63A-17-507 if earned ~~[prior to]~~ before January 1, 2006, unless the transfer is made under Subsection 63A-17-508(1)(c)~~[; or]~~ or
Subsection 63A-17-508.1(1)(c);

81 (2) Unused Sick Leave Retirement Option Program II under Section 63A-17-508 if earned on or after January 1, 2006~~[;]~~ , and on or before January 3, 2014, unless the transfer is made under Subsection 63A-17-508.1(1)(c); or

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84 (3) Unused Sick Leave Retirement Option Program III under Section 63A-17-508.1 if earned on or after
85 January 4, 2014.

86 Section 5. Section **63A-17-507** is amended to read:

87 **63A-17-507. Unused Sick Leave Retirement Option Program I -- Creation -- Payout upon**
88 **eligibility for allowance -- Continuing medical and life insurance benefits after retirement.**

90 (1)

(a) There is created the "Unused Sick Leave Retirement Option Program I."

91 (b) An agency may offer the Unused Sick Leave Retirement Option Program I to an employee who is
92 eligible to receive a retirement allowance in accordance with Title 49, Utah State Retirement and
93 Insurance Benefit Act.

94 (2) The Unused Sick Leave Retirement Option Program I provides that, upon becoming eligible to
95 receive a retirement allowance, an employee who was employed by the state ~~[prior to]~~ before
96 January 1, 2006:

97 (a) receives a contribution under Subsection (3) ~~[for]~~ equal to 25% of the employee's unused
98 accumulated sick leave accrued ~~[prior to]~~ before January 1, 2006, at the employee's rate of pay at the
99 time of retirement; and

100 (b) may purchase additional continuing medical and life insurance benefits in accordance with
101 Subsection (4).

102 (3)

(a) Subject to federal requirements and limitations, the contribution under Subsection (2)(a) shall be
103 transferred directly to the employee's defined contribution plan qualified under Section 401(k) of the
104 Internal Revenue Code which is sponsored by the Utah State Retirement Board.

106 (b) If the amount calculated under Subsection (2)(a) exceeds the federal contribution limitations, the
107 employee's unused accumulated sick leave hours representing the excess shall be used for the
108 purchase of continuing medical and life insurance benefits under Subsection (4).

110 (4)

(a) An employee may purchase continuing medical and life insurance benefits, at the rate of one
111 month's coverage per policy for eight hours of unused sick leave remaining after the contribution of
112 unused sick leave under Subsection (2)(a).

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- (b) The medical coverage level for member, two person, or family coverage that is provided to the member at the time of retirement is the maximum coverage level available to the member under this program.
- 116 (c) The purchase of continuing medical and life insurance benefits at the rate provided under Subsection
118 (4)(a) may be used by the employee to extend coverage:
- 119 (i) until the employee reaches the age of eligibility for Medicare; or
122 (ii) if the employee has reached the age of eligibility for Medicare, continuing medical benefits for the
employee's spouse may be purchased until the employee's spouse reaches the age of eligibility for
Medicare.
- (d) An employee and the employee's spouse who are or who later become eligible for Medicare may
purchase Medicare supplemental insurance at the rate of one month's coverage for eight hours of the
employee's unused sick leave per person.
- 125 (5)
- (a) The continuing medical and life insurance benefits purchased by an employee under Subsection (4):
- 127 (i) may not be suspended or deferred for future use; and
128 (ii) continues in effect until exhausted.
- (b) An employer participating in the Program I benefits under this section may not provide medical or
life insurance benefits to a person who is:
- 131 (i) [reemployed] reemployed after retirement; and
132 (ii) receiving benefits under this section.
- 133 Section 6. Section **63A-17-508** is amended to read:
- 134 **63A-17-508. Unused Sick Leave Retirement Option Program II -- Creation -- Remuneration
upon eligibility for allowance -- Medical expense account after retirement.**
- 136 (1)
- (a) There is created the "Unused Sick Leave Retirement Option Program II."
- 137 (b) An agency shall offer the Unused Sick Leave Retirement Option Program II to an employee who
is eligible to receive a retirement allowance in accordance with Title 49, Utah State Retirement and
Insurance Benefit Act.
- 140 (c) An employee who is participating in the Unused Sick Leave Retirement Option Program I under
Section 63A-17-507 may make a one-time and irrevocable election to transfer all unused sick
leave hours[~~which shall include all~~], including all converted sick leave hours under Section

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63A-17-506, for use ~~[under]~~ in accordance with the Unused Sick Leave Retirement Option Program II ~~[under]~~ described in this section.

