

**Department of Legislative Services**  
Maryland General Assembly  
2024 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

Senate Bill 490

(Senator Jackson)(Chair, Joint Committee on Pensions)

Budget and Taxation

Appropriations

---

**State Retirement and Pension System - Consumer Price Index - Definition**

---

This bill corrects an obsolete reference to the 1967 Consumer Price Index (CPI) in State pension law. It clarifies that the CPI for all urban consumers using 1982-1984 as base years must be used to calculate cost-of-living adjustments for almost all State Retirement and Pension System (SRPS) retirees.

---

**Fiscal Summary**

**State Effect:** The bill is technical in nature and has no material effect on governmental operations or finance.

**Local Effect:** The bill is technical in nature and has no material effect on governmental operations or finance.

**Small Business Effect:** None.

---

**Analysis**

**Current Law:** “Consumer Price Index” is defined as the annual average CPI (all urban consumers, United States city average, all items, not seasonally adjusted, 1967=100) for the calendar year ending December 31 as published by the U.S. Department of Labor, Bureau of Labor Statistics.

Each year, the SRPS board must adjust the allowance for all retirees except those in the Judges’ Retirement System or the Legislative Pension Plan, or for former Governors. In general, the adjustment is calculated by subtracting the CPI for the calendar year ending December 31 in the second preceding year from the CPI for the calendar year ending

December 31 in the preceding year. That amount is then divided by the CPI for the second preceding year.

---

### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** HB 629 (Delegate Forbes)(Chair, Joint Committee on Pensions) - Appropriations.

**Information Source(s):** State Retirement Agency; Department of Legislative Services

**Fiscal Note History:** First Reader - February 6, 2024  
km/ljm Third Reader - March 14, 2024

---

Analysis by: Michael C. Rubenstein

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510