

Lincoln Fillmore proposes the following substitute bill:

**State Employee Benefits Amendments**

2026 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Lincoln Fillmore**

House Sponsor: Norman K Thurston

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**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;
- ▶ 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
- 63A-17-805**, as last amended by Laws of Utah 2023, Chapter 442

29 **67-19f-102**, as last amended by Laws of Utah 2021, Chapter 344

30 **67-19f-201**, as last amended by Laws of Utah 2023, Chapter 534

31 **67-22-2**, as last amended by Laws of Utah 2025, Chapter 232

32 ENACTS:

33 **63A-17-510.1**, Utah Code Annotated 1953

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

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

37 **49-12-701 . Early retirement incentive -- Eligibility -- Calculation of benefit --**

38 **Payment of costs -- Savings to be appropriated by Legislature -- Restrictions on**

39 **reemployment.**

40 (1) Any member of this system may retire and receive the allowance allowed under

41 Subsection (2) if the member meets the following requirements as of the member's  
42 retirement date:

43 (a) the member is eligible for retirement under Section 49-12-401, or has 25 years of  
44 service credit;

45 (b) the member elects to forfeit any stipend for retirement offered by the participating  
46 employer; and

47 (c) the member elects to retire from this system by applying for retirement by the date  
48 established under Subsection (3)(a) or (3)(b).

49 (2)(a) A member who retires under Subsection (1) shall receive 2% of that member's  
50 final average salary for all years of service credit.

51 (b) An actuarial reduction may not be applied to the allowance granted under this section.

52 (3) In order to receive the allowance allowed by this section, a member shall submit an  
53 application to the office as follows:

54 (a)(i) For state and school employees under Level A, the application shall be filed by  
55 May 31, 1987. The member's retirement date shall then be set by the member on  
56 the 1st or 16th day of July, August, or September, 1987.

57 (ii) If a Level A member elects to retire, the executive director or participating  
58 employer may request the member to delay the retirement date until a later date,  
59 but no later than June 30, 1988.

60 (iii) If the member agrees to delay the retirement date, the retirement date shall be  
61 delayed, but service credit may not be accrued after the member's original  
62 retirement date elected by the member, and compensation earned after the

63 member's original retirement date may not be used in the calculation of the final  
64 average salary for determining the retirement allowance.

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

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

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

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

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

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

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

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

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

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

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

96 (iv) The State Board of Education and the participating employer may not spend the

- 97 savings until appropriated by the Legislature as provided by law.
- 98 (5) A member who retires under this section is subject to Section 49-11-504 and Chapter  
99 11, Part 12, Postretirement Reemployment Restrictions Act.
- 100 (6) The board may adopt rules to administer this section.
- 101 (7) The Legislative Auditor General shall perform an audit to ensure compliance with this  
102 section.

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

104 **49-22-102 . Definitions.**

105 As used in this chapter:

- 106 (1) "Benefits normally provided" means the same as that term is defined in Section  
107 49-12-102.
- 108 (2)(a) "Compensation" means the total amount of payments made by a participating  
109 employer to a member of this system for services rendered to the participating  
110 employer, including:
- 111 (i) bonuses;
  - 112 (ii) cost-of-living adjustments;
  - 113 (iii) other payments currently includable in gross income and that are subject to social  
114 security deductions, including any payments in excess of the maximum amount  
115 subject to deduction under social security law;
  - 116 (iv) amounts that the member authorizes to be deducted or reduced for salary deferral  
117 or other benefits authorized by federal law; and
  - 118 (v) member contributions.
- 119 (b) "Compensation" for purposes of this chapter may not exceed the amount allowed  
120 under Internal Revenue Code, Section 401(a)(17).
- 121 (c) "Compensation" does not include:
- 122 (i) the monetary value of remuneration paid in kind, including a residence or use of  
123 equipment;
  - 124 (ii) the cost of any employment benefits paid for by the participating employer;
  - 125 (iii) compensation paid to a temporary employee or an employee otherwise ineligible  
126 for service credit;
  - 127 (iv) any payments upon termination, including accumulated [~~vacation, sick~~]leave  
128 payments, severance payments, compensatory time payments, or any other special  
129 payments;
  - 130 (v) any allowances or payments to a member for costs or expenses paid by the

131 participating employer, including automobile costs, uniform costs, travel costs,  
132 tuition costs, housing costs, insurance costs, equipment costs, and dependent care  
133 costs; or

134 (vi) a teacher salary bonus described in Section 53F-2-513.

