

Anthony E. Loubet proposes the following substitute bill:

State Employee Benefits Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

House Sponsor: Norman K Thurston

LONG TITLE

General Description:

This bill modifies provisions related to state employee benefits.

Highlighted Provisions:

This bill:

- ▶ beginning on a specified date, provides that each agency shall provide the agency's employees paid time off in lieu of annual leave and sick leave;
- ▶ directs the Division of Finance to convert each employee's accrued annual leave hours to paid time off hours at a one-to-one ratio;
- ▶ grants the Division of Human Resources authority to make rules governing the accrual and use of paid time off;
- ▶ requires each agency to establish and administer a leave bank program;
- ▶ modifies the 401(k) match available to specified eligible employees by changing the match rate and increasing the maximum employer contribution; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

49-12-701, as last amended by Laws of Utah 2018, Chapter 415

49-22-102, as last amended by Laws of Utah 2025, Chapter 298

63A-17-501, as enacted by Laws of Utah 2021, Chapter 344

63A-17-503, as renumbered and amended by Laws of Utah 2021, Chapter 344

63A-17-504, as renumbered and amended by Laws of Utah 2021, Chapter 344

29 **63A-17-805**, as last amended by Laws of Utah 2023, Chapter 442
 30 **67-19f-102**, as last amended by Laws of Utah 2021, Chapter 344
 31 **67-19f-201**, as last amended by Laws of Utah 2023, Chapter 534
 32 **67-22-2**, as last amended by Laws of Utah 2025, Chapter 232

33 ENACTS:

34 **63A-17-510.1**, Utah Code Annotated 1953
 35 **63A-17-514**, Utah Code Annotated 1953

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

38 Section 1. Section **49-12-701** is amended to read:

39 **49-12-701 . Early retirement incentive -- Eligibility -- Calculation of benefit --**
 40 **Payment of costs -- Savings to be appropriated by Legislature -- Restrictions on**
 41 **reemployment.**

- 42 (1) Any member of this system may retire and receive the allowance allowed under
 43 Subsection (2) if the member meets the following requirements as of the member's
 44 retirement date:
- 45 (a) the member is eligible for retirement under Section 49-12-401, or has 25 years of
 46 service credit;
 - 47 (b) the member elects to forfeit any stipend for retirement offered by the participating
 48 employer; and
 - 49 (c) the member elects to retire from this system by applying for retirement by the date
 50 established under Subsection (3)(a) or (3)(b).
- 51 (2)(a) A member who retires under Subsection (1) shall receive 2% of that member's
 52 final average salary for all years of service credit.
- 53 (b) An actuarial reduction may not be applied to the allowance granted under this section.
- 54 (3) In order to receive the allowance allowed by this section, a member shall submit an
 55 application to the office as follows:
- 56 (a)(i) For state and school employees under Level A, the application shall be filed by
 57 May 31, 1987. The member's retirement date shall then be set by the member on
 58 the 1st or 16th day of July, August, or September, 1987.
 - 59 (ii) If a Level A member elects to retire, the executive director or participating
 60 employer may request the member to delay the retirement date until a later date,
 61 but no later than June 30, 1988.
 - 62 (iii) If the member agrees to delay the retirement date, the retirement date shall be

63 delayed, but service credit may not be accrued after the member's original
64 retirement date elected by the member, and compensation earned after the
65 member's original retirement date may not be used in the calculation of the final
66 average salary for determining the retirement allowance.

67 (b)(i) For political subdivision employees under Level B, the application shall be
68 filed by September 30, 1987.

69 (ii) The retirement date shall then be set by the member on the 1st or 16th day of
70 July, August, September, October, November, or December, 1987.

71 (4)(a) The cost of providing the allowance under this section shall be funded in fiscal
72 year 1987-88 by a supplemental appropriation in the 1988 General Session based on
73 the retirement contribution rate increase established by the consulting actuary and
74 approved by the board.

75 (b) The cost of providing the allowance under this section shall be funded beginning
76 July 1, 1988, by means of an increase in the retirement contribution rate established
77 by the consulting actuary and approved by the board.

78 (c) The rate increase under Subsections (4)(a) and (b) shall be funded:

79 (i) for state employees, by an appropriation from the account established by the
80 Division of Finance under Subsection (4)(d), which is funded by savings derived
81 from this early retirement incentive and a work force reduction;

82 (ii) for school employees, by direct contributions from the employing unit, which
83 may not be funded through an increase in the retirement contribution amount
84 established in Title 53F, Chapter 2, State Funding -- Minimum School Program;
85 and

86 (iii) for political subdivisions under Level B, by direct contributions by the
87 participating employer.

