

Norman K Thurston 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, establishes a paid time off program under which the following employees receive paid time off in lieu of annual leave and sick leave:

- new agency employees; and
- current agency employees who elect to participate;

▶ for each current agency employee who elects to participate in the program, directs the Division of Finance to convert the 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;

▶ modifies the 401(k) match available to a qualifying employee who participates in the paid time off program by changing the match rate and increasing the maximum employer contribution;

▶ requires each agency to establish and administer a leave bank program; 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

29 **49-22-102**, as last amended by Laws of Utah 2025, Chapter 298
 30 **63A-17-501**, as enacted by Laws of Utah 2021, Chapter 344
 31 **63A-17-503**, as renumbered and amended by Laws of Utah 2021, Chapter 344
 32 **63A-17-504**, as renumbered and amended by Laws of Utah 2021, Chapter 344
 33 **63A-17-510**, as renumbered and amended by Laws of Utah 2021, Chapter 344
 34 **63A-17-805**, as last amended by Laws of Utah 2023, Chapter 442
 35 **67-19f-102**, as last amended by Laws of Utah 2021, Chapter 344
 36 **67-19f-201**, as last amended by Laws of Utah 2023, Chapter 534
 37 **67-22-2**, as last amended by Laws of Utah 2025, Chapter 232

38 ENACTS:

39 **63A-17-514**, Utah Code Annotated 1953
 40 **63A-17-515**, Utah Code Annotated 1953
 41 **63A-17-516**, Utah Code Annotated 1953

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

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

45 **49-12-701 . Early retirement incentive -- Eligibility -- Calculation of benefit --**
 46 **Payment of costs -- Savings to be appropriated by Legislature -- Restrictions on**
 47 **reemployment.**

- 48 (1) Any member of this system may retire and receive the allowance allowed under
 49 Subsection (2) if the member meets the following requirements as of the member's
 50 retirement date:
- 51 (a) the member is eligible for retirement under Section 49-12-401, or has 25 years of
 52 service credit;
 - 53 (b) the member elects to forfeit any stipend for retirement offered by the participating
 54 employer; and
 - 55 (c) the member elects to retire from this system by applying for retirement by the date
 56 established under Subsection (3)(a) or (3)(b).
- 57 (2)(a) A member who retires under Subsection (1) shall receive 2% of that member's
 58 final average salary for all years of service credit.
- 59 (b) An actuarial reduction may not be applied to the allowance granted under this section.
- 60 (3) In order to receive the allowance allowed by this section, a member shall submit an
 61 application to the office as follows:
- 62 (a)(i) For state and school employees under Level A, the application shall be filed by

- 63 May 31, 1987. The member's retirement date shall then be set by the member on
64 the 1st or 16th day of July, August, or September, 1987.
- 65 (ii) If a Level A member elects to retire, the executive director or participating
66 employer may request the member to delay the retirement date until a later date,
67 but no later than June 30, 1988.
- 68 (iii) If the member agrees to delay the retirement date, the retirement date shall be
69 delayed, but service credit may not be accrued after the member's original
70 retirement date elected by the member, and compensation earned after the
71 member's original retirement date may not be used in the calculation of the final
72 average salary for determining the retirement allowance.
- 73 (b)(i) For political subdivision employees under Level B, the application shall be
74 filed by September 30, 1987.
- 75 (ii) The retirement date shall then be set by the member on the 1st or 16th day of
76 July, August, September, October, November, or December, 1987.
- 77 (4)(a) The cost of providing the allowance under this section shall be funded in fiscal
78 year 1987-88 by a supplemental appropriation in the 1988 General Session based on
79 the retirement contribution rate increase established by the consulting actuary and
80 approved by the board.
- 81 (b) The cost of providing the allowance under this section shall be funded beginning
82 July 1, 1988, by means of an increase in the retirement contribution rate established
83 by the consulting actuary and approved by the board.
- 84 (c) The rate increase under Subsections (4)(a) and (b) shall be funded:
- 85 (i) for state employees, by an appropriation from the account established by the
86 Division of Finance under Subsection (4)(d), which is funded by savings derived
87 from this early retirement incentive and a work force reduction;
- 88 (ii) for school employees, by direct contributions from the employing unit, which
89 may not be funded through an increase in the retirement contribution amount
90 established in Title 53F, Chapter 2, State Funding -- Minimum School Program;
91 and
- 92 (iii) for political subdivisions under Level B, by direct contributions by the
93 participating employer.
- 94 (d)(i) Each year, any excess savings derived from this early retirement incentive
95 which are above the costs of funding the increase and the costs of paying insurance[
96 ~~, sick leave, compensatory leave, and vacation]~~ and leave under Subsections

97 (4)(c)(i) and (ii) shall be reported to the Legislature and shall be appropriated as
98 provided by law.

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

102 (iii) In the case of Subsection (4)(c)(ii), the State Board of Education shall certify the
103 amount of savings derived from this early retirement incentive.

