

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 475 (Delegate Owings)

Environmental Matters

Funeral Homes - Issuance of Corporation Licenses

This bill permits the State Board of Morticians to issue a corporation license to practice mortuary science to a funeral home that: (1) was in existence before 1950; (2) was located on the grounds of a cemetery; (3) was previously under a corporation license; (4) was destroyed by fire or natural causes; and (5) is later rebuilt on the grounds of the same cemetery. The bill prohibits any license issued under these circumstances to be sold or transferred unless done so in conjunction with the sale or transferral of the funeral home.

Fiscal Summary

State Effect: Special fund revenues would increase \$550 in FY 2000 and every even-numbered year thereafter. No effect on expenditures.

Local Effect: None.

Small Business Effect: Potential meaningful. A small business that receives a corporate license pursuant to this bill would increase its business' value by approximately \$150,000, which is the current market value of a corporate license.

Fiscal Analysis

Background: In Maryland, a person may engage in the business of mortuary science as a: (1) sole proprietorship; (2) partnership; (3) professional association; or (4) corporation. The State requires these owners to have a licensed mortician operate the funeral home. To date, the board has issued a total of 59 corporate licenses and currently does not have the authority to issue any additional licenses. Corporate licenses are renewed biennially at a fee of \$550. Because the number of corporate licenses is limited, any corporation that intends to enter the mortuary science business in Maryland must purchase an existing license from another

corporation. Because entry into the corporate market is restricted and there is a greater demand for corporate licenses than there are licenses, corporate licenses are currently traded at a value between \$150,000 and \$200,000.

There are approximately 260 funeral homes operating in Maryland, most of which are independently-owned small businesses. This number has remained relatively constant for the past several years. Fifty-nine of these businesses hold corporate licenses, of which 28 are owned by three publicly-held companies.

State Effect: Special fund revenues would increase by \$550 in fiscal 2000. It is assumed that one funeral home would be eligible to apply for a corporate license under the provisions of this bill, and will do so as soon as eligible. Corporate licenses are renewed biennially at a fee of \$550.

Information Source(s): Department of Health and Mental Hygiene (Board of Morticians,
Department of Legislative Services

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