

**Department of Legislative Services**  
 Maryland General Assembly  
 2000 Session

**FISCAL NOTE**

House Bill 503 (Delegate Morhaim)

Environmental Matters

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**Mortuary Science Business - Corporations - Licenses**

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This bill permits the Board of Morticians to issue corporate licenses to practice mortuary science. It deems void any corporate license issued to operate a mortuary science business that is not used for the practice of mortuary science in any two-year period. The bill also limits the consideration for the transfer of a license to the amount of the fee paid to the Board of Morticians. The bill repeals the licensure renewal requirements that a license must have been issued on or before June 1, 1945, and have been continuously renewed since that date.

The board must report annually to the General Assembly on the granting of corporate licenses and make recommendations for changes in law relating to those licenses.

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**Fiscal Summary**

**State Effect:** Special fund revenue increase of \$5,500 from new licensure fees for the Board of Morticians in FY 2001. Future year revenue increases reflect a constant number of applicants and biennial licensure renewal fees. Special fund revenue reduction of \$4,400 resulting from failure to renew corporate licenses. Future year revenue losses reflect biennial licensure renewals. No effect on expenditures.

(in dollars)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
SF Revenues (New Licenses)	\$5,500	\$5,500	\$11,000	\$11,000	\$16,500
SF Rev. (Unrenewed Licenses)	(4,400)	0	(4,400)	0	(4,400)
SF Expenditures	0	0	0	0	0
Net Effect	\$1,100	\$5,500	\$6,600	\$11,000	\$12,100

*Note: ( ) = decrease; GF = general funds; FF = federal funds; SF = special funds; - =indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** Meaningful.

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## Analysis

**Current Law:** A person may engage in the business of mortuary science (funeral home) as a: (1) sole proprietorship; (2) partnership; (3) professional association; or (4) corporation. These businesses must be wholly-owned by licensed morticians, except for corporations, which may be owned by anyone. A corporation not owned by licensed morticians must have a licensed mortician who operates the funeral home. The board cannot create new corporate licenses. Instead, it may only renew corporate licenses that were issued before June 1, 1945.

**Background:** 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 five years. Sixty of these businesses hold corporate licenses, of which 28 are owned by three publicly-held companies: (1) New Orleans-based Stewart Enterprises, Inc.; (2) Houston-based Service Corp. International; and (3) Canada-based Loewen Group, Inc.

**State Fiscal Effect:** Special fund revenues could increase by \$5,500 in fiscal 2001. This bill allows the board to issue new corporate licenses to practice mortuary science. The initial and renewal fee is \$550. It is assumed that ten licenses will be requested and issued each year and reflects biennial licensure renewal for new licensees.

Special fund revenues could decrease by \$4,400 in fiscal 2001. The bill also provides that a business with a corporate license must actively practice mortuary science in any given two-year period, or the corporate license will be deemed void. Currently, eight businesses have active corporate licenses, but do not engage in the business of mortuary science. Because the bill allows the board to issue as many new licenses as it deems appropriate, these dormant businesses do not have to continuously renew their existing licenses in order to benefit from corporate licensure in the future. These dormant businesses will allow their licenses to become void and will stop paying renewal fees. The businesses may later apply for a new corporate license at the time they choose to begin practicing mortuary science. Future year revenue reductions reflect the loss of biennial licensure renewal fees from these eight businesses. Expenditures would not be affected.

**Small Business Effect:** This bill reduces the current consideration of corporate licenses from a range of \$150,000 - \$200,000 to \$550, greatly diminishing the value of some existing funeral home businesses. The effect of allowing more corporations to enter the mortuary

science business would mean increased competition for small businesses. If these large corporations have lower costs due to economies of scale, or if they are able to offer certain services that cannot be offered by small business funeral homes, some small businesses would be adversely affected.

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### **Additional Information**

**Prior Introductions:** A similar bill was introduced as HB 104 in the 1999 session. It was not reported from the House Environmental Matters Committee.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 13, 2000  
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