104 (iv) The State Board of Education and the participating employer may not spend the
105 savings until appropriated by the Legislature as provided by law.

106 (5) A member who retires under this section is subject to Section 49-11-504 and Chapter
107 11, Part 12, Postretirement Reemployment Restrictions Act.

108 (6) The board may adopt rules to administer this section.

109 (7) The Legislative Auditor General shall perform an audit to ensure compliance with this
110 section.

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

112 **49-22-102 . Definitions.**

113 As used in this chapter:

114 (1) "Benefits normally provided" means the same as that term is defined in Section
115 49-12-102.

116 (2)(a) "Compensation" means the total amount of payments made by a participating
117 employer to a member of this system for services rendered to the participating
118 employer, including:

119 (i) bonuses;

120 (ii) cost-of-living adjustments;

121 (iii) other payments currently includable in gross income and that are subject to social
122 security deductions, including any payments in excess of the maximum amount
123 subject to deduction under social security law;

124 (iv) amounts that the member authorizes to be deducted or reduced for salary deferral
125 or other benefits authorized by federal law; and

126 (v) member contributions.

127 (b) "Compensation" for purposes of this chapter may not exceed the amount allowed
128 under Internal Revenue Code, Section 401(a)(17).

129 (c) "Compensation" does not include:

130 (i) the monetary value of remuneration paid in kind, including a residence or use of

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

- 165 salary means the average annual compensation paid to the member during the full
166 period of service credit.
- 167 (f) The annual compensation used to calculate final average salary shall be based on a
168 period, as determined by the board, consistent with the period used to determine
169 years of service credit in accordance with Subsection (8).
- 170 (5) "Participating employer" means an employer that meets the participation requirements
171 of:
- 172 (a) Sections 49-12-201 and 49-12-202;
173 (b) Sections 49-13-201 and 49-13-202;
174 (c) Section 49-19-201; or
175 (d) Section 49-22-201 or 49-22-202.
- 176 (6)(a) "Regular full-time employee" means an employee:
- 177 (i) whose term of employment for a participating employer contemplates continued
178 employment during a fiscal or calendar year;
- 179 (ii) whose employment normally requires an average of 20 hours or more per week,
180 except as modified by the board; and
- 181 (iii) who receives benefits normally provided by the participating employer.
- 182 (b) "Regular full-time employee" includes:
- 183 (i) a teacher whose term of employment for a participating employer contemplates
184 continued employment during a school year and who teaches half time or more;
- 185 (ii) an education support professional:
- 186 (A) who is hired before July 1, 2013; and
187 (B) whose employment normally requires an average of 20 hours per week or
188 more for a participating employer, regardless of benefits provided;
- 189 (iii) an appointive officer whose appointed position is full time as certified by the
190 participating employer;
- 191 (iv) the governor, the lieutenant governor, the state auditor, the state treasurer, the
192 attorney general, and a state legislator;
- 193 (v) an elected official not included under Subsection (6)(b)(iv) whose elected position
194 is full time as certified by the participating employer;
- 195 (vi) a faculty member or employee of an institution of higher education who is
196 considered full time by that institution of higher education; and
- 197 (vii) an individual who otherwise meets the definition of this Subsection (6) who
198 performs services for a participating employer through a professional employer

- 199 organization or similar arrangement.
- 200 (c) "Regular full-time employee" does not include:
- 201 (i) a firefighter service employee as defined in Section 49-23-102;
- 202 (ii) a public safety service employee as defined in Section 49-23-102;
- 203 (iii) an education support professional:
- 204 (A) who is hired on or after July 1, 2013; and
- 205 (B) who does not receive benefits normally provided by the participating
- 206 employer even if the employment normally requires an average of 20 hours per
- 207 week or more for a participating employer;
- 208 (iv) an education support professional:
- 209 (A) who is hired before July 1, 2013;
- 210 (B) who did not qualify as a regular full-time employee before July 1, 2013;
- 211 (C) who does not receive benefits normally provided by the participating
- 212 employer; and
- 213 (D) whose employment hours are increased on or after July 1, 2013, to require an
- 214 average of 20 hours per week or more for a participating employer; or
- 215 (E) who is a person working on a contract:
- 216 (I) for the purposes of vocational rehabilitation and the employment and
- 217 training of people with significant disabilities; and
- 218 (II) that has been set aside from procurement requirements by the state
- 219 pursuant to Section 63G-6a-805 or the federal government pursuant to 41
- 220 U.S.C. Sec. 8501 et seq.
- 221 (7) "System" means the New Public Employees' Tier II Contributory Retirement System
- 222 created under this chapter.
- 223 (8) "Years of service credit" means:
- 224 (a) a period consisting of 12 full months as determined by the board;
- 225 (b) a period determined by the board, whether consecutive or not, during which a regular
- 226 full-time employee performed services for a participating employer, including any
- 227 time the regular full-time employee was absent on a paid leave of absence granted by
- 228 a participating employer or was absent in the service of the United States government
- 229 on military duty as provided by this chapter; or
- 230 (c) the regular school year consisting of not less than eight months of full-time service
- 231 for a regular full-time employee of an educational institution.
- 232 Section 3. Section **63A-17-501** is amended to read:

233 **63A-17-501 . Definitions.**

234 As used in this part:

235 (1) "Continuing medical and life insurance benefits" means the state provided policy of
236 medical insurance and the state provided portion of a policy of life insurance, each
237 offered at the same:238 (a) benefit level and the same proportion of state/member participation in the total
239 premium costs as an active member as defined in Section 49-11-102; and240 (b) coverage level for a member, two person, or family policy as provided to the
241 member at the time of retirement.242 (2) "Converted sick leave" means leave that has been converted from unused sick leave in
243 accordance with Section 63A-17-506 which may be used by an employee in the same
244 manner as:245 (a) paid time off;246 [~~(a)~~] (b) annual leave;247 [~~(b)~~] (c) sick leave; or248 [~~(c)~~] (d) unused accumulated sick leave after the employee's retirement for the purchase
249 of continuing medical and life insurance benefits under Sections 63A-17-507,
250 63A-17-508, and 63A-17-804.251 (3) "Paid time off" means the same as that term is defined in Section 63A-17-510.1.252 Section 4. Section **63A-17-503** is amended to read:253 **63A-17-503 . Accumulated annual leave or paid time off -- Conversion to**
254 **deferred compensation plan.**255 (1) The division shall implement a program whereby an employee may, upon termination
256 of employment or retirement, elect to convert any unused annual leave or paid time off
257 into any of the employee's designated deferred compensation accounts that:

258 (a) are sponsored by the Utah State Retirement Board; and

259 (b) are qualified under Section 401(k) or Section 457 of the Internal Revenue Code.

260 (2) Any annual leave or paid time off converted under Subsection (1) shall be converted
261 into the employee's deferred compensation account at the employee's pay rate at the time
262 of termination or retirement.263 (3) No employee may convert hours of accrued annual leave or paid time off to the extent
264 that any hours so converted would exceed the maximum amount authorized by the
265 Internal Revenue Code for each calendar year.266 Section 5. Section **63A-17-504** is amended to read:

267 **63A-17-504 . Accumulated annual leave or paid time off -- Annual conversion to**
 268 **deferred compensation plan.**

269 (1) If the Legislature in an annual appropriations act with accompanying intent language
 270 specifically authorizes and fully funds the estimated costs of this use, the division shall
 271 implement a program that allows an employee, in the approved calendar year, to elect to
 272 convert up to 20 hours of annual leave or paid time off, in whole hour increments not to
 273 exceed \$250 in value, into any of the employee's designated deferred compensation
 274 accounts that:

275 (a) are sponsored by the Utah State Retirement Board; and

276 (b) are qualified under Section 401(k) or Section 457 of the Internal Revenue Code.

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

278 (a) converted into the employee's deferred compensation account at the employee's pay
 279 rate at the time of conversion; and

280 (b) calculated in the last pay period of the leave year as determined by the Division of
 281 Finance.

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

284 (a) exceed the maximum amount authorized by the Internal Revenue Code for the
 285 calendar year; or

286 (b) cause the employee's balance of accumulated annual leave or paid time off to drop
 287 below the maximum accrual limit provided by rule.

288 Section 6. Section **63A-17-510** is amended to read:

289 **63A-17-510 . Annual leave -- Definitions -- Previously accrued hours --**

290 **Recognition of liability.**

291 (1) As used in this section:

292 (a)(i) "Annual leave II" means leave hours an employing agency provides to an
 293 employee, beginning on the change date established in Subsection (2), as time off
 294 from work for personal use without affecting the employee's pay.

295 (ii) "Annual leave II" does not include:

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

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

299 (C) sick leave;