88 (d)(i) Each year, any excess savings derived from this early retirement incentive
89 which are above the costs of funding the increase and the costs of paying insurance[
90 ~~, sick leave, compensatory leave, and vacation]~~ and leave under Subsections
91 (4)(c)(i) and (ii) shall be reported to the Legislature and shall be appropriated as
92 provided by law.

93 (ii) In the case of Subsection (4)(c)(i), the Division of Finance shall establish an
94 account into which all savings derived from this early retirement incentive shall be
95 deposited as the savings are realized.

96 (iii) In the case of Subsection (4)(c)(ii), the State Board of Education shall certify the

- 97 amount of savings derived from this early retirement incentive.
- 98 (iv) The State Board of Education and the participating employer may not spend the
- 99 savings until appropriated by the Legislature as provided by law.
- 100 (5) A member who retires under this section is subject to Section 49-11-504 and Chapter
- 101 11, Part 12, Postretirement Reemployment Restrictions Act.
- 102 (6) The board may adopt rules to administer this section.
- 103 (7) The Legislative Auditor General shall perform an audit to ensure compliance with this
- 104 section.

105 Section 2. Section **49-22-102** is amended to read:

106 **49-22-102 . Definitions.**

107 As used in this chapter:

- 108 (1) "Benefits normally provided" means the same as that term is defined in Section
- 109 49-12-102.
- 110 (2)(a) "Compensation" means the total amount of payments made by a participating
- 111 employer to a member of this system for services rendered to the participating
- 112 employer, including:
- 113 (i) bonuses;
- 114 (ii) cost-of-living adjustments;
- 115 (iii) other payments currently includable in gross income and that are subject to social
- 116 security deductions, including any payments in excess of the maximum amount
- 117 subject to deduction under social security law;
- 118 (iv) amounts that the member authorizes to be deducted or reduced for salary deferral
- 119 or other benefits authorized by federal law; and
- 120 (v) member contributions.
- 121 (b) "Compensation" for purposes of this chapter may not exceed the amount allowed
- 122 under Internal Revenue Code, Section 401(a)(17).
- 123 (c) "Compensation" does not include:
- 124 (i) the monetary value of remuneration paid in kind, including a residence or use of
- 125 equipment;
- 126 (ii) the cost of any employment benefits paid for by the participating employer;
- 127 (iii) compensation paid to a temporary employee or an employee otherwise ineligible
- 128 for service credit;
- 129 (iv) any payments upon termination, including accumulated [~~vacation, sick-~~]leave
- 130 payments, severance payments, compensatory time payments, or any other special

- 131 payments;
- 132 (v) any allowances or payments to a member for costs or expenses paid by the
- 133 participating employer, including automobile costs, uniform costs, travel costs,
- 134 tuition costs, housing costs, insurance costs, equipment costs, and dependent care
- 135 costs; or
- 136 (vi) a teacher salary bonus described in Section 53F-2-513.
- 137 (d) The executive director may determine if a payment not listed under this Subsection
- 138 (2) falls within the definition of compensation.
- 139 (3) "Corresponding Tier I system" means the system or plan that would have covered the
- 140 member if the member had initially entered employment before July 1, 2011.
- 141 (4)(a) "Final average salary" means the amount calculated by averaging the highest five
- 142 years of annual compensation preceding retirement subject to Subsections (4)(b), (c),
- 143 (d), (e), and (f).
- 144 (b) Except as provided in Subsection (4)(c), the percentage increase in annual
- 145 compensation in any one of the years used may not exceed the previous year's
- 146 compensation by more than 10% plus a cost-of-living adjustment equal to the
- 147 decrease in the purchasing power of the dollar during the previous year, as measured
- 148 by a United States Bureau of Labor Statistics Consumer Price Index average as
- 149 determined by the board.
- 150 (c) In cases where the participating employer provides acceptable documentation to the
- 151 office, the limitation in Subsection (4)(b) may be exceeded if:
- 152 (i) the member has transferred from another agency; or
- 153 (ii) the member has been promoted to a new position.
- 154 (d) If the member retires more than six months from the date of termination of
- 155 employment, the member is considered to have been in service at the member's last
- 156 rate of pay from the date of the termination of employment to the effective date of
- 157 retirement for purposes of computing the member's final average salary only.
- 158 (e) If the member has less than five years of service credit in this system, final average
- 159 salary means the average annual compensation paid to the member during the full
- 160 period of service credit.
- 161 (f) The annual compensation used to calculate final average salary shall be based on a
- 162 period, as determined by the board, consistent with the period used to determine
- 163 years of service credit in accordance with Subsection (8).
- 164 (5) "Participating employer" means an employer that meets the participation requirements

165 of:

166 (a) Sections 49-12-201 and 49-12-202;

167 (b) Sections 49-13-201 and 49-13-202;

168 (c) Section 49-19-201; or

169 (d) Section 49-22-201 or 49-22-202.

