

**Sixty-ninth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 7, 2025**

HOUSE BILL NO. 1170
(Representatives Motschenbacher, Bahl, Christy, Fisher, Dressler)
(Senators Cleary, Dwyer, Gerhardt)

AN ACT to amend and reenact section 54-06-14 of the North Dakota Century Code, relating to state employee annual leave; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

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

1.
 - a. Annual leave and sick leave must be provided for all ~~persons~~individuals in the permanent employment of this state who are not employed under a written contract of hire setting forth the terms and conditions of their employment, within the limitations, terms, and provisions of this section.
 - b. A state agency, unit, or entity that employs an individual subject to this section shall, upon hire, grant the individual forty hours of new hire leave to use within the first year of employment. Any new hire leave remaining after completion of the first year of employment is eliminated. New hire leave is not earned paid time off and is not paid out upon separation of employment.
 - c. Annual leave for an employee entitled to it must be within a range of a minimum of one working day per month of employment to a maximum of two working days per month of employment, based on tenure of employment, to be fixed by rules adopted by the employing unit. The employing unit may grant, at hire, annual leave within the parameters of one to two working days per month, which may exceed the amount based on tenure of employment, if the position being hired for was previously identified as a hard-to-fill occupation under subsection 5 of section 54-06-31 and the agency has satisfied the requirements under subsection 1 of section 54-06-31. Sick leave for an employee entitled to it must be within a range of a minimum of one working day per month of employment to a maximum of one and one-half working days per month of employment, based on tenure of employment, to be fixed by rules adopted by the employing unit.
 - d. Annual leave must be compensated for on the basis of full pay for the number of working days' leave credited to the employee. Sick leave must be compensated for on the basis of full pay for absence due to illness on working days during tenure of employment. An employee with at least ten continuous years of state employment is entitled to a lump sum payment equal to one-tenth of the pay attributed to the employee's unused sick leave accrued under this section. An employee's years of state employment must be deemed continuous if, under the official personnel policy of an agency, unit, or entity, the employee's work is terminated because of a reduction in force and the employee is reinstated in any agency, unit, or entity within two years, or if the employee is placed on voluntary leave status without pay and the leave lasts no longer than two years for education purposes, or one year for any other voluntary leave without pay. The pay attributed to the accumulated, unused sick leave must be computed on the basis of the employee's salary or wage at the time the employee leaves the employ of the state and at the rate of one hour of pay for each hour of unused sick leave. The agency, unit, or entity that last employed the employee shall make the lump sum payment from funds

appropriated by the legislative assembly to that agency, unit, or entity for salaries and wages. ~~Any~~

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

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

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-ninth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1170.

House Vote: Yeas 61 Nays 29 Absent 4

Senate Vote: Yeas 36 Nays 10 Absent 1

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2025.

Approved at _____ M. on _____, 2025.

Governor

Filed in this office this _____ day of _____, 2025,

at _____ o'clock _____ M.

Secretary of State