300 (D) paid or unpaid administrative leave; or

- 301 (E) other paid or unpaid leave from work provided by state statute, administrative
302 rule, or by federal law or regulation.
- 303 (b) "Change date" means the date established by the Division of Finance under
304 Subsection (2) when annual leave II begins for a state agency.
- 305 (2) In accordance with the Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
306 Division of Finance shall establish a date that is no later than January 2, 2016, when a
307 state agency shall offer annual leave II in lieu of annual leave to an employee who is
308 eligible to receive paid leave.
- 309 (3) An employing agency shall allow an employee who has an unused balance of accrued
310 annual leave before the change date, to use the annual leave under the same rules that
311 applied to the leave on the change date.
- 312 (4)(a) At the time of employee accrual of annual leave II, an employing agency shall set
313 aside the cost of each hour of annual leave II for each eligible employee in an amount
314 determined in accordance with rules made by the Division of Finance.
- 315 (b) The rules made under Subsection (4)(a) shall consider:
- 316 (i) the employee hourly rate of pay;
- 317 (ii) applicable employer paid taxes that would be required if the employee was paid
318 for the annual leave II instead of using it for time off;
- 319 (iii) other applicable employer paid benefits; and
- 320 (iv) adjustments due to employee hourly rate changes, including the effect on accrued
321 annual leave II balances.
- 322 (c) The Division of Finance shall provide that the amount of costs set aside under
323 Subsection (4)(a) and deposited into the fund increase by at least the projected
324 increase in annual leave liability for that year, until the year-end trust fund balances
325 are reached as required under Subsection 67-19f-201(3)(b).
- 326 (5) The cost set aside under Subsection (4) shall be deposited by the Division of Finance
327 into the State Employees' Annual Leave Trust Fund created in Section 67-19f-201.
- 328 (6) For annual leave hours accrued before the change date, an employing agency shall
329 continue to comply with the Division of Finance requirements for contributions to the
330 termination pool.
- 331 (7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act:
- 332 (a) the division shall make rules for the accrual and use of annual leave II provided
333 under this section; and
- 334 (b) the Division of Finance shall make rules for the set aside provisions under

335 Subsections (4) and (5).

336 (8) The provisions of this section are subject to the provisions of Section 63A-17-515.

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

338 **63A-17-514 . One time leave program election.**

339 (1) As used in this section:

340 (a) "Active member" means the same as that term is defined in Section 49-11-102.

341 (b) "Change date" means the same as that term is defined in Section 63A-17-515.

342 (c) "Current employee" means an agency employee who is employed by an agency as of
343 the change date.

344 (d) "Legacy program" means:

345 (i) accruing annual leave II as defined in Section 63A-17-510 and sick leave under
346 the same or substantially the same rules in place on the day immediately
347 preceding the change date; and

348 (ii) for a qualifying employee, being eligible for the employer matching retirement
349 contribution available to a legacy qualifying employee under Section 63A-17-805.

350 (e) "Paid time off program" means:

351 (i) accruing paid time off in lieu of annual leave II and sick leave, as provided in
352 Section 63A-17-515; and

353 (ii)(A) for a qualifying employee who is an active member in Tier I as defined in
354 Section 49-11-102, being eligible for the employer matching retirement
355 contribution available to a legacy qualifying employee under Section
356 63A-17-805; or

357 (B) for a qualifying employee who is an active member in Tier II as defined in
358 Section 49-11-102, being eligible for the employer matching retirement
359 contribution available to a Tier II qualifying employee under Section
360 63A-17-805.

361 (f) "Qualifying employee" means the same as that term is defined in Section 63A-17-805.

362 (2)(a) On or before the deadline established by the Division of Finance, each agency
363 employee shall elect whether, on and after the change date, the employee will
364 participate in the legacy program or the paid time off program.

365 (b) After the deadline to make an election under Subsection (2)(a), an employee may not
366 modify the employee's election.

367 (c) If an employee does not submit a timely election under Subsection (2)(a), the
368 employee shall participate in the paid time off program.

369 (3) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
370 Division of Finance shall makes rules governing the process for the election described in
371 this section, including establishing:

372 (a) the deadline for an employee to submit the employee's election under Subsection
373 (2)(a); and

374 (b) if necessary, the deadline for an agency to report each employee's election to the
375 Division of Finance.

376 Section 8. Section **63A-17-515** is enacted to read:

377 **63A-17-515 . Paid time off.**

378 (1) As used in this section:

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

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

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

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

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

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

389 (C) sick leave;

390 (D) paid or unpaid administrative leave; or

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

393 (d) "PTO employee" means an agency employee who:

394 (i) in accordance with Section 63A-17-514, elects to participate in the paid time off
395 program as defined in Section 63A-17-514;

396 (ii) fails to submit a timely election in accordance with Section 63A-17-514; or

397 (iii) is hired or rehired on or after the change date.

398 (2) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
399 Division of Finance shall establish a date that is not later than July 1, 2027, beginning on
400 which an agency shall offer each PTO employee paid time off in lieu of:

401 (a) annual leave II; and

402 (b) the sick leave offered to employees as of the change date.

