

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL DRS35212-TCa-2

Short Title: Wellness Break Act. (Public)

Sponsors: Senators Theodros and Chitlik (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED
AN ACT TO ESTABLISH A SABBATICAL PROGRAM FOR LONG-TERM EMPLOYEES
IN NORTH CAROLINA, PROMOTING HEALTH, REJUVENATION, AND PERSONAL
WELL-BEING.

The General Assembly of North Carolina enacts:

PART I. PUBLIC EMPLOYEE SABBATICAL LEAVE

SECTION 1.(a) Article 2 of Chapter 126 of the General Statutes is amended by
adding a new section to read:

"§ 126-8.7. Paid sabbatical leave.

(a) Definitions. – The following definitions apply in this section:

(1) Long-term employee. – A career State employee who has been continuously
employed in the same position for the immediate three years.

(2) Sabbatical leave. – A period of paid leave for health improvement,
skill-building, and personal enrichment of between four to six weeks.

(b) Sabbatical Leave. – The State Human Resources Commission shall adopt rules and
policies for sabbatical leave that include at least the following requirements:

(1) The long-term employee shall not have been granted a sabbatical leave in the
prior three years.

(2) The long-term employee shall submit an application to the employer for
sabbatical leave that outlines the intended use of their sabbatical leave,
including a focus on health, wellness, personal development, or skill
enhancement.

(3) The long-term employee shall agree to return to the same position at the end
of the sabbatical leave for a period of one year.

(4) The employer shall grant the requested sabbatical leave unless the employer
determines that the grant would prevent the employer from providing essential
services.

(5) The employer shall continue to provide the employee benefits and an amount
equal to seventy percent (70%) of the employee's salary during the sabbatical
leave.

(6) The employer shall allow the employee to return to the same position at the
end of the sabbatical leave.

(7) The employer shall not penalize or discriminate against a long-term employee
that takes a sabbatical leave.

(c) Requirements. – The sabbatical leave authorized by this section:



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- (1) Is available without exhaustion of the employee's sick and vacation leave and is awarded in addition to any other leave authorized by State or federal law.
- (2) Has no cash value upon termination from employment.
- (3) May not be used for calculating an employee's retirement benefits.

(d) A long-term employee that fails to return to the same position or remain employed by the employer for one year shall be liable for repayment of one-half of the cost of all salary and benefits received during the sabbatical leave. This provision shall not apply if the failure to return is due to the death or permanent disability of the employee.

(e) Notwithstanding any other provision of this Chapter, this section applies to all State employees, public school employees, and community college employees.

(f) All State employers, local boards of education, and local community college boards of trustees shall report information requested by the State Human Resources Commission on use of sabbatical leave, including rate of use and other measurable outcomes, including measures of employees' well-being and retention. The State Human Resources Commission shall report to the General Assembly annually by July 1 on the reported use and measurable outcomes of sabbatical leave, and any recommendations to improve program effectiveness and sustainability."

SECTION 1.(b) Article 5 of Chapter 153A of the General Statutes is amended by adding a new section to read:

"§ 153A-99.2. Paid sabbatical leave.

Each county shall establish a policy to provide paid sabbatical leave to its employees that includes, at a minimum, the requirements of G.S. 126-8.7. Each county shall upon request report information requested by the State Human Resources Commission on use of sabbatical leave."

SECTION 1.(c) Article 7 of Chapter 160A of the General Statutes is amended by adding a new section to read:

"§ 160A-169.2. Paid sabbatical leave.

Each city shall establish a policy to provide paid sabbatical leave to its employees that includes, at a minimum, the requirements of G.S. 126-8.7. Each city shall upon request report information requested by the State Human Resources Commission on use of sabbatical leave."

SECTION 1.(d) The State Human Resources Commission shall adopt rules as required by G.S. 126-8.7, as enacted by this section, no later than June 1, 2026. All State agencies, counties, and cities shall comply with the requirements of G.S. 126-8.7, 153A-99.2, and 160A-169.2, respectively, as enacted by this act, no later than July 1, 2026. The State Human Resources Commission shall submit the first report required by G.S. 126-8.7, as enacted by this act, no later than July 1, 2027.

PART II. PRIVATE SECTOR SABBATICAL LEAVE

SECTION 2.1.(a) Article 3B of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-129.20. Credit for paid sabbatical leave for employees.