135 (d) The executive director may determine if a payment not listed under this Subsection  
136 (2) falls within the definition of compensation.

137 (3) "Corresponding Tier I system" means the system or plan that would have covered the  
138 member if the member had initially entered employment before July 1, 2011.

139 (4)(a) "Final average salary" means the amount calculated by averaging the highest five  
140 years of annual compensation preceding retirement subject to Subsections (4)(b), (c),  
141 (d), (e), and (f).

142 (b) Except as provided in Subsection (4)(c), the percentage increase in annual  
143 compensation in any one of the years used may not exceed the previous year's  
144 compensation by more than 10% plus a cost-of-living adjustment equal to the  
145 decrease in the purchasing power of the dollar during the previous year, as measured  
146 by a United States Bureau of Labor Statistics Consumer Price Index average as  
147 determined by the board.

148 (c) In cases where the participating employer provides acceptable documentation to the  
149 office, the limitation in Subsection (4)(b) may be exceeded if:

150 (i) the member has transferred from another agency; or

151 (ii) the member has been promoted to a new position.

152 (d) If the member retires more than six months from the date of termination of  
153 employment, the member is considered to have been in service at the member's last  
154 rate of pay from the date of the termination of employment to the effective date of  
155 retirement for purposes of computing the member's final average salary only.

156 (e) If the member has less than five years of service credit in this system, final average  
157 salary means the average annual compensation paid to the member during the full  
158 period of service credit.

159 (f) The annual compensation used to calculate final average salary shall be based on a  
160 period, as determined by the board, consistent with the period used to determine  
161 years of service credit in accordance with Subsection (8).

162 (5) "Participating employer" means an employer that meets the participation requirements  
163 of:

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

- 165 (b) Sections 49-13-201 and 49-13-202;
- 166 (c) Section 49-19-201; or
- 167 (d) Section 49-22-201 or 49-22-202.
- 168 (6)(a) "Regular full-time employee" means an employee:
- 169 (i) whose term of employment for a participating employer contemplates continued
- 170 employment during a fiscal or calendar year;
- 171 (ii) whose employment normally requires an average of 20 hours or more per week,
- 172 except as modified by the board; and
- 173 (iii) who receives benefits normally provided by the participating employer.
- 174 (b) "Regular full-time employee" includes:
- 175 (i) a teacher whose term of employment for a participating employer contemplates
- 176 continued employment during a school year and who teaches half time or more;
- 177 (ii) an education support professional:
- 178 (A) who is hired before July 1, 2013; and
- 179 (B) whose employment normally requires an average of 20 hours per week or
- 180 more for a participating employer, regardless of benefits provided;
- 181 (iii) an appointive officer whose appointed position is full time as certified by the
- 182 participating employer;
- 183 (iv) the governor, the lieutenant governor, the state auditor, the state treasurer, the
- 184 attorney general, and a state legislator;
- 185 (v) an elected official not included under Subsection (6)(b)(iv) whose elected position
- 186 is full time as certified by the participating employer;
- 187 (vi) a faculty member or employee of an institution of higher education who is
- 188 considered full time by that institution of higher education; and
- 189 (vii) an individual who otherwise meets the definition of this Subsection (6) who
- 190 performs services for a participating employer through a professional employer
- 191 organization or similar arrangement.
- 192 (c) "Regular full-time employee" does not include:
- 193 (i) a firefighter service employee as defined in Section 49-23-102;
- 194 (ii) a public safety service employee as defined in Section 49-23-102;
- 195 (iii) an education support professional:
- 196 (A) who is hired on or after July 1, 2013; and
- 197 (B) who does not receive benefits normally provided by the participating
- 198 employer even if the employment normally requires an average of 20 hours per