- 403 (3)(a) Except as provided in Subsection (3)(b), the provisions of this section do not
404 affect a PTO employee's balance or use of leave hours accrued before the change date.
- 405 (b) On the change date, the Division of Finance shall convert each PTO employee's
406 accrued annual leave balance to paid time off at a one-to-one ratio.
- 407 (4)(a) At the time a PTO employee accrues paid time off, the agency shall set aside the
408 cost of each hour of paid time off for the PTO employee in an amount determined in
409 accordance with rules the Division of Finance makes in accordance with Title 63G,
410 Chapter 3, Utah Administrative Rulemaking Act.
- 411 (b) In making rules under Subsection (4)(a), the Division of Finance shall consider:
- 412 (i) the PTO employee's hourly rate of pay;
413 (ii) applicable employer paid taxes that would be required if the PTO employee were
414 paid for the paid time off instead of the PTO employee using the paid time off for
415 leave;
416 (iii) other applicable employer paid benefits; and
417 (iv) adjustments due to employee hourly rate changes, including the effect on accrued
418 paid time off balances.
- 419 (c) The Division of Finance shall deposit money set aside in accordance with Subsection
420 (4) into the State Employees' Leave Trust Fund created in Section 67-19f-201.
- 421 (d) Subsection (4)(a) does not apply to paid time off hours that were converted from
422 annual leave in accordance with Subsection (3), if:
- 423 (i) for converted hours that were not annual leave II hours, the agency continues to
424 comply with the Division of Finance requirements for contributions to the
425 termination pool; or
426 (ii) for converted hours that were annual leave II hours, the agency complied with the
427 requirements of Subsection 63A-17-510(4) when the annual leave II hours were
428 accrued.
- 429 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
430 division shall make rules governing the accrual and use of paid time off provided under
431 this section.

432 Section 9. Section **63A-17-516** is enacted to read:

433 **63A-17-516 . Agency leave bank program.**

- 434 (1) Each agency shall establish and administer a leave bank program.
435 (2) Each agency shall ensure that the agency's leave bank program established in
436 accordance with this section:

- 437 (a) allows an employee to voluntarily donate the employee's paid time off to a
 438 centralized leave bank administered by the agency; and
 439 (b) directs the agency to distribute leave from the leave bank to an employee who
 440 satisfies the agency's eligibility criteria.
 441 (3) An employee may not donate sick leave to a leave bank established in accordance with
 442 this section.
 443 (4) The division shall create a model leave bank program policy that complies with this
 444 section and make a copy of the model policy available to other agencies.
 445 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
 446 division may make rules governing leave bank programs described in this section.

447 Section 10. Section **63A-17-805** is amended to read:

448 **63A-17-805 . State employee matching supplemental defined contribution benefit.**

- 449 (1) As used in this section:
- 450 (a) "Active member" means the same as that term is defined in Section 49-11-102.
 451 (b) "Change date" means the same as that term is defined in Section 63A-17-510.1.
 452 (c) "Legacy employee" means an agency employee who, in accordance with Section
 453 63A-17-514, elects to participate in the legacy program as defined in Section
 454 63A-17-514.
 455 (d) "Legacy qualifying employee" means:
 456 (i) a qualifying employee who is an active member in Tier I, as defined in Section
 457 49-11-102; or
 458 (ii) a legacy employee.
 459 [(a)] (e) "Qualifying account" means:
 460 (i) a defined contribution plan qualified under Section 401(k) of the Internal Revenue
 461 Code, which is sponsored by the Utah State Retirement Board;
 462 (ii) a deemed Individual Retirement Account authorized under the Internal Revenue
 463 Code, which is sponsored by the Utah State Retirement Board; or
 464 (iii) a similar savings plan or account authorized under the Internal Revenue Code,
 465 which is sponsored by the Utah State Retirement Board.
 466 [(b)] (f) "Qualifying employee" means an employee who is:
 467 (i) in a position that is:
 468 (A) receiving retirement benefits under Title 49, Utah State Retirement and
 469 Insurance Benefit Act; and
 470 (B) accruing paid leave benefits that can be used in the current and future calendar

- 471 years; and
- 472 (ii) not an employee who is reemployed as that term is:
- 473 (A) defined in Section 49-11-1202; or
- 474 (B) used in Section 49-11-504.
- 475 (g) "Tier II qualifying employee" means a qualifying employee who:
- 476 (i) is an active member in Tier II, as defined in Section 49-11-102; and
- 477 (ii) is not a legacy employee.
- 478 (2) Subject to the requirements of Subsection (3) and applicable federal law, an employer
- 479 shall make a biweekly matching contribution to every qualifying employee's defined
- 480 contribution plan qualified under Section 401(k) of the Internal Revenue Code, [~~subject~~
- 481 ~~to federal requirements and limitations,~~]which is sponsored by the Utah State
- 482 Retirement Board[~~;~~] , as follows:
- 483 (a) before the change date, at a 100% match rate; or
- 484 (b) on or after the change date:
- 485 (i) for a legacy qualifying employee, at a 100% match rate; and
- 486 (ii) for a Tier II qualifying employee, at a 100% match rate for the first \$26 the
- 487 employee contributes and at a 50% match rate for any amount the employee
- 488 contributes above \$26.
- 489 (3)[~~(a) In accordance with the requirements of this Subsection (3), each qualifying~~
- 490 ~~employee shall be eligible to receive the same dollar amount for the contribution~~
- 491 ~~under Subsection (2).]~~
- 492 [(~~b~~)] (a) A qualifying employee who is hired before July 1, 2023:
- 493 (i) shall receive the contribution amount determined under Subsection [(~~3~~)(~~f~~)] (3)(e) if
- 494 the qualifying employee makes a voluntary personal contribution to one or more
- 495 qualifying accounts in an amount equal to or greater than the employer's
- 496 contribution amount determined under Subsection [(~~3~~)(~~f~~)] (3)(e);
- 497 (ii) shall receive a partial contribution amount that is equal to the qualifying
- 498 employee's personal contribution amount if the employee makes a voluntary
- 499 personal contribution to one or more qualifying accounts in an amount less than
- 500 the employer's contribution amount determined under Subsection [(~~3~~)(~~f~~)] (3)(e); or
- 501 (iii) may not receive a contribution under Subsection (2) if the qualifying employee
- 502 does not make a voluntary personal contribution to a qualifying account.
- 503 [(~~e~~)] (b)(i) An employer shall automatically enroll a qualifying employee who is hired
- 504 on or after July 1, 2023, to make a personal contribution to a defined contribution