170 (6)(a) "Regular full-time employee" means an employee:

171 (i) whose term of employment for a participating employer contemplates continued
172 employment during a fiscal or calendar year;

173 (ii) whose employment normally requires an average of 20 hours or more per week,
174 except as modified by the board; and

175 (iii) who receives benefits normally provided by the participating employer.

176 (b) "Regular full-time employee" includes:

177 (i) a teacher whose term of employment for a participating employer contemplates
178 continued employment during a school year and who teaches half time or more;

179 (ii) an education support professional:

180 (A) who is hired before July 1, 2013; and

181 (B) whose employment normally requires an average of 20 hours per week or
182 more for a participating employer, regardless of benefits provided;

183 (iii) an appointive officer whose appointed position is full time as certified by the
184 participating employer;

185 (iv) the governor, the lieutenant governor, the state auditor, the state treasurer, the
186 attorney general, and a state legislator;

187 (v) an elected official not included under Subsection (6)(b)(iv) whose elected position
188 is full time as certified by the participating employer;

189 (vi) a faculty member or employee of an institution of higher education who is
190 considered full time by that institution of higher education; and

191 (vii) an individual who otherwise meets the definition of this Subsection (6) who
192 performs services for a participating employer through a professional employer
193 organization or similar arrangement.

194 (c) "Regular full-time employee" does not include:

195 (i) a firefighter service employee as defined in Section 49-23-102;

196 (ii) a public safety service employee as defined in Section 49-23-102;

197 (iii) an education support professional:

198 (A) who is hired on or after July 1, 2013; and

199 (B) who does not receive benefits normally provided by the participating
 200 employer even if the employment normally requires an average of 20 hours per
 201 week or more for a participating employer;

202 (iv) an education support professional:

203 (A) who is hired before July 1, 2013;

204 (B) who did not qualify as a regular full-time employee before July 1, 2013;

205 (C) who does not receive benefits normally provided by the participating
 206 employer; and

207 (D) whose employment hours are increased on or after July 1, 2013, to require an
 208 average of 20 hours per week or more for a participating employer; or

209 (E) who is a person working on a contract:

210 (I) for the purposes of vocational rehabilitation and the employment and
 211 training of people with significant disabilities; and

212 (II) that has been set aside from procurement requirements by the state
 213 pursuant to Section 63G-6a-805 or the federal government pursuant to 41
 214 U.S.C. Sec. 8501 et seq.

215 (7) "System" means the New Public Employees' Tier II Contributory Retirement System
 216 created under this chapter.

217 (8) "Years of service credit" means:

218 (a) a period consisting of 12 full months as determined by the board;

219 (b) a period determined by the board, whether consecutive or not, during which a regular
 220 full-time employee performed services for a participating employer, including any
 221 time the regular full-time employee was absent on a paid leave of absence granted by
 222 a participating employer or was absent in the service of the United States government
 223 on military duty as provided by this chapter; or

224 (c) the regular school year consisting of not less than eight months of full-time service
 225 for a regular full-time employee of an educational institution.

226 Section 3. Section **63A-17-501** is amended to read:

227 **63A-17-501 . Definitions.**

228 As used in this part:

229 (1) "Continuing medical and life insurance benefits" means the state provided policy of
 230 medical insurance and the state provided portion of a policy of life insurance, each
 231 offered at the same:

232 (a) benefit level and the same proportion of state/member participation in the total

- 233 premium costs as an active member as defined in Section 49-11-102; and
 234 (b) coverage level for a member, two person, or family policy as provided to the
 235 member at the time of retirement.
- 236 (2) "Converted sick leave" means leave that has been converted from unused sick leave in
 237 accordance with Section 63A-17-506 which may be used by an employee in the same
 238 manner as:
- 239 (a) paid time off;
 240 ~~[(a)]~~ (b) annual leave;
 241 ~~[(b)]~~ (c) sick leave; or
 242 ~~[(c)]~~ (d) unused accumulated sick leave after the employee's retirement for the purchase
 243 of continuing medical and life insurance benefits under Sections 63A-17-507,
 244 63A-17-508, and 63A-17-804.

245 (3) "Paid time off" means the same as that term is defined in Section 63A-17-510.1.

246 Section 4. Section **63A-17-503** is amended to read:

247 **63A-17-503 . Accumulated annual leave or paid time off -- Conversion to**
 248 **deferred compensation plan.**

- 249 (1) The division shall implement a program whereby an employee may, upon termination
 250 of employment or retirement, elect to convert any unused annual leave or paid time off
 251 into any of the employee's designated deferred compensation accounts that:
- 252 (a) are sponsored by the Utah State Retirement Board; and
 253 (b) are qualified under Section 401(k) or Section 457 of the Internal Revenue Code.
- 254 (2) Any annual leave or paid time off converted under Subsection (1) shall be converted
 255 into the employee's deferred compensation account at the employee's pay rate at the time
 256 of termination or retirement.
- 257 (3) No employee may convert hours of accrued annual leave or paid time off to the extent
 258 that any hours so converted would exceed the maximum amount authorized by the
 259 Internal Revenue Code for each calendar year.

