

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 517 (Delegate Krvsiak. *et al.*)

Economic Matters

Cemeteries - Registration

This bill exempts bona fide nonprofit cemeteries that do not sell preneed goods or deliver burial goods in advance of need, except the sale of burial monuments or burial space, from the registration and permitting requirements of the Maryland Cemetery Act. Current law exempts bona fide religious nonprofit cemeteries that do not sell preneed goods from the registration and permitting requirements. This bill excludes a vault or a grave liner from the definition of burial space.

Fiscal Summary

State Effect: Potential meaningful impact on the Cemetery Oversight Fund.

Local Effect: None.

Small Business Effect: Potential meaningful impact.

Fiscal Analysis

State Effect: Maryland has an estimated 1,400 cemeteries, comprised of 75 for-profit cemeteries and 1,325 nonprofit cemeteries. There are approximately 60 nonprofit cemeteries which offer preneed contracts. The number of nonreligious nonprofit cemeteries in the State is unknown, but it is assumed to be less than five.

Chapter 675 of 1997 established the Office of Cemetery Oversight to regulate the death care industry. The Office of Cemetery Oversight administers the registration and permitting requirements of cemeteries and burial goods businesses. The Office of Cemetery Oversight is specially funded from registration and permitting fees. The total fees collected toward the Cemetery Oversight Fund must reflect the total cost of maintaining the Office of Cemetery

Oversight. The Office of Cemetery Oversight is in the process of setting the permitting and registration fees. The fiscal 1998 appropriation for the Office of Cemetery Oversight is \$169,976, and the fiscal 1999 allowance is \$167,032. This bill could have a meaningful impact on the special fund by excluding a significant number of cemeteries currently subject to the licensing and registration fees.

First, under current law all businesses which sell preneed burial monuments or burial space are subject to the licensing and registration requirements. This bill would exempt nonprofit cemeteries which sell burial monuments or burial space in advance of need from the licensing and registration fees. The number of nonprofit organizations which sell burial monuments or burial space is unknown.

Second, under this bill nonreligious nonprofit organizations which do not sell preneed contracts or deliver specified burial goods in advance would be exempted from the registration and permitting requirements. Although the number of cemeteries currently organized as religious nonprofit organizations is unknown, it is possible that some for-profit cemeteries will reorganize as nonprofit cemeteries in order to avoid the registration and licensing requirements, leaving fewer cemeteries subject to the fees which fund the Office of Cemetery Oversight.

Small Business Effect: Most of the 1,400 cemeteries in the State are small businesses. The effect on these small businesses depends on the number of nonprofit organizations which would be exempt from the registration and permitting fees as a result of the bill. The number of small nonreligious nonprofit cemeteries that do not offer preneed goods or deliver burial goods in advance is not known, but it is assumed to be small. The number of for-profit nonreligious cemeteries that would reorganize as nonprofit cemeteries is also unknown. This bill would positively affect these small entities by eliminating the administrative costs associated with registration and permitting.

This bill could result in higher registration and permitting fees for small cemeteries which are not exempted. The total registration and permitting fees collected toward the Cemetery Oversight Fund must reflect the total cost of maintaining the Office of Cemetery Oversight. Thus, the Office of Cemetery Oversight would have to cover its cost from fees collected from fewer death care organizations. As a result, the Office of Cemetery Oversight might need to increase the amount of the fee collected from the remaining regulated organizations so that the total revenues reflect total operating costs.

Information Source: Department of Labor, Licensing, and Regulation (Office of Cemetery Oversight); Department of Legislative Services

Fiscal Note History:

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