- 199 week or more for a participating employer;
- 200 (iv) an education support professional:
- 201 (A) who is hired before July 1, 2013;
- 202 (B) who did not qualify as a regular full-time employee before July 1, 2013;
- 203 (C) who does not receive benefits normally provided by the participating
- 204 employer; and
- 205 (D) whose employment hours are increased on or after July 1, 2013, to require an
- 206 average of 20 hours per week or more for a participating employer; or
- 207 (E) who is a person working on a contract:
- 208 (I) for the purposes of vocational rehabilitation and the employment and
- 209 training of people with significant disabilities; and
- 210 (II) that has been set aside from procurement requirements by the state
- 211 pursuant to Section 63G-6a-805 or the federal government pursuant to 41
- 212 U.S.C. Sec. 8501 et seq.

213 (7) "System" means the New Public Employees' Tier II Contributory Retirement System

214 created under this chapter.

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

- 216 (a) a period consisting of 12 full months as determined by the board;
- 217 (b) a period determined by the board, whether consecutive or not, during which a regular
- 218 full-time employee performed services for a participating employer, including any
- 219 time the regular full-time employee was absent on a paid leave of absence granted by
- 220 a participating employer or was absent in the service of the United States government
- 221 on military duty as provided by this chapter; or
- 222 (c) the regular school year consisting of not less than eight months of full-time service
- 223 for a regular full-time employee of an educational institution.

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

225 **63A-17-501 . Definitions.**

226 As used in this part:

- 227 (1) "Continuing medical and life insurance benefits" means the state provided policy of
- 228 medical insurance and the state provided portion of a policy of life insurance, each
- 229 offered at the same:
- 230 (a) benefit level and the same proportion of state/member participation in the total
- 231 premium costs as an active member as defined in Section 49-11-102; and
- 232 (b) coverage level for a member, two person, or family policy as provided to the

233 member at the time of retirement.

234 (2) "Converted sick leave" means leave that has been converted from unused sick leave in  
235 accordance with Section 63A-17-506 which may be used by an employee in the same  
236 manner as:

237 (a) paid time off;

238 [~~(a)~~] (b) annual leave;

239 [~~(b)~~] (c) sick leave; or

240 [~~(c)~~] (d) unused accumulated sick leave after the employee's retirement for the purchase  
241 of continuing medical and life insurance benefits under Sections 63A-17-507,  
242 63A-17-508, and 63A-17-804.

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

244 **63A-17-503 . Accumulated annual leave or paid time off -- Conversion to**  
245 **deferred compensation plan.**

246 (1) The division shall implement a program whereby an employee may, upon termination  
247 of employment or retirement, elect to convert any unused annual leave or paid time off  
248 into any of the employee's designated deferred compensation accounts that:

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

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

251 (2) Any annual leave or paid time off converted under Subsection (1) shall be converted  
252 into the employee's deferred compensation account at the employee's pay rate at the time  
253 of termination or retirement.

254 (3) No employee may convert hours of accrued annual leave or paid time off to the extent  
255 that any hours so converted would exceed the maximum amount authorized by the  
256 Internal Revenue Code for each calendar year.

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

258 **63A-17-504 . Accumulated annual leave or paid time off -- Annual conversion to**  
259 **deferred compensation plan.**

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

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

- 267 (b) are qualified under Section 401(k) or Section 457 of the Internal Revenue Code.
- 268 (2) Any annual leave or paid time off converted under Subsection (1) shall be:
- 269 (a) converted into the employee's deferred compensation account at the employee's pay
- 270 rate at the time of conversion; and
- 271 (b) calculated in the last pay period of the leave year as determined by the Division of
- 272 Finance.
- 273 (3) An employee may not convert hours of accrued annual leave or paid time off to the
- 274 extent that any hours converted would:
- 275 (a) exceed the maximum amount authorized by the Internal Revenue Code for the
- 276 calendar year; or
- 277 (b) cause the employee's balance of accumulated annual leave or paid time off to drop
- 278 below the maximum accrual limit provided by rule.