260 Section 5. Section **63A-17-504** is amended to read:

261 **63A-17-504 . Accumulated annual leave or paid time off -- Annual conversion to**
 262 **deferred compensation plan.**

- 263 (1) If the Legislature in an annual appropriations act with accompanying intent language
 264 specifically authorizes and fully funds the estimated costs of this use, the division shall
 265 implement a program that allows an employee, in the approved calendar year, to elect to
 266 convert up to 20 hours of annual leave or paid time off, in whole hour increments not to

267 exceed \$250 in value, into any of the employee's designated deferred compensation
 268 accounts that:

- 269 (a) are sponsored by the Utah State Retirement Board; and
- 270 (b) are qualified under Section 401(k) or Section 457 of the Internal Revenue Code.

271 (2) Any annual leave or paid time off converted under Subsection (1) shall be:

- 272 (a) converted into the employee's deferred compensation account at the employee's pay
 273 rate at the time of conversion; and
- 274 (b) calculated in the last pay period of the leave year as determined by the Division of
 275 Finance.

276 (3) An employee may not convert hours of accrued annual leave or paid time off to the
 277 extent that any hours converted would:

- 278 (a) exceed the maximum amount authorized by the Internal Revenue Code for the
 279 calendar year; or
- 280 (b) cause the employee's balance of accumulated annual leave or paid time off to drop
 281 below the maximum accrual limit provided by rule.

282 Section 6. Section **63A-17-510.1** is enacted to read:

283 **63A-17-510.1 . Paid time off.**

284 (1) As used in this section:

285 (a) "Annual leave II" means the same as that term is defined in Section 63A-17-510.

286 (b) "Change date" means the date established by the Division of Finance under
 287 Subsection (2).

288 (c)(i) "Paid time off" means leave hours an agency provides to an employee
 289 beginning on the change date, as time off from work for personal use without
 290 affecting the employee's pay.

291 (ii) "Paid time off" does not include:

292 (A) legal holidays under Section 63G-1-301;

293 (B) time off as compensation for actual time worked in excess of an employee's
 294 defined work period;

295 (C) sick leave;

296 (D) paid or unpaid administrative leave; or

297 (E) other paid or unpaid leave from work provided by state statute, administrative
 298 rule, or by federal law or regulation.

299 (2) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

300 Division of Finance shall establish a date that is not later than July 1, 2027, beginning on

- 301 which an agency shall offer paid time off in lieu of:
- 302 (a) annual leave II; and
- 303 (b) the sick leave offered to employees as of the change date.
- 304 (3)(a) Except as provided in Subsection (3)(b), the provisions of this section do not
- 305 affect an employee's balance or use of leave hours accrued before the change date.
- 306 (b) On the change date, the Division of Finance shall convert each employee's accrued
- 307 annual leave balance to paid time off at a one-to-one ratio.
- 308 (4)(a) At the time an employee accrues paid time off, the agency shall set aside the cost
- 309 of each hour of paid time off for the employee in an amount determined in
- 310 accordance with rules the Division of Finance makes in accordance with Title 63G,
- 311 Chapter 3, Utah Administrative Rulemaking Act.
- 312 (b) In making rules under Subsection (4)(a), the Division of Finance shall consider:
- 313 (i) the employee's hourly rate of pay;
- 314 (ii) applicable employer paid taxes that would be required if the employee were paid
- 315 for the paid time off instead of the employee using it for leave;
- 316 (iii) other applicable employer paid benefits; and
- 317 (iv) adjustments due to employee hourly rate changes, including the effect on accrued
- 318 paid time off balances.
- 319 (c) The Division of Finance shall deposit money set aside in accordance with Subsection
- 320 (4) into the State Employees' Leave Trust Fund created in Section 67-19f-201.
- 321 (d) Subsection (4)(a) does not apply to paid time off hours that were converted from
- 322 annual leave in accordance with Subsection (3), if:
- 323 (i) for converted hours that were not annual leave II hours, the agency continues to
- 324 comply with the Division of Finance requirements for contributions to the
- 325 termination pool; or
- 326 (ii) for converted hours that were annual leave II hours, the agency complied with the
- 327 requirements of Subsection 63A-17-510(4) when the annual leave II hours were
- 328 accrued.
- 329 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 330 division shall make rules governing the accrual and use of paid time off provided under
- 331 this section.