- 505 plan qualified under Section 401(k) of the Internal Revenue Code, which is
506 sponsored by the Utah State Retirement Board, in an amount equal to the lesser of:
507 (A) the employer's contribution amount determined under Subsection [~~(3)(f)~~]
508 (3)(e); or
509 (B) \$26.
- 510 (ii) A qualifying employee who makes a personal contribution in accordance with
511 Subsection [~~(3)(e)(i)~~] (3)(b)(i) shall receive the lesser of:
512 (A) the contribution amount determined under Subsection [~~(3)(f)~~] (3)(e); or
513 (B) \$26.
- 514 [~~(d)~~] (c)(i) A qualifying employee who is hired on or after July 1, 2023, may opt out
515 of the automatic enrollment by choosing not to make any future personal
516 contributions.
- 517 (ii) [~~A~~] Subject to Subsection (3)(d), a qualifying employee who opts out of automatic
518 enrollment in accordance with this Subsection [~~(3)(d)~~] (3)(c) may not receive a
519 contribution under Subsection (2).
- 520 [~~(e)~~] (d)(i) A qualifying employee who is hired on or after July 1, 2023, may modify
521 the automatic enrollment by opting to make future personal contributions:
522 (A) in an amount other than the amount determined under Subsection [~~(3)(f)~~] (3)(b);
523 or
524 (B) to a qualifying account other than the defined contribution plan qualified
525 under Section 401(k) of the Internal Revenue Code, which is sponsored by the
526 Utah State Retirement Board.
- 527 (ii) A qualifying employee who opts to make a personal contribution for less than the
528 amount determined under Subsection [~~(3)(f)~~] (3)(b) shall receive a partial
529 contribution that is equal to the qualifying employee's personal contribution
530 amount.
- 531 [~~(f)~~] (e)(i) Subject to the maximum limit under Subsection [~~(3)(f)(iii)~~] (3)(e)(iii) or (iv),
532 the Legislature shall annually determine the contribution amount that an employer
533 shall provide to each qualifying employee under Subsection (2).
- 534 (ii) The division shall make recommendations annually to the Legislature on the
535 contribution amount required under Subsection (2), in consultation with the
536 Governor's Office of Planning and Budget and the Division of Finance.
- 537 (iii) [~~The~~] Before the change date, the biweekly matching contribution amount
538 required under Subsection (2) may not exceed \$26 for each qualifying employee.

- 539 (iv) On or after the change date, the biweekly matching contribution amount required
 540 under Subsection (2) may not exceed:
 541 (A) for a legacy qualifying employee, \$26; or
 542 (B) for a Tier II qualifying employee, the greater of 2% of the qualifying
 543 employee's biweekly salary or \$26.
- 544 (4) A qualifying employee is eligible to receive the biweekly contribution under this section
 545 for any pay period in which the employee is in a paid status or other status protected by
 546 federal or state law.
- 547 (5) The employer and employee contributions made and related earnings under this section
 548 vest immediately upon deposit and can be withdrawn by the employee at any time,
 549 subject to Internal Revenue Code regulations on the withdrawals.
- 550 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
 551 director shall make rules establishing procedures to implement the provisions of this
 552 section.

553 Section 11. Section **67-19f-102** is amended to read:

554 **67-19f-102 . Definitions.**

555 As used in this chapter:

- 556 (1) "Annual leave II" means the same as that term is defined in Section 63A-17-510.
 557 (2) "Board of trustees" or "board" means the board of trustees created in Section 67-19f-202.
 558 (3) "Income" means the revenues received by the state treasurer from investments of the
 559 trust fund principal.
- 560 (4) "Paid time off" means the same as that term is defined in Section 63A-17-510.1.
 561 [~~4~~] (5) "Trust fund" means the State Employees' [~~Annual~~]Leave Trust Fund created in
 562 Section 67-19f-201.