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

280 **63A-17-510.1 . Paid time off.**

281 (1) As used in this section:

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

283 (b) "Change date" means the date established by the Division of Finance under

284 Subsection (2).

285 (c)(i) "Paid time off" means leave hours an agency provides to an employee

286 beginning on the change date, as time off from work for personal use without

287 affecting the employee's pay.

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

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

290 (B) time off as compensation for actual time worked in excess of an employee's

291 defined work period;

292 (C) sick leave;

293 (D) paid or unpaid administrative leave; or

294 (E) other paid or unpaid leave from work provided by state statute, administrative

295 rule, or by federal law or regulation.

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

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

298 which an agency shall offer paid time off in lieu of:

299 (a) annual leave II; and

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

- 301 (3)(a) Except as provided in Subsection (3)(b), the provisions of this section do not  
302 affect an employee's balance or use of leave hours accrued before the change date.
- 303 (b) On the change date, the Division of Finance shall convert each employee's accrued  
304 annual leave balance to paid time off at a one-to-one ratio.
- 305 (4)(a) At the time an employee accrues paid time off, the agency shall set aside the cost  
306 of each hour of paid time off for the employee in an amount determined in  
307 accordance with rules the Division of Finance makes in accordance with Title 63G,  
308 Chapter 3, Utah Administrative Rulemaking Act.
- 309 (b) In making rules under Subsection (4)(a), the Division of Finance shall consider:
- 310 (i) the employee's hourly rate of pay;  
311 (ii) applicable employer paid taxes that would be required if the employee were paid  
312 for the paid time off instead of the employee using it for leave;  
313 (iii) other applicable employer paid benefits; and  
314 (iv) adjustments due to employee hourly rate changes, including the effect on accrued  
315 paid time off balances.
- 316 (c) The Division of Finance shall deposit money set aside in accordance with Subsection  
317 (4) into the State Employees' Leave Trust Fund created in Section 67-19f-201.
- 318 (d) Subsection (4)(a) does not apply to paid time off hours that were converted from  
319 annual leave in accordance with Subsection (3), if:
- 320 (i) for converted hours that were not annual leave II hours, the agency continues to  
321 comply with the Division of Finance requirements for contributions to the  
322 termination pool; or  
323 (ii) for converted hours that were annual leave II hours, the agency complied with the  
324 requirements of Subsection 63A-17-510(4) when the annual leave II hours were  
325 accrued.
- 326 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
327 division shall make rules governing the accrual and use of paid time off provided under  
328 this section.
- 329 Section 7. Section **63A-17-805** is amended to read:
- 330 **63A-17-805 . State employee matching supplemental defined contribution benefit.**
- 331 (1) As used in this section:
- 332 (a) "Active member" means the same as that term is defined in Section 49-11-102.  
333 (b) "Change date" means the same as that term is defined in Section 63A-17-510.1.  
334 [(a)] (c) "Qualifying account" means:

- 335 (i) a defined contribution plan qualified under Section 401(k) of the Internal Revenue  
 336 Code, which is sponsored by the Utah State Retirement Board;
- 337 (ii) a deemed Individual Retirement Account authorized under the Internal Revenue  
 338 Code, which is sponsored by the Utah State Retirement Board; or
- 339 (iii) a similar savings plan or account authorized under the Internal Revenue Code,  
 340 which is sponsored by the Utah State Retirement Board.
- 341 ~~(b)~~ (d) "Qualifying employee" means an employee who is:
- 342 (i) in a position that is:
- 343 (A) receiving retirement benefits under Title 49, Utah State Retirement and  
 344 Insurance Benefit Act; and
- 345 (B) accruing paid leave benefits that can be used in the current and future calendar  
 346 years; and
- 347 (ii) not an employee who is reemployed as that term is:
- 348 (A) defined in Section 49-11-1202; or
- 349 (B) used in Section 49-11-504.
- 350 (e) "Tier I qualifying employee" means a qualifying employee who is an active member  
 351 in Tier I, as defined in Section 49-11-102.
- 352 (f) "Tier II qualifying employee" means a qualifying employee who is an active member  
 353 in Tier II, as defined in Section 49-11-102.
- 354 (2) Subject to the requirements of Subsection (3) and applicable federal law, an employer  
 355 shall make a biweekly matching contribution to every qualifying employee's defined  
 356 contribution plan qualified under Section 401(k) of the Internal Revenue Code, ~~[subject~~  
 357 ~~to federal requirements and limitations,]~~ which is sponsored by the Utah State  
 358 Retirement Board~~[-]~~, as follows:
- 359 (a) before the change date, at a 100% match rate; or
- 360 (b) on or after the change date:
- 361 (i) for a Tier I qualifying employee, at a 100% match rate; and
- 362 (ii) for a Tier II qualifying employee, at a 100% match rate for the first \$26 the  
 363 employee contributes and at a 50% match rate for any amount the employee  
 364 contributes above \$26.
- 365 (3)~~(a) In accordance with the requirements of this Subsection (3), each qualifying~~  
 366 ~~employee shall be eligible to receive the same dollar amount for the contribution~~  
 367 ~~under Subsection (2).]~~
- 368 ~~(b)~~ (a) A qualifying employee who is hired before July 1, 2023:

- 369 (i) shall receive the contribution amount determined under Subsection ~~[(3)(f)]~~ (3)(e) if  
370 the qualifying employee makes a voluntary personal contribution to one or more  
371 qualifying accounts in an amount equal to or greater than the employer's  
372 contribution amount determined under Subsection ~~[(3)(f)]~~ (3)(e);
- 373 (ii) shall receive a partial contribution amount that is equal to the qualifying  
374 employee's personal contribution amount if the employee makes a voluntary  
375 personal contribution to one or more qualifying accounts in an amount less than  
376 the employer's contribution amount determined under Subsection ~~[(3)(f)]~~ (3)(e); or  
377 (iii) may not receive a contribution under Subsection (2) if the qualifying employee  
378 does not make a voluntary personal contribution to a qualifying account.
- 379 ~~[(e)]~~ (b)(i) An employer shall automatically enroll a qualifying employee who is hired  
380 on or after July 1, 2023, to make a personal contribution to a defined contribution  
381 plan qualified under Section 401(k) of the Internal Revenue Code, which is  
382 sponsored by the Utah State Retirement Board, in an amount equal to the lesser of:  
383 (A) the employer's contribution amount determined under Subsection ~~[(3)(f)-]~~  
384 (3)(e); or  
385 (B) \$26.
- 386 (ii) A qualifying employee who makes a personal contribution in accordance with  
387 Subsection ~~[(3)(e)(i)]~~ (3)(b)(i) shall receive the lesser of:  
388 (A) the contribution amount determined under Subsection ~~[(3)(f)-]~~ (3)(e); or  
389 (B) \$26.
- 390 ~~[(d)]~~ (c)(i) A qualifying employee who is hired on or after July 1, 2023, may opt out  
391 of the automatic enrollment by choosing not to make any future personal  
392 contributions.
- 393 (ii) ~~[(A)]~~ Subject to Subsection (3)(d), a qualifying employee who opts out of automatic  
394 enrollment in accordance with this Subsection ~~[(3)(d)]~~ (3)(c) may not receive a  
395 contribution under Subsection (2).
- 396 ~~[(e)]~~ (d)(i) A qualifying employee who is hired on or after July 1, 2023, may modify  
397 the automatic enrollment by opting to make future personal contributions:  
398 (A) in an amount other than the amount determined under Subsection ~~[(3)(f)]~~ (3)(b);  
399 or  
400 (B) to a qualifying account other than the defined contribution plan qualified  
401 under Section 401(k) of the Internal Revenue Code, which is sponsored by the  
402 Utah State Retirement Board.