332 Section 7. Section **63A-17-514** is enacted to read:

333 **63A-17-514 . Agency leave bank program.**

- 334 (1) Each agency shall establish and administer a leave bank program.

- 335 (2) Each agency shall ensure that the agency's leave bank program established in
 336 accordance with this section:
- 337 (a) allows an employee to voluntarily donate the employees paid time off to a
 338 centralized leave bank administered by the agency; and
- 339 (b) directs the agency to distribute leave from the leave bank to an employee who
 340 satisfies the agency's eligibility criteria.
- 341 (3) An employee may not donate sick leave to a leave bank established in accordance with
 342 this section.
- 343 (4) The division shall create a model leave bank program policy that complies with this
 344 section and make a copy of the model policy available to other agencies.
- 345 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
 346 division may make rules governing leave bank programs described in this section.

347 Section 8. Section **63A-17-805** is amended to read:

348 **63A-17-805 . State employee matching supplemental defined contribution benefit.**

- 349 (1) As used in this section:
- 350 (a) "Active member" means the same as that term is defined in Section 49-11-102.
- 351 (b) "Change date" means the same as that term is defined in Section 63A-17-510.1.
- 352 [(a)] (c) "Qualifying account" means:
- 353 (i) a defined contribution plan qualified under Section 401(k) of the Internal Revenue
 354 Code, which is sponsored by the Utah State Retirement Board;
- 355 (ii) a deemed Individual Retirement Account authorized under the Internal Revenue
 356 Code, which is sponsored by the Utah State Retirement Board; or
- 357 (iii) a similar savings plan or account authorized under the Internal Revenue Code,
 358 which is sponsored by the Utah State Retirement Board.
- 359 [(b)] (d) "Qualifying employee" means an employee who is:
- 360 (i) in a position that is:
- 361 (A) receiving retirement benefits under Title 49, Utah State Retirement and
 362 Insurance Benefit Act; and
- 363 (B) accruing paid leave benefits that can be used in the current and future calendar
 364 years; and
- 365 (ii) not an employee who is reemployed as that term is:
- 366 (A) defined in Section 49-11-1202; or
- 367 (B) used in Section 49-11-504.
- 368 (e) "Tier I qualifying employee" means a qualifying employee who is an active member

- 369 in Tier I, as defined in Section 49-11-102.
- 370 (f) "Tier II qualifying employee" means a qualifying employee who is an active member
 371 in Tier II, as defined in Section 49-11-102.
- 372 (2) Subject to the requirements of Subsection (3) and applicable federal law, an employer
 373 shall make a biweekly matching contribution to every qualifying employee's defined
 374 contribution plan qualified under Section 401(k) of the Internal Revenue Code, [subject
 375 to federal requirements and limitations,] which is sponsored by the Utah State
 376 Retirement Board[-] , as follows:
- 377 (a) before the change date, at a 100% match rate; or
 378 (b) on or after the change date:
- 379 (i) for a Tier I qualifying employee, at a 100% match rate; and
 380 (ii) for a Tier II qualifying employee, at a 100% match rate for the first \$26 the
 381 employee contributes and at a 50% match rate for any amount the employee
 382 contributes above \$26.
- 383 ~~(3)(a) In accordance with the requirements of this Subsection (3), each qualifying~~
 384 ~~employee shall be eligible to receive the same dollar amount for the contribution~~
 385 ~~under Subsection (2).]~~
- 386 ~~[(b)]~~ (a) A qualifying employee who is hired before July 1, 2023:
- 387 (i) shall receive the contribution amount determined under Subsection ~~[(3)(f)]~~ (3)(e) if
 388 the qualifying employee makes a voluntary personal contribution to one or more
 389 qualifying accounts in an amount equal to or greater than the employer's
 390 contribution amount determined under Subsection ~~[(3)(f)]~~ (3)(e);
- 391 (ii) shall receive a partial contribution amount that is equal to the qualifying
 392 employee's personal contribution amount if the employee makes a voluntary
 393 personal contribution to one or more qualifying accounts in an amount less than
 394 the employer's contribution amount determined under Subsection ~~[(3)(f)]~~ (3)(e); or
- 395 (iii) may not receive a contribution under Subsection (2) if the qualifying employee
 396 does not make a voluntary personal contribution to a qualifying account.
- 397 ~~[(e)]~~ (b)(i) An employer shall automatically enroll a qualifying employee who is hired
 398 on or after July 1, 2023, to make a personal contribution to a defined contribution
 399 plan qualified under Section 401(k) of the Internal Revenue Code, which is
 400 sponsored by the Utah State Retirement Board, in an amount equal to the lesser of:
 401 (A) the employer's contribution amount determined under Subsection ~~[(3)(f)-]~~
 402 (3)(e); or

