

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 1464 (Delegate Donoghue)
Economic Matters

Cemetery Corporations - Authority to Operate Funeral Establishments

This bill provides that the State Board of Morticians may issue a corporate license to operate a funeral establishment to a corporation that is owned or controlled by a registered cemetarian or permit holder, if: (1) the registered cemetarian or permit holder has averaged fewer than 150 burials or entombments on its premises per year for the last three years; (2) the funeral establishment is located on or adjacent to the cemetery premises and existed prior to January 1, 2001; and (3) the registered cemetarian or permit holder has a perpetual care trust fund in compliance with the perpetual care subtitle. The bill also provides that a corporate officer or director must sign a funeral establishment license application on behalf of a corporation that is certified under the provisions of the bill.

The bill is effective June 1, 2001.

Fiscal Summary

State Effect: The bill's requirements could be handled with existing budgeted resources.

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law: A corporation, limited liability company, or partnership must obtain a permit before it can operate as a cemetery or burial goods business. However, with certain exceptions, a corporation may not operate a funeral establishment.

A funeral establishment must be licensed by the State Board of Morticians before it can prepare remains for viewing or conduct services. In order to be licensed, a funeral establishment must be owned and operated by at least one licensed mortician or funeral director, a holder of a surviving spouse license, or a holder of a corporate license that meets the specified exceptions.

Small Business Effect: Most of the over 1,000 cemeteries in Maryland are small businesses. The provisions of this bill could result in a greater level of consolidation within the death needs industry by encouraging the entry of larger firms that can take advantage of economies of scale that smaller firms cannot realize. Smaller firms would then face stronger competition with respect to prices, revenues, and profits.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Office of the Secretary of State; Office of Administrative Hearings; Department of Labor, Licensing, and Regulation (Office of Cemetery Oversight); Department of Legislative Services

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mld/jr

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