

HB 378-FN - AS INTRODUCED

2025 SESSION

25-0442

06/08

HOUSE BILL            **378-FN**

AN ACT                relative to an employee's unused earned time.

SPONSORS:            Rep. M. Cahill, Rock. 10; Rep. M. Pearson, Rock. 34; Rep. S. Pearson, Rock. 13

COMMITTEE:          Labor, Industrial and Rehabilitative Services

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ANALYSIS

This bill requires an employer to pay an employee for unused earned time.

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Explanation:          Matter added to current law appears in ***bold italics***.  
Matter removed from current law appears [~~in brackets and struckthrough.~~]  
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Twenty Five*

AN ACT relative to an employee's unused earned time.

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

1 1 New Section; Day's Work; Days of Rest; Unused Earned Time. Amend RSA 275 by inserting  
2 after section 35 the following new section:

3 275:35-a Unused Earned Time.

4 I. An employer that employs 15 or more employees and offers paid earned time to such  
5 employees shall comply with the following:

6 (a) Inform employees in writing of any policy regarding accrual or use of unused earned  
7 time and any limits on accrual or use. In the absence of an accrual system, earned time shall be paid  
8 on a prorated basis.

9 (b) Provide a means through which earned time requests and approvals are processed.

10 (c) Provide employees with an accounting of earned time used and unused earned time  
11 remaining.

12 (d) RSA 275:43, V-a.

13 II. For the purpose of this section, the terms "earned time," "vacation" or "vacation time,"  
14 and "paid time off" have the same meaning .

15 2 New Paragraph; Protective Legislation; Wages. Amend RSA 275:43 by inserting after  
16 paragraph V the following new paragraph:

17 V-a. Notwithstanding RSA 275:43, V, if an employee is separated from an employer, as  
18 defined in RSA 275:35-a, I, because the employer's business closed, changed ownership or because  
19 their employment ended with no reasonable assurance of the employee being able to return to said  
20 employer, unused paid time off such as vacation, holiday, and personal time, but not sick days,  
21 whether earned by accrual or awarded in some other manner shall be considered wages pursuant to  
22 RSA 275:42, III and due upon separation from employment pursuant to RSA 275:44.

23 (a) When an employer does not delineate the types of paid time off awarded to an  
24 employee, as described in RSA 275:43, I, the entire balance of unused paid time off shall be prorated  
25 upon separation from employment.

26 (b) In lieu of payment for unused paid time off an employee described in RSA 275:43, V-  
27 a, I may agree in writing that their unused paid time off can be carried forward and transferred to  
28 their subsequent employer following a change in ownership.

29 3 Effective Date. This act shall take effect January 1, 2026.

**HB 378-FN- FISCAL NOTE**  
**AS INTRODUCED**

AN ACT relative to an employee's unused earned time.

**FISCAL IMPACT:** This bill does not provide funding, nor does it authorize new positions.

<b>Estimated State Impact</b>				
	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Revenue</b>	\$0	\$0	\$0	\$0
<i>Revenue Fund(s)</i>	None			
<b>Expenditures*</b>	\$0	\$0	Indeterminable Increase (\$110,000 to \$300,000)	Indeterminable Increase (\$110,000 to \$300,000)
<i>Funding Source(s)</i>	USNH Operating Budget and CCSNH Operating Budget			
<b>Appropriations*</b>	\$0	\$0	\$0	\$0
<i>Funding Source(s)</i>	None			

\*Expenditure = Cost of bill

\*Appropriation = Authorized funding to cover cost of bill

**METHODOLOGY:**

This bill mandates that employers compensate employees for all accrued but unused paid time off in the event of involuntary termination, including termination for cause due to misconduct. The legislation does not obligate payment of unused accrued time to employees who choose to separate from the employer voluntarily.

The University System of New Hampshire (USNH) states there will be an indeterminable increase on expenditures in the USNH operating budget. Determining the impact is difficult however, considering historical data of former employees who exceeded the University System's payout threshold for unused earned time, a reasonable annual impact range is estimated at \$100,000 to \$200,000. This estimate is based on an assumption of approximately 50 involuntarily separated employees per year. Within this group, the average additional days accrued is assumed to be 10, with an average hourly rate ranging from \$25 to \$50.

The Community College System of New Hampshire (CCSNH) states that currently they provide an employee departing with payment for their accrued and unused vacation time and personal days therefore this legislation adds payment for holidays to the amounts provided to employees

upon separation. They indicate that the increase in expenditures will be indeterminable. However, they estimate the reasonable annual impact to range from \$10,000 to \$100,000.

It has been determined this bill is not applicable to the Executive Branch, Legislative Branch or the Judicial Branch.

The New Hampshire Municipal Association states there will be no impact.

**AGENCIES CONTACTED:**

Department of Administrative Services, Department of Labor, Legislative Branch, Judicial Branch, University System of New Hampshire, Community College System of New Hampshire and New Hampshire Municipal Association