- 403 (B) \$26.
- 404 (ii) A qualifying employee who makes a personal contribution in accordance with
405 Subsection ~~[(3)(e)(i)] (3)(b)(i)~~ shall receive the lesser of:
- 406 (A) the contribution amount determined under Subsection ~~[(3)(f)] (3)(e); or~~
407 (B) \$26.
- 408 ~~[(d)] (c)(i)~~ A qualifying employee who is hired on or after July 1, 2023, may opt out
409 of the automatic enrollment by choosing not to make any future personal
410 contributions.
- 411 (ii) ~~[A]~~ Subject to Subsection (3)(d), a qualifying employee who opts out of automatic
412 enrollment in accordance with this Subsection ~~[(3)(d)] (3)(c)~~ may not receive a
413 contribution under Subsection (2).
- 414 ~~[(e)] (d)(i)~~ A qualifying employee who is hired on or after July 1, 2023, may modify
415 the automatic enrollment by opting to make future personal contributions:
- 416 (A) in an amount other than the amount determined under Subsection ~~[(3)(f)] (3)(b);~~
417 or
- 418 (B) to a qualifying account other than the defined contribution plan qualified
419 under Section 401(k) of the Internal Revenue Code, which is sponsored by the
420 Utah State Retirement Board.
- 421 (ii) A qualifying employee who opts to make a personal contribution for less than the
422 amount determined under Subsection ~~[(3)(f)] (3)(b)~~ shall receive a partial
423 contribution that is equal to the qualifying employee's personal contribution
424 amount.
- 425 ~~[(f)] (e)(i)~~ Subject to the maximum limit under Subsection ~~[(3)(f)(iii)] (3)(e)(iii) or (iv),~~
426 the Legislature shall annually determine the contribution amount that an employer
427 shall provide to each qualifying employee under Subsection (2).
- 428 (ii) The division shall make recommendations annually to the Legislature on the
429 contribution amount required under Subsection (2), in consultation with the
430 Governor's Office of Planning and Budget and the Division of Finance.
- 431 (iii) ~~[The]~~ Before the change date, the biweekly matching contribution amount
432 required under Subsection (2) may not exceed \$26 for each qualifying employee.
- 433 (iv) On or after the change date, the biweekly matching contribution amount required
434 under Subsection (2) may not exceed:
- 435 (A) for a Tier I qualifying employee, \$26; or
- 436 (B) for a Tier II qualifying employee, the greater of 2% of the qualifying

- 437 employee's biweekly salary or \$26.
- 438 (4) A qualifying employee is eligible to receive the biweekly contribution under this section
 439 for any pay period in which the employee is in a paid status or other status protected by
 440 federal or state law.
- 441 (5) The employer and employee contributions made and related earnings under this section
 442 vest immediately upon deposit and can be withdrawn by the employee at any time,
 443 subject to Internal Revenue Code regulations on the withdrawals.
- 444 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
 445 director shall make rules establishing procedures to implement the provisions of this
 446 section.

447 Section 9. Section **67-19f-102** is amended to read:

448 **67-19f-102 . Definitions.**

449 As used in this chapter:

- 450 (1) "Annual leave II" means the same as that term is defined in Section 63A-17-510.
- 451 (2) "Board of trustees" or "board" means the board of trustees created in Section 67-19f-202.
- 452 (3) "Income" means the revenues received by the state treasurer from investments of the
 453 trust fund principal.
- 454 (4) "Paid time off" means the same as that term is defined in Section 63A-17-510.1.
- 455 [(4)] (5) "Trust fund" means the State Employees' [~~Annual~~]Leave Trust Fund created in
 456 Section 67-19f-201.

457 Section 10. Section **67-19f-201** is amended to read:

458 **67-19f-201 . State Employees' Leave Trust Fund -- Creation -- Oversight --**

459 **Dissolution.**

- 460 (1) There is created a trust fund entitled the "State Employees' [~~Annual~~]Leave Trust Fund."
- 461 (2) The trust fund consists of:
- 462 (a) ongoing revenue provided from a state agency set aside for accrued annual leave II
 463 required under Section 63A-17-510;
- 464 (b) money set aside for accrued paid time off in accordance with Section 63A-17-510.1;
- 465 [(b)] (c) appropriations made to the trust fund by the Legislature, if any;
- 466 [(e)] (d) transfers from the termination pool described in Subsection 63A-17-510(6)
 467 made by the Division of Finance to the trust fund for annual leave liabilities accrued
 468 before the change date established under Section 63A-17-510;
- 469 [(d)] (e) income; and
- 470 [(e)] (f) revenue received from other sources.

