

# HOUSE BILL 1138

P6

EMERGENCY BILL

6lr2662  
CF SB 724

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By: **Delegate Forbes**

Introduced and read first time: February 11, 2026

Assigned to: Appropriations

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Committee Report: Favorable

House action: Adopted

Read second time: February 26, 2026

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

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

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

9 BY repealing and reenacting, without amendments,  
10 Article – State Personnel and Pensions  
11 Section 20–101(a) and (d), 29–401(d) and (f), and 29–402(c) and (d)  
12 Annotated Code of Maryland  
13 (2024 Replacement Volume and 2025 Supplement)

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

16 **Article – State Personnel and Pensions**

17 20–101.

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

4 29-401.

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

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

11 29-402.

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

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

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

21 (2) The cost-of-living rate used to adjust an allowance in a fiscal year may  
22 not exceed any cost-of-living rate cap that is applicable to the allowance under § 29-404(c),  
23 § 29-405(c), § 29-406(c), or § 29-408(c) of this subtitle.

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

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

29 (i) the initial allowance; and

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

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

1 SECTION 2. AND BE IT FURTHER ENACTED, That:

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

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

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

8 (b) This section applies to the Consumer Price Index for the calendar year ending  
9 December 31, 2025, for purposes of calculating the cost-of-living rate used to adjust an  
10 allowance under § 29–402(c) of the State Personnel and Pensions Article effective July 1,  
11 2026, and July 1, 2027.

12 (c) The October 2025 Index Value is the sum of the CPI Values for September  
13 2025 and November 2025, divided by 2.

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

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.