- 146 (2)
- (a) The Unused Sick Leave Retirement Option Program II provides that, upon becoming eligible to receive a retirement allowance, an employee employed by the state between January 1, 2006, and January 3, 2014, shall receive remuneration for the employee's unused accumulated sick leave and converted sick leave accrued between January 1, 2006, and January 3, 2014, in accordance with this section as follows:
- 152 (i) subject to federal requirements and limitations, a contribution at the employee's rate of pay at the time of retirement ~~[for]~~ equal to 25% of the employee's unused accumulated sick leave and converted sick leave shall be transferred directly to the employee's defined contribution plan qualified under Section 401(k) of the Internal Revenue Code which is sponsored by the Utah State Retirement Board; and
- 158 (ii) participation in a benefit plan that provides for reimbursement for medical expenses using money deposited at the employee's rate of pay at the time of retirement from remaining unused accumulated sick leave and converted sick leave balances.
- 162 (b) If the amount calculated under Subsection (2)(a)(i) exceeds the federal contribution limitations, the amount representing the excess shall be deposited under Subsection (2)(a)(ii).
- 165 (c) An employee's rate of pay at the time of retirement for purposes of Subsection (2)(a)(ii) may not be less than the average rate of pay of state employees who retired in the same retirement system under Title 49, Utah State Retirement and Insurance Benefit Act, during the previous calendar year.
- 169 (3) The Utah State Retirement Office shall develop and maintain a program to provide a benefit plan that provides for reimbursement for medical expenses under Subsection (2)(a)(ii) with money deposited under Subsection (2)(a)(ii).

172 Section 7. Section 7 is enacted to read:

173 **63A-17-508.1. Unused Sick Leave Retirement Option Program III -- Creation -- Payment upon eligibility for allowance -- Amount equal to 50% of unused accumulated sick leave.**

176 (1)

(a) There is created the "Unused Sick Leave Retirement Option Program III."

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(b) An agency shall offer the Unused Sick Leave Retirement Option Program III to an employee who is eligible to receive a retirement allowance in accordance with Title 49, Utah State Retirement and Insurance Benefit Act.

180 (c) An employee who is participating in the retirement program described in Section 63A-17-507 or Section 63A-17-508, or both, as applicable, may make a one-time and irrevocable election to transfer all unused sick leave hours, including all converted sick leave hours under Section 63A-17-506, for use in accordance with the Unused Sick Leave Retirement Option Program III described in this section.

185 (2) The Unused Sick Leave Retirement Option Program III provides that, upon becoming eligible to receive a retirement allowance, an employee { employed by the state on or after January 4, 2014, } shall receive a payment equal to 50% of the employee's unused accumulated sick leave and converted sick leave accrued on or after January 4, 2014, calculated at the employee's rate of pay at the time of retirement.

190 Section 8. Section **67-19d-201** is amended to read:

191 **67-19d-201. Trust fund -- Creation -- Oversight -- Dissolution.**

192 (1) There is created a post-retirement benefits trust fund entitled the "State Post-Retirement Benefits Trust Fund."

194 (2) The trust fund consists of:

195 (a) revenue provided from an ongoing labor additive as defined in Subsection 67-19d-202(2)(g);

197 (b) appropriations made to the fund by the Legislature, if any;

198 (c) income as defined in Section 67-19d-102; and

199 (d) other revenues received from other sources.

200 (3) The Division of Finance shall account for the receipt and expenditures of trust fund money.

202 (4)

(a) The state treasurer shall invest trust fund money by following the procedures and requirements of Part 3, Trust Fund Investments.

204 (b)

(i) The trust fund shall earn interest.

205 (ii) The state treasurer shall deposit all interest or other income earned from investment of the trust fund back into the trust fund.

207 (5) The board of trustees created in Section 67-19d-202 may expend money from the trust fund for:

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- 209 (a) the employer portion of the costs of the programs established in Sections 63A-17-505 through
[63A-17-508] 63A-17-508.1; and
- 211 (b) reasonable administrative costs that the board of trustees incurs in performing their duties as trustees
of the trust fund.
- 213 (6) The board of trustees shall ensure that:
- 214 (a) money deposited into the trust fund is irrevocable and is expended only for the employer portion of
the costs of post-retirement benefits;
- 216 (b) assets of the trust fund are dedicated to providing benefits to retirees and their beneficiaries
according to the terms of the post-retirement benefit plans established by statute and rule; and
- 219 (c) creditors of the board of trustees and of employers liable for the post-retirement benefits may not
seize, attach, or otherwise obtain assets of the trust fund.
- 221 (7) When all of the liabilities for which the trust fund was created are paid, the Division of Finance shall
transfer any assets remaining in the state trust fund into the appropriate fund.

224 Section 9. **Effective date.**

Effective Date.

This bill takes effect on May 6, 2026.

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