- 471 (3)(a) The Division of Finance shall account for the receipt and expenditures of trust
 472 fund money.
- 473 (b) The Division of Finance shall make the necessary adjustments to the amount of set
 474 aside costs required under Subsection 63A-17-510(4)(a) to provide that upon the trust
 475 fund's accrual of funding equal to 10% of the annual leave liability, year-end trust
 476 fund balances remain equal to at least 10% of the total state employee annual leave
 477 liability.
- 478 (4)(a) The state treasurer shall invest trust fund money by following the procedures and
 479 requirements of Part 3, Investment of Trust Funds.
- 480 (b)(i) The trust fund shall earn interest.
- 481 (ii) The state treasurer shall deposit all interest or other income earned from
 482 investment of the trust fund back into the trust fund.
- 483 (5) The board of trustees created in Section 67-19f-202 may expend money from the trust
 484 fund for:
- 485 (a) reimbursement to the employer of the costs paid to the trust fund in accordance with
 486 Section 63A-17-510 or 63A-17-510.1 as annual leave II or paid time off is used by an
 487 employee;
- 488 (b) payments based on accrued annual leave~~[and on]~~ , accrued annual leave II, and
 489 accrued paid time off that are made upon termination of an employee;
- 490 (c) refunds for overpayments; and
- 491 (d) reasonable administrative costs that the board of trustees incurs in performing its
 492 duties as trustee of the trust fund.
- 493 (6) The board of trustees shall ensure that:
- 494 (a) money deposited into the trust fund is irrevocable and is expended only for the costs
 495 described in Subsection (5); and
- 496 (b) assets of the trust fund are dedicated to providing annual leave~~[and]~~ , annual leave II,
 497 and paid time off established by statute and rule.
- 498 (7) A creditor of the board of trustees or a state agency liable for annual leave benefits may
 499 not seize, attach, or otherwise obtain assets of the trust fund.
- 500 Section 11. Section **67-22-2** is amended to read:
- 501 **67-22-2 . Compensation -- Other state officers.**
- 502 (1) As used in this section:
- 503 (a) "Appointed executive" means the:
- 504 (i) commissioner of the Department of Agriculture and Food;

- 505 (ii) commissioner of the Insurance Department;
- 506 (iii) commissioner of the Labor Commission;
- 507 (iv) director, Department of Alcoholic Beverage Services;
- 508 (v) commissioner of the Department of Financial Institutions;
- 509 (vi) executive director, Department of Commerce;
- 510 (vii) executive director, Commission on Criminal and Juvenile Justice;
- 511 (viii) adjutant general;
- 512 (ix) executive director, Department of Cultural and Community Engagement;
- 513 (x) executive director, Department of Corrections;
- 514 (xi) commissioner, Department of Public Safety;
- 515 (xii) executive director, Department of Natural Resources;
- 516 (xiii) executive director, Governor's Office of Planning and Budget;
- 517 (xiv) executive director, Department of Government Operations;
- 518 (xv) executive director, Department of Environmental Quality;
- 519 (xvi) executive director, Governor's Office of Economic Opportunity;
- 520 (xvii) executive director, Department of Workforce Services;
- 521 (xviii) executive director, Department of Health and Human Services, Nonphysician;
- 522 (xix) executive director, Department of Transportation;
- 523 (xx) executive director, Department of Veterans and Military Affairs;
- 524 (xxi) advisor, Public Lands Policy Coordinating Office, created in Section
- 525 63L-11-201;
- 526 (xxii) Great Salt Lake commissioner, appointed under Section 73-32-201; and
- 527 (xxiii) Utah water agent, appointed under Section 73-10g-702.
- 528 (b) "Board or commission executive" means:
- 529 (i) members, Board of Pardons and Parole;
- 530 (ii) chair, State Tax Commission;
- 531 (iii) commissioners, State Tax Commission;
- 532 (iv) executive director, State Tax Commission;
- 533 (v) chair, Public Service Commission; and
- 534 (vi) commissioners, Public Service Commission.
- 535 (c) "Deputy" means the person who acts as the appointed executive's second in
- 536 command as determined by the Division of Human Resource Management.
- 537 (2)(a) The director of the Division of Human Resource Management shall:
- 538 (i) before October 31 of each year, recommend to the governor a compensation plan