563 Section 12. Section **67-19f-201** is amended to read:

564 **67-19f-201 . State Employees' Leave Trust Fund -- Creation -- Oversight --**

565 **Dissolution.**

- 566 (1) There is created a trust fund entitled the "State Employees' [~~Annual~~]Leave Trust Fund."
 567 (2) The trust fund consists of:
 568 (a) ongoing revenue provided from a state agency set aside for accrued annual leave II
 569 required under Section 63A-17-510;
 570 (b) money set aside for accrued paid time off in accordance with Section 63A-17-510.1;
 571 [~~b~~] (c) appropriations made to the trust fund by the Legislature, if any;
 572 [~~e~~] (d) transfers from the termination pool described in Subsection 63A-17-510(6)

573 made by the Division of Finance to the trust fund for annual leave liabilities accrued
574 before the change date established under Section 63A-17-510;

575 [~~(d)~~] (e) income; and

576 [~~(e)~~] (f) revenue received from other sources.

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

579 (b) The Division of Finance shall make the necessary adjustments to the amount of set
580 aside costs required under Subsection 63A-17-510(4)(a) to provide that upon the trust
581 fund's accrual of funding equal to 10% of the annual leave liability, year-end trust
582 fund balances remain equal to at least 10% of the total state employee annual leave
583 liability.

584 (4)(a) The state treasurer shall invest trust fund money by following the procedures and
585 requirements of Part 3, Investment of Trust Funds.

586 (b)(i) The trust fund shall earn interest.

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

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

591 (a) reimbursement to the employer of the costs paid to the trust fund in accordance with
592 Section 63A-17-510 or 63A-17-510.1 as annual leave II or paid time off is used by an
593 employee;

594 (b) payments based on accrued annual leave~~[-and on]~~, accrued annual leave II, and
595 accrued paid time off that are made upon termination of an employee;

596 (c) refunds for overpayments; and

597 (d) reasonable administrative costs that the board of trustees incurs in performing its
598 duties as trustee of the trust fund.

599 (6) The board of trustees shall ensure that:

600 (a) money deposited into the trust fund is irrevocable and is expended only for the costs
601 described in Subsection (5); and

602 (b) assets of the trust fund are dedicated to providing annual leave~~[-and]~~, annual leave II,
603 and paid time off established by statute and rule.

604 (7) A creditor of the board of trustees or a state agency liable for annual leave benefits may
605 not seize, attach, or otherwise obtain assets of the trust fund.

606 Section 13. Section **67-22-2** is amended to read:

607 **67-22-2 . Compensation -- Other state officers.**

608 (1) As used in this section:

609 (a) "Appointed executive" means the:

610 (i) commissioner of the Department of Agriculture and Food;

611 (ii) commissioner of the Insurance Department;

612 (iii) commissioner of the Labor Commission;

613 (iv) director, Department of Alcoholic Beverage Services;

614 (v) commissioner of the Department of Financial Institutions;

615 (vi) executive director, Department of Commerce;

616 (vii) executive director, Commission on Criminal and Juvenile Justice;

617 (viii) adjutant general;

618 (ix) executive director, Department of Cultural and Community Engagement;

619 (x) executive director, Department of Corrections;

620 (xi) commissioner, Department of Public Safety;

621 (xii) executive director, Department of Natural Resources;

622 (xiii) executive director, Governor's Office of Planning and Budget;

623 (xiv) executive director, Department of Government Operations;

624 (xv) executive director, Department of Environmental Quality;

625 (xvi) executive director, Governor's Office of Economic Opportunity;

626 (xvii) executive director, Department of Workforce Services;

627 (xviii) executive director, Department of Health and Human Services, Nonphysician;

628 (xix) executive director, Department of Transportation;

629 (xx) executive director, Department of Veterans and Military Affairs;

630 (xxi) advisor, Public Lands Policy Coordinating Office, created in Section

631 63L-11-201;

632 (xxii) Great Salt Lake commissioner, appointed under Section 73-32-201; and

633 (xxiii) Utah water agent, appointed under Section 73-10g-702.

634 (b) "Board or commission executive" means:

635 (i) members, Board of Pardons and Parole;

636 (ii) chair, State Tax Commission;

637 (iii) commissioners, State Tax Commission;

638 (iv) executive director, State Tax Commission;

639 (v) chair, Public Service Commission; and

640 (vi) commissioners, Public Service Commission.

