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By: **Delegates Boutin, Frush, and Pitkin**  
Introduced and read first time: February 6, 2002  
Assigned to: Environmental Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **State Board of Morticians - Creation of a Family Security Trust Fund**

3 FOR the purpose of requiring the State Board of Morticians to create, by regulation,  
4 a Family Security Trust Fund; specifying the purpose of the Family Security  
5 Trust Fund; specifying the powers and duties of trustees; authorizing the State  
6 Board of Morticians to assess an annual fee for a certain period; authorizing the  
7 State Board of Morticians to specify penalties and collect monetary  
8 contributions; authorizing the trustees to reimburse losses of consumers under  
9 certain circumstances; authorizing the trustees to enforce restitution claims  
10 against the Family Security Trust Fund; providing that certain funds may not  
11 transfer or revert to the General Fund of the State; requiring the Legislative  
12 Auditor to audit the Family Security Trust Fund; and generally relating to the  
13 creation and establishment of a Family Security Trust Fund.

14 BY adding to  
15 Article - Health Occupations  
16 Section 7-322 and 7-323  
17 Annotated Code of Maryland  
18 (2000 Replacement Volume and 2001 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article - Health Occupations**

22 7-322.

23 (A) THE STATE BOARD OF MORTICIANS SHALL ADOPT REGULATIONS THAT:

24 (1) ESTABLISH A FAMILY SECURITY TRUST FUND OF THE STATE BOARD  
25 OF MORTICIANS;

26 (2) PROVIDE FOR THE APPOINTMENT OF TRUSTEES TO ADMINISTER THE  
27 FUND; AND

28 (3) PROVIDE FOR THE OPERATION OF THE FUND.

1 (B) THIS SECTION APPLIES ONLY TO LICENSEES THAT ARE LICENSED  
2 FUNERAL ESTABLISHMENTS, LICENSED FUNERAL DIRECTORS, AND LICENSED  
3 CORPORATIONS.

4 (C) THE PURPOSE OF THE FAMILY SECURITY TRUST FUND IS TO MAINTAIN  
5 THE INTEGRITY OF THE FUNERAL HOME PROFESSION BY PAYING MONEY TO  
6 REIMBURSE LOSSES CAUSED BY THE DEFALCATION OF LICENSEES.

7 (D) BY REGULATION, THE STATE BOARD OF MORTICIANS SHALL:

8 (1) REQUIRE A LICENSEE TO PAY TO THE FAMILY SECURITY TRUST  
9 FUND AN ANNUAL FEE FOR UP TO 2 YEARS, NOT TO EXCEED \$100; AND

10 (2) SPECIFY THE PENALTIES, INCLUDING REPRIMAND, LICENSE  
11 SUSPENSION, AND REVOCATION FOR PROVIDING MORTUARY SCIENCE OR FUNERAL  
12 SERVICES, FOR FAILURE OF A LICENSEE TO PAY THE FEE ESTABLISHED BY THE  
13 BOARD UNDER THE AUTHORITY OF THIS SUBSECTION.

14 (E) THE FAMILY SECURITY TRUST FUND MAY RAISE AND COLLECT MONEY  
15 THROUGH VOLUNTARY CONTRIBUTIONS OR OTHER MEANS.

16 7-323.

17 (A) THE TRUSTEES APPOINTED UNDER § 7-322 OF THIS SUBTITLE SHALL:

18 (1) RECEIVE CONTRIBUTIONS TO THE FAMILY SECURITY TRUST FUND;  
19 AND

20 (2) MANAGE THE ASSETS OF THE FUND.

21 (B) TO THE EXTENT THE TRUSTEES CONSIDER REIMBURSEMENT PROPER AND  
22 REASONABLE, THE TRUSTEES MAY USE THE FAMILY SECURITY TRUST FUND TO  
23 REIMBURSE A CONSUMER FOR A LOSS THAT WAS CAUSED BY A DEFALCATION OF A  
24 LICENSEE IF:

25 (1) THE LICENSEE CAUSED THE LOSS WHILE UNDER A CONTRACTUAL  
26 OBLIGATION TO PROVIDE SERVICES TO THE CONSUMER; AND

27 (2) THE CONSUMER CANNOT RECOVER THE MONEY UNDER A BOND.

28 (C) THE TRUSTEE MAY ENFORCE A CLAIM FOR RESTITUTION ARISING BY  
29 SUBROGATION, ASSIGNMENT, OR OTHERWISE AGAINST ANY