

Department of Legislative Services
 Maryland General Assembly
 2000 Session

FISCAL NOTE

House Bill 188 (Delegates Morhaim and Owings)

Environmental Matters

Mortuary Science Business - Corporations - Licenses

This bill allows the State Board of Morticians to issue up to ten corporate licenses to operate a mortuary science business in calendar 2000, 2001, and 2002. The board may issue as many licenses as necessary after 2002. In addition, the bill allows the board to issue licenses through a lottery if the number of applicants exceeds the number of available licenses. The bill also limits the consideration for the transfer of a license to the amount of the fee paid to the board. 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.

Fiscal Summary

State Effect: Special fund revenue increase of \$11,000 for the Board of Morticians in FY 2001. Future year revenues assume the number of license applications remains constant, and reflect biennial licensure renewals. No effect on expenditures.

(in dollars)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
SF Revenues	\$11,000	\$5,500	\$16,500	\$11,000	\$22,000
SF Expenditures	0	0	0	0	0
Net Effect	\$11,000	\$5,500	\$16,500	\$11,000	\$22,000

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

Local Effect: None.

Small Business Effect: Meaningful.

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 and are 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 Revenues: This bill would allow the board to issue ten new corporate licenses in calendar 2000, 2001, and 2002, and any number of corporate licenses after 2002. It is anticipated that applications for these corporate licenses could be received as soon as they become available because the demand for corporate licenses exceeds the supply. Consequently, it is expected that there would be ten licenses issued in October 2000 (fiscal 2001), ten issued in January 2001 (fiscal 2001), and ten issued in January 2002. In 2003, the board may issue as many corporate licenses as it deems appropriate. Accordingly, special fund revenues would increase by \$11,000 in fiscal 2001 (20 licenses x \$550 license fee). Future year revenue increases assume ten new licenses will be issued each year and reflect biennial licensure renewals.

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.

Additional Information

Prior Introductions: An identical bill, HB 107, was introduced in 1999. It was not reported

from the 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

cm/jr

Analysis by: Susan D. John

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510