

Department of Legislative Services  
Maryland General Assembly  
2001 Session

FISCAL NOTE

House Bill 631 (Delegate Donoghue)  
Economic Matters

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**Preneed Burial Contracts - Interest and Finance Charges**

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This bill provides that a preneed burial contract may charge interest or finance fees for preneed burial goods or services that are not delivered or performed until the death of the purchaser. The bill also provides that interest or finance fees are subject to the *Retail Credit Account* and the *Retail Installment Sales* subtitles of the Commercial Law Article (Title 12, Subtitles 5 and 6).

The bill also provides that a commercial lending institution that purchases a preneed burial contract is restricted to the financing terms of the preneed burial contract.

The bill may not be applied or interpreted to have any effect on or application to any preneed burial contract executed before the bill's effective date.

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**Fiscal Summary**

**State Effect:** None. The bill pertains exclusively to private sector activities.

**Local Effect:** None.

**Small Business Effect:** Potential meaningful.

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**Analysis**

**Current Law:** A preneed burial contract may not charge interest or finance charges unless the preneed goods or services are delivered to or performed for the purchaser before the purchaser's death. A commercial lending institution that buys a preneed burial

contract may impose interest or a finance charge on the remaining balance due if a specified disclosure is made.

**Small Business Effect:** There are approximately 500 funeral homes and third-party burial goods sellers that would be affected by the bill. The majority of these death care establishments are small businesses and the bill, by allowing financing options, would potentially increase the ability of customers to purchase their goods and services.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader – March 5, 2001  
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