

**FIRST ENGROSSMENT  
with Senate Amendments**

**ENGROSSED HOUSE BILL NO. 1170**

Introduced by

Representatives Motschenbacher, Bahl, Christy, Fisher, Dressler

Senators Cleary, Dwyer, Gerhardt

1 A BILL for an Act to amend and reenact section 54-06-14 of the North Dakota Century Code,  
2 relating to state employee annual leave; and to provide an effective date.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 54-06-14 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **54-06-14. Annual leave and sick leave for state employees.**

- 7 1. a. Annual leave and sick leave must be provided for all ~~persons~~individuals in the  
8 permanent employment of this state who are not employed under a written  
9 contract of hire setting forth the terms and conditions of their employment, within  
10 the limitations, terms, and provisions of this section.
- 11 b. A state agency, unit, or entity that employs an individual subject to this section  
12 shall, upon hire, grant the individual forty hours of new hire leave to use within  
13 the first year of employment. Any new hire leave remaining after completion of  
14 the first year of employment is eliminated. New hire leave is not earned paid time  
15 off and is not paid out upon separation of employment.
- 16 c. Annual leave for an employee entitled to it must be within a range of a minimum  
17 of one working day per month of employment to a maximum of two working days  
18 per month of employment, based on tenure of employment, to be fixed by rules  
19 adopted by the employing unit. The employing unit may grant, at hire, annual  
20 leave within the parameters of one to two working days per month, which may  
21 exceed the amount based on tenure of employment, if the position being hired for  
22 was previously identified as a hard-to-fill occupation under subsection 5 of

1 section 54-06-31 and the agency has satisfied the requirements under

2 subsection 1 of section 54-06-31. Sick leave for an employee entitled to it must  
3 be within a range of a minimum of one working day per month of employment to  
4 a maximum of one and one-half working days per month of employment, based  
5 on tenure of employment, to be fixed by rules adopted by the employing unit.

6 d. Annual leave must be compensated for on the basis of full pay for the number of  
7 working days' leave credited to the employee. Sick leave must be compensated  
8 for on the basis of full pay for absence due to illness on working days during  
9 tenure of employment. An employee with at least ten continuous years of state  
10 employment is entitled to a lump sum payment equal to one-tenth of the pay  
11 attributed to the employee's unused sick leave accrued under this section. An  
12 employee's years of state employment must be deemed continuous if, under the  
13 official personnel policy of an agency, unit, or entity, the employee's work is  
14 terminated because of a reduction in force and the employee is reinstated in any  
15 agency, unit, or entity within two years, or if the employee is placed on voluntary  
16 leave status without pay and the leave lasts no longer than two years for  
17 education purposes, or one year for any other voluntary leave without pay. The  
18 pay attributed to the accumulated, unused sick leave must be computed on the  
19 basis of the employee's salary or wage at the time the employee leaves the  
20 employ of the state and at the rate of one hour of pay for each hour of unused  
21 sick leave. The agency, unit, or entity that last employed the employee shall  
22 make the lump sum payment from funds appropriated by the legislative assembly  
23 to that agency, unit, or entity for salaries and wages. Any

24 2. A state agency, unit, or entity which that employs persons an individual subject to this  
25 section shall formulate and adopt rules governing the granting of annual leave and  
26 sick leave which will effectuate the purpose of this section and best suit the factors of  
27 employment of that employing unit. Each employing unit shall file with the office of  
28 management and budget a copy of the rules adopted, including any amendments or  
29 additions to the rules.

30 **SECTION 2. EFFECTIVE DATE.** This Act becomes effective on May 1, 2026.