- 539 for the appointed executives and the board or commission executives; and
540 (ii) base those recommendations on market salary studies conducted by the Division
541 of Human Resource Management.
- 542 (b)(i) The Division of Human Resource Management shall determine the salary range
543 for the appointed executives by:
- 544 (A) identifying the salary range assigned to the appointed executive's deputy;
545 (B) designating the lowest minimum salary from those deputies' salary ranges as
546 the minimum salary for the appointed executives' salary range; and
547 (C) designating 105% of the highest maximum salary range from those deputies'
548 salary ranges as the maximum salary for the appointed executives' salary range.
- 549 (ii) If the deputy is a medical doctor, the Division of Human Resource Management
550 may not consider that deputy's salary range in designating the salary range for
551 appointed executives.
- 552 (c)(i) Except as provided in Subsection (2)(c)(ii), in establishing the salary ranges for
553 board or commission executives, the Division of Human Resource Management
554 shall set the maximum salary in the salary range for each of those positions at
555 90% of the salary for district judges as established in the annual appropriation act
556 under Section 67-8-2.
- 557 (ii) In establishing the salary ranges for an individual described in Subsection
558 (1)(b)(ii), (1)(b)(iii), or (1)(b)(iv), the Division of Human Resource Management
559 shall set the maximum salary in the salary range for each of those positions at
560 100% of the salary for district judges as established in the annual appropriation act
561 under Section 67-8-2.
- 562 (3)(a)(i) Except as provided in Subsection (3)(a)(ii) or Subsection (3)(d), the
563 governor shall establish a specific salary for each appointed executive within the
564 range established under Subsection (2)(b).
- 565 (ii) If the executive director of the Department of Health and Human Services is a
566 physician, the governor shall establish a salary within the highest physician salary
567 range established by the Division of Human Resource Management.
- 568 (iii) The governor may provide salary increases for appointed executives within the
569 range established by Subsection (2)(b) and identified in Subsection (3)(a)(ii).
- 570 (b) The governor shall apply the same overtime regulations applicable to other FLSA
571 exempt positions.
- 572 (c) The governor may develop standards and criteria for reviewing the appointed

- 573 executives.
- 574 (d) If under Section 73-10g-702 the governor appoints an individual who is serving in an
575 appointed executive branch position to be the Utah water agent, the governor shall
576 adjust the salary of the Utah water agent to account for salary received for the
577 appointed executive branch position.
- 578 (4) Salaries for other Schedule A employees, as defined in Section 63A-17-301, that are not
579 provided for in this chapter, or in Title 67, Chapter 8, Utah Elected Official and Judicial
580 Salary Act, shall be established as provided in Section 63A-17-301.
- 581 (5)(a) The Legislature fixes benefits for the appointed executives and the board or
582 commission executives as follows:
- 583 (i) the option of participating in a state retirement system established by Title 49,
584 Utah State Retirement and Insurance Benefit Act, or in a deferred compensation
585 plan administered by the State Retirement Office in accordance with the Internal
586 Revenue Code and its accompanying rules and regulations;
- 587 (ii) health insurance;
- 588 (iii) dental insurance;
- 589 (iv) basic life insurance;
- 590 (v) unemployment compensation;
- 591 (vi) workers' compensation;
- 592 (vii) required employer contribution to Social Security;
- 593 (viii) long-term disability income insurance;
- 594 (ix) the same additional state-paid life insurance available to other noncareer service
595 employees;
- 596 (x) the same severance pay available to other noncareer service employees;
- 597 (xi) the same leave, holidays, and allowances granted to Schedule B state employees
598 as follows:
- 599 (A) sick leave;
- 600 (B) converted sick leave if accrued prior to January 1, 2014;
- 601 (C) educational allowances;
- 602 (D) holidays;[-and]
- 603 (E) annual leave except that annual leave shall be accrued at the maximum rate
604 provided to Schedule B state employees; and
- 605 (F) paid time off;
- 606 (xii) the option to convert accumulated sick leave to cash or insurance benefits as

- 607 provided by law or rule upon resignation or retirement according to the same
608 criteria and procedures applied to Schedule B state employees;
- 609 (xiii) the option to purchase additional life insurance at group insurance rates
610 according to the same criteria and procedures applied to Schedule B state
611 employees; and
- 612 (xiv) professional memberships if being a member of the professional organization is
613 a requirement of the position.
- 614 (b) Each department shall pay the cost of additional state-paid life insurance for its
615 executive director from its existing budget.
- 616 (6) The Legislature fixes the following additional benefits:
- 617 (a) for the executive director of the Department of Transportation a vehicle for official
618 and personal use;
- 619 (b) for the executive director of the Department of Natural Resources a vehicle for
620 commute and official use;
- 621 (c) for the commissioner of Public Safety:
- 622 (i) an accidental death insurance policy if POST certified; and
623 (ii) a public safety vehicle for official and personal use;
- 624 (d) for the executive director of the Department of Corrections:
- 625 (i) an accidental death insurance policy if POST certified; and
626 (ii) a public safety vehicle for official and personal use;
- 627 (e) for the adjutant general a vehicle for official and personal use;
- 628 (f) for each member of the Board of Pardons and Parole a vehicle for commute and
629 official use; and
- 630 (g) for the executive director of the Department of Veterans and Military Affairs a
631 vehicle for commute and official use.

632 Section 12. **Effective Date.**

633 This bill takes effect on May 6, 2026.