403 (ii) A qualifying employee who opts to make a personal contribution for less than the  
 404 amount determined under Subsection [~~(3)(f)~~] (3)(b) shall receive a partial  
 405 contribution that is equal to the qualifying employee's personal contribution  
 406 amount.

407 [~~(f)~~] (e)(i) Subject to the maximum limit under Subsection [~~(3)(f)(iii)~~] (3)(e)(iii) or (iv),  
 408 the Legislature shall annually determine the contribution amount that an employer  
 409 shall provide to each qualifying employee under Subsection (2).

410 (ii) The division shall make recommendations annually to the Legislature on the  
 411 contribution amount required under Subsection (2), in consultation with the  
 412 Governor's Office of Planning and Budget and the Division of Finance.

413 (iii) [The] Before the change date, the biweekly matching contribution amount  
 414 required under Subsection (2) may not exceed \$26 for each qualifying employee.

415 (iv) On or after the change date, the biweekly matching contribution amount required  
 416 under Subsection (2) may not exceed:

417 (A) for a Tier I qualifying employee, \$26; or

418 (B) for a Tier II qualifying employee, the greater of 2% of the qualifying  
 419 employee's biweekly salary or \$26.

420 (4) A qualifying employee is eligible to receive the biweekly contribution under this section  
 421 for any pay period in which the employee is in a paid status or other status protected by  
 422 federal or state law.

423 (5) The employer and employee contributions made and related earnings under this section  
 424 vest immediately upon deposit and can be withdrawn by the employee at any time,  
 425 subject to Internal Revenue Code regulations on the withdrawals.

426 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
 427 director shall make rules establishing procedures to implement the provisions of this  
 428 section.

429 Section 8. Section **67-19f-102** is amended to read:

430 **67-19f-102 . Definitions.**

431 As used in this chapter:

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

433 (2) "Board of trustees" or "board" means the board of trustees created in Section 67-19f-202.

434 (3) "Income" means the revenues received by the state treasurer from investments of the  
 435 trust fund principal.

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

437 [(4)] (5) "Trust fund" means the State Employees' [~~Annual~~]Leave Trust Fund created in  
 438 Section 67-19f-201.

439 Section 9. Section **67-19f-201** is amended to read:

440 **67-19f-201 . State Employees' Leave Trust Fund -- Creation -- Oversight --**  
 441 **Dissolution.**

442 (1) There is created a trust fund entitled the "State Employees' [~~Annual~~]Leave Trust Fund."

443 (2) The trust fund consists of:

444 (a) ongoing revenue provided from a state agency set aside for accrued annual leave II  
 445 required under Section 63A-17-510;

446 (b) money set aside for accrued paid time off in accordance with Section 63A-17-510.1;

447 [(b)] (c) appropriations made to the trust fund by the Legislature, if any;

448 [(e)] (d) transfers from the termination pool described in Subsection 63A-17-510(6)

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

451 [(d)] (e) income; and

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

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

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

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

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

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

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

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

470 (b) payments based on accrued annual leave [~~and on~~], accrued annual leave II, and

- 471 accrued paid time off that are made upon termination of an employee;
- 472 (c) refunds for overpayments; and
- 473 (d) reasonable administrative costs that the board of trustees incurs in performing its
- 474 duties as trustee of the trust fund.
- 475 (6) The board of trustees shall ensure that:
- 476 (a) money deposited into the trust fund is irrevocable and is expended only for the costs
- 477 described in Subsection (5); and
- 478 (b) assets of the trust fund are dedicated to providing annual leave~~[-and]~~ , annual leave II,
- 479 and paid time off established by statute and rule.
- 480 (7) A creditor of the board of trustees or a state agency liable for annual leave benefits may
- 481 not seize, attach, or otherwise obtain assets of the trust fund.

