

Chapter 56

(House Bill 1138)

AN ACT concerning

State Retirement and Pension System – Cost-of-Living Adjustments – Clarification

FOR the purpose of clarifying the Consumer Price Index used to determine the cost-of-living adjustments for retirees of the State Retirement and Pension System in certain years; and generally relating to calculating the Consumer Price Index change for cost-of-living adjustments for retirees of the State Retirement and Pension System.

BY repealing and reenacting, without amendments,

Article – State Personnel and Pensions

Section 20–101(a) and (d), 29–401(d) and (f), and 29–402(c) and (d)

Annotated Code of Maryland

(2024 Replacement Volume and 2025 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – State Personnel and Pensions

20–101.

(a) In this Division II the following words have the meanings indicated.

(d) “Allowance” means a benefit that is payable in equal monthly installments for the life of the recipient, except as otherwise provided for an optional form of an allowance under § 21–403 of this article.

29–401.

(d) “Consumer Price Index” means the annual average Consumer Price Index (all urban consumers, United States city average, all items, not seasonally adjusted, 1982–1984 = 100) for the calendar year ending December 31 as published by the United States Department of Labor, Bureau of Labor Statistics.

(f) “Cost-of-living rate” means the rate computed in accordance with § 29–402(c) of this subtitle that is used to determine a cost-of-living adjustment.

29–402.

(c) (1) Except as provided in paragraph (2) of this subsection, and subject to subsection (f) of this section, to determine the cost-of-living rate used to adjust an allowance in a fiscal year, the Board of Trustees shall:

(i) subtract the Consumer Price Index for the calendar year ending December 31 in the second preceding fiscal year from the Consumer Price Index for the calendar year ending December 31 in the preceding fiscal year; and

(ii) divide the amount determined under item (i) of this paragraph by the Consumer Price Index for the calendar year ending December 31 in the second preceding fiscal year.

(2) The cost-of-living rate used to adjust an allowance in a fiscal year may not exceed any cost-of-living rate cap that is applicable to the allowance under § 29-404(c), § 29-405(c), § 29-406(c), or § 29-408(c) of this subtitle.

(d) (1) A cost-of-living adjustment payable in a fiscal year shall be determined as provided in this subsection.

(2) For a compound cost-of-living adjustment, the cost-of-living adjustment as of July 1 of a fiscal year shall be determined by multiplying the cost-of-living rate determined in subsection (c) of this section by the sum of:

(i) the initial allowance; and

(ii) the accumulated cost-of-living adjustment amount.

(3) For a simple cost-of-living adjustment, the cost-of-living adjustment as of July 1 of a fiscal year shall be determined by multiplying the cost-of-living rate determined in subsection (c) of this section by the initial allowance.

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) (1) In this section the following words have the meanings indicated.

(2) “CPI Value” means the Consumer Price Index value (all urban consumers, United States city average, all items, not seasonally adjusted, 1982–1984 = 100) for a month, as published by the U.S. Department of Labor, Bureau of Labor Statistics.

(3) “October 2025 Index Value” means the Consumer Price Index value for the month of October 2025, as determined by this section.

(b) This section applies to the Consumer Price Index for the calendar year ending December 31, 2025, for purposes of calculating the cost-of-living rate used to adjust an allowance under § 29-402(c) of the State Personnel and Pensions Article effective July 1, 2026, and July 1, 2027.

(c) The October 2025 Index Value is the sum of the CPI Values for September 2025 and November 2025, divided by 2.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a yea and nay vote supported by three-fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted.

Approved by the Governor, April 14, 2026.