- 641 (c) "Deputy" means the person who acts as the appointed executive's second in
642 command as determined by the Division of Human Resource Management.
- 643 (2)(a) The director of the Division of Human Resource Management shall:
- 644 (i) before October 31 of each year, recommend to the governor a compensation plan
645 for the appointed executives and the board or commission executives; and
- 646 (ii) base those recommendations on market salary studies conducted by the Division
647 of Human Resource Management.
- 648 (b)(i) The Division of Human Resource Management shall determine the salary range
649 for the appointed executives by:
- 650 (A) identifying the salary range assigned to the appointed executive's deputy;
651 (B) designating the lowest minimum salary from those deputies' salary ranges as
652 the minimum salary for the appointed executives' salary range; and
- 653 (C) designating 105% of the highest maximum salary range from those deputies'
654 salary ranges as the maximum salary for the appointed executives' salary range.
- 655 (ii) If the deputy is a medical doctor, the Division of Human Resource Management
656 may not consider that deputy's salary range in designating the salary range for
657 appointed executives.
- 658 (c)(i) Except as provided in Subsection (2)(c)(ii), in establishing the salary ranges for
659 board or commission executives, the Division of Human Resource Management
660 shall set the maximum salary in the salary range for each of those positions at
661 90% of the salary for district judges as established in the annual appropriation act
662 under Section 67-8-2.
- 663 (ii) In establishing the salary ranges for an individual described in Subsection
664 (1)(b)(ii), (1)(b)(iii), or (1)(b)(iv), the Division of Human Resource Management
665 shall set the maximum salary in the salary range for each of those positions at
666 100% of the salary for district judges as established in the annual appropriation act
667 under Section 67-8-2.
- 668 (3)(a)(i) Except as provided in Subsection (3)(a)(ii) or Subsection (3)(d), the
669 governor shall establish a specific salary for each appointed executive within the
670 range established under Subsection (2)(b).
- 671 (ii) If the executive director of the Department of Health and Human Services is a
672 physician, the governor shall establish a salary within the highest physician salary
673 range established by the Division of Human Resource Management.
- 674 (iii) The governor may provide salary increases for appointed executives within the

- 675 range established by Subsection (2)(b) and identified in Subsection (3)(a)(ii).
- 676 (b) The governor shall apply the same overtime regulations applicable to other FLSA
677 exempt positions.
- 678 (c) The governor may develop standards and criteria for reviewing the appointed
679 executives.
- 680 (d) If under Section 73-10g-702 the governor appoints an individual who is serving in an
681 appointed executive branch position to be the Utah water agent, the governor shall
682 adjust the salary of the Utah water agent to account for salary received for the
683 appointed executive branch position.
- 684 (4) Salaries for other Schedule A employees, as defined in Section 63A-17-301, that are not
685 provided for in this chapter, or in Title 67, Chapter 8, Utah Elected Official and Judicial
686 Salary Act, shall be established as provided in Section 63A-17-301.
- 687 (5)(a) The Legislature fixes benefits for the appointed executives and the board or
688 commission executives as follows:
- 689 (i) the option of participating in a state retirement system established by Title 49,
690 Utah State Retirement and Insurance Benefit Act, or in a deferred compensation
691 plan administered by the State Retirement Office in accordance with the Internal
692 Revenue Code and its accompanying rules and regulations;
- 693 (ii) health insurance;
- 694 (iii) dental insurance;
- 695 (iv) basic life insurance;
- 696 (v) unemployment compensation;
- 697 (vi) workers' compensation;
- 698 (vii) required employer contribution to Social Security;
- 699 (viii) long-term disability income insurance;
- 700 (ix) the same additional state-paid life insurance available to other noncareer service
701 employees;
- 702 (x) the same severance pay available to other noncareer service employees;
- 703 (xi) the same leave, holidays, and allowances granted to Schedule B state employees
704 as follows:
- 705 (A) sick leave;
- 706 (B) converted sick leave if accrued prior to January 1, 2014;
- 707 (C) educational allowances;
- 708 (D) holidays;[-and]

- 709 (E) annual leave except that annual leave shall be accrued at the maximum rate
710 provided to Schedule B state employees; and
711 (F) paid time off;
- 712 (xii) the option to convert accumulated sick leave to cash or insurance benefits as
713 provided by law or rule upon resignation or retirement according to the same
714 criteria and procedures applied to Schedule B state employees;
- 715 (xiii) the option to purchase additional life insurance at group insurance rates
716 according to the same criteria and procedures applied to Schedule B state
717 employees; and
- 718 (xiv) professional memberships if being a member of the professional organization is
719 a requirement of the position.
- 720 (b) Each department shall pay the cost of additional state-paid life insurance for its
721 executive director from its existing budget.
- 722 (6) The Legislature fixes the following additional benefits:
- 723 (a) for the executive director of the Department of Transportation a vehicle for official
724 and personal use;
- 725 (b) for the executive director of the Department of Natural Resources a vehicle for
726 commute and official use;
- 727 (c) for the commissioner of Public Safety:
- 728 (i) an accidental death insurance policy if POST certified; and
729 (ii) a public safety vehicle for official and personal use;
- 730 (d) for the executive director of the Department of Corrections:
- 731 (i) an accidental death insurance policy if POST certified; and
732 (ii) a public safety vehicle for official and personal use;
- 733 (e) for the adjutant general a vehicle for official and personal use;
- 734 (f) for each member of the Board of Pardons and Parole a vehicle for commute and
735 official use; and
- 736 (g) for the executive director of the Department of Veterans and Military Affairs a
737 vehicle for commute and official use.

738 Section 14. **Effective Date.**

739 This bill takes effect on May 6, 2026.