482 Section 10. Section **67-22-2** is amended to read:

483 **67-22-2 . Compensation -- Other state officers.**

- 484 (1) As used in this section:
- 485 (a) "Appointed executive" means the:
- 486 (i) commissioner of the Department of Agriculture and Food;
- 487 (ii) commissioner of the Insurance Department;
- 488 (iii) commissioner of the Labor Commission;
- 489 (iv) director, Department of Alcoholic Beverage Services;
- 490 (v) commissioner of the Department of Financial Institutions;
- 491 (vi) executive director, Department of Commerce;
- 492 (vii) executive director, Commission on Criminal and Juvenile Justice;
- 493 (viii) adjutant general;
- 494 (ix) executive director, Department of Cultural and Community Engagement;
- 495 (x) executive director, Department of Corrections;
- 496 (xi) commissioner, Department of Public Safety;
- 497 (xii) executive director, Department of Natural Resources;
- 498 (xiii) executive director, Governor's Office of Planning and Budget;
- 499 (xiv) executive director, Department of Government Operations;
- 500 (xv) executive director, Department of Environmental Quality;
- 501 (xvi) executive director, Governor's Office of Economic Opportunity;
- 502 (xvii) executive director, Department of Workforce Services;
- 503 (xviii) executive director, Department of Health and Human Services, Nonphysician;
- 504 (xix) executive director, Department of Transportation;

- 505 (xx) executive director, Department of Veterans and Military Affairs;  
506 (xxi) advisor, Public Lands Policy Coordinating Office, created in Section  
507 63L-11-201;
- 508 (xxii) Great Salt Lake commissioner, appointed under Section 73-32-201; and  
509 (xxiii) Utah water agent, appointed under Section 73-10g-702.
- 510 (b) "Board or commission executive" means:
- 511 (i) members, Board of Pardons and Parole;  
512 (ii) chair, State Tax Commission;  
513 (iii) commissioners, State Tax Commission;  
514 (iv) executive director, State Tax Commission;  
515 (v) chair, Public Service Commission; and  
516 (vi) commissioners, Public Service Commission.
- 517 (c) "Deputy" means the person who acts as the appointed executive's second in  
518 command as determined by the Division of Human Resource Management.
- 519 (2)(a) The director of the Division of Human Resource Management shall:
- 520 (i) before October 31 of each year, recommend to the governor a compensation plan  
521 for the appointed executives and the board or commission executives; and  
522 (ii) base those recommendations on market salary studies conducted by the Division  
523 of Human Resource Management.
- 524 (b)(i) The Division of Human Resource Management shall determine the salary range  
525 for the appointed executives by:
- 526 (A) identifying the salary range assigned to the appointed executive's deputy;  
527 (B) designating the lowest minimum salary from those deputies' salary ranges as  
528 the minimum salary for the appointed executives' salary range; and  
529 (C) designating 105% of the highest maximum salary range from those deputies'  
530 salary ranges as the maximum salary for the appointed executives' salary range.
- 531 (ii) If the deputy is a medical doctor, the Division of Human Resource Management  
532 may not consider that deputy's salary range in designating the salary range for  
533 appointed executives.
- 534 (c)(i) Except as provided in Subsection (2)(c)(ii), in establishing the salary ranges for  
535 board or commission executives, the Division of Human Resource Management  
536 shall set the maximum salary in the salary range for each of those positions at  
537 90% of the salary for district judges as established in the annual appropriation act  
538 under Section 67-8-2.

- 539 (ii) In establishing the salary ranges for an individual described in Subsection  
540 (1)(b)(ii), (1)(b)(iii), or (1)(b)(iv), the Division of Human Resource Management  
541 shall set the maximum salary in the salary range for each of those positions at  
542 100% of the salary for district judges as established in the annual appropriation act  
543 under Section 67-8-2.
- 544 (3)(a)(i) Except as provided in Subsection (3)(a)(ii) or Subsection (3)(d), the  
545 governor shall establish a specific salary for each appointed executive within the  
546 range established under Subsection (2)(b).
- 547 (ii) If the executive director of the Department of Health and Human Services is a  
548 physician, the governor shall establish a salary within the highest physician salary  
549 range established by the Division of Human Resource Management.
- 550 (iii) The governor may provide salary increases for appointed executives within the  
551 range established by Subsection (2)(b) and identified in Subsection (3)(a)(ii).
- 552 (b) The governor shall apply the same overtime regulations applicable to other FLSA  
553 exempt positions.
- 554 (c) The governor may develop standards and criteria for reviewing the appointed  
555 executives.
- 556 (d) If under Section 73-10g-702 the governor appoints an individual who is serving in an  
557 appointed executive branch position to be the Utah water agent, the governor shall  
558 adjust the salary of the Utah water agent to account for salary received for the  
559 appointed executive branch position.
- 560 (4) Salaries for other Schedule A employees, as defined in Section 63A-17-301, that are not  
561 provided for in this chapter, or in Title 67, Chapter 8, Utah Elected Official and Judicial  
562 Salary Act, shall be established as provided in Section 63A-17-301.
- 563 (5)(a) The Legislature fixes benefits for the appointed executives and the board or  
564 commission executives as follows:
- 565 (i) the option of participating in a state retirement system established by Title 49,  
566 Utah State Retirement and Insurance Benefit Act, or in a deferred compensation  
567 plan administered by the State Retirement Office in accordance with the Internal  
568 Revenue Code and its accompanying rules and regulations;
- 569 (ii) health insurance;
- 570 (iii) dental insurance;
- 571 (iv) basic life insurance;
- 572 (v) unemployment compensation;

- 573 (vi) workers' compensation;
- 574 (vii) required employer contribution to Social Security;
- 575 (viii) long-term disability income insurance;
- 576 (ix) the same additional state-paid life insurance available to other noncareer service
- 577 employees;
- 578 (x) the same severance pay available to other noncareer service employees;
- 579 (xi) the same leave, holidays, and allowances granted to Schedule B state employees
- 580 as follows:
- 581 (A) sick leave;
- 582 (B) converted sick leave if accrued prior to January 1, 2014;
- 583 (C) educational allowances;
- 584 (D) holidays;~~and~~
- 585 (E) annual leave except that annual leave shall be accrued at the maximum rate
- 586 provided to Schedule B state employees; and
- 587 (F) paid time off;
- 588 (xii) the option to convert accumulated sick leave to cash or insurance benefits as
- 589 provided by law or rule upon resignation or retirement according to the same
- 590 criteria and procedures applied to Schedule B state employees;
- 591 (xiii) the option to purchase additional life insurance at group insurance rates
- 592 according to the same criteria and procedures applied to Schedule B state
- 593 employees; and
- 594 (xiv) professional memberships if being a member of the professional organization is
- 595 a requirement of the position.
- 596 (b) Each department shall pay the cost of additional state-paid life insurance for its
- 597 executive director from its existing budget.
- 598 (6) The Legislature fixes the following additional benefits:
- 599 (a) for the executive director of the Department of Transportation a vehicle for official
- 600 and personal use;
- 601 (b) for the executive director of the Department of Natural Resources a vehicle for
- 602 commute and official use;
- 603 (c) for the commissioner of Public Safety:
- 604 (i) an accidental death insurance policy if POST certified; and
- 605 (ii) a public safety vehicle for official and personal use;
- 606 (d) for the executive director of the Department of Corrections:

- 607 (i) an accidental death insurance policy if POST certified; and
- 608 (ii) a public safety vehicle for official and personal use;
- 609 (e) for the adjutant general a vehicle for official and personal use;
- 610 (f) for each member of the Board of Pardons and Parole a vehicle for commute and
- 611 official use; and
- 612 (g) for the executive director of the Department of Veterans and Military Affairs a
- 613 vehicle for commute and official use.

614 Section 11. **Effective Date.**

615 This bill takes effect on May 6, 2026.