(a) Credit. – A business that provides paid sabbatical leave for employees during the taxable year is allowed a credit to offset its costs in providing paid sabbatical leave for its eligible employees. For the purposes of this subsection, a taxpayer provides paid sabbatical leave if that leave meets at least the requirements of the model policy established by the NCWorks Commission as provided in G.S. 143B-438.14A.

The credit is equal to a dollar amount per eligible employee provided paid sabbatical leave by the employer of up to twenty-five percent (25%) of the salary and benefits paid to the employee during the sabbatical, not to exceed five thousand dollars (\$5,000) per employee.

(b) Allocation. – If the taxpayer is an individual who is a nonresident or a part-year resident, the taxpayer must reduce the amount of the credit by multiplying it by the fraction calculated under G.S. 105-153.4(b) or (c), as appropriate. If the taxpayer is not an individual and is required to apportion its multistate business income to this State, the taxpayer must reduce the

amount of the credit by multiplying it by the apportionment fraction used to apportion its apportionable income to this State."

SECTION 2.1.(b) This section is effective for taxes imposed for taxable years beginning on or after July 1, 2026.

SECTION 2.2.(a) Part 3B of Article 10 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-438.14A. Paid sabbatical leave.

(a) Definitions. – The following definitions apply in this section:

(1) Long-term employee. – An employee who has been continuously employed by the same employer in the same position for the immediate three years.

(2) Sabbatical leave. – A period of paid leave for health improvement, skill-building, and personal enrichment of between four to six weeks.

(b) The NCWorks Commission shall do the following:

(1) Develop model policies for sabbatical leave for private sector employers, in consultation with the State Human Resources Commission, that include at a minimum the requirements of G.S. 126-8.7.

(2) Provide the following information to (i) all State agencies that contract or engage in public-private partnerships with non-State entities and (ii) the NCWorks Commission website for private sector employers:

a. Model sabbatical leave policies.

b. Research supporting sabbatical leave as a tool for enhanced productivity, workforce sustainability, and retention of long-term workers in private sector employment.

c. Identified grants, tax credits, or other funding sources that can be used to offset the cost of sabbatical leave.

(3) Recognize private sector employers that provide sabbatical leave as "Workforce Wellness Leaders."

(4) Establish and award matching grants to State businesses employing fewer than 100 employees to offset the costs of sabbatical leave. Grants shall provide no greater than fifty percent (50%) of the costs of the salary and benefits provided by the employer to an employee for sabbatical leave.

(c) A State agency shall strongly encourage all non-State entities that the State agency contracts or partners with to implement sabbatical leave policies in accordance with the model policies developed by the NCWorks Commission.

(d) The NCWorks Commission shall survey private sector employers annually on use of sabbatical leave, including rate of use and other measurable outcomes, including measures of employees' well-being and retention. The NCWorks Commission shall report to the General Assembly annually by July 1 on the reported use and measurable outcomes of sabbatical leave, and any recommendations to improve program effectiveness and sustainability."

SECTION 2.2.(b) The NCWorks Commission shall develop and publish model policies no later than June 1, 2026, and shall comply with the remaining requirements established by G.S. 143B-438.14A, as enacted by this section, no later than July 1, 2026. The NCWorks Commission shall submit the first report required by G.S. 143B-438.14A, as enacted by this section, no later than July 1, 2027.

PART III. APPROPRIATIONS

SECTION 3.(a) There is appropriated from the General Fund to the Department of Administration, State Human Resources Commission, the sum of ten million dollars (\$10,000,000) in recurring funds for the 2026-2027 fiscal year to provide funds to State agencies and local governments to offset costs associated with sabbatical leave.

SECTION 3.(b) There is appropriated from the General Fund to the Department of Commerce the sum of ten million dollars (\$10,000,000) in recurring funds for the 2026-2027 fiscal year for the NCWorks Commission to establish and provide grants to businesses in the State employing 100 or fewer employees that provide sabbatical leave in accordance with G.S. 143B-438.14A, as enacted by this act.

SECTION 3.(c) This section is effective July 1, 2026.

PART IV. EFFECTIVE DATE

SECTION 4. Except as otherwise provided, this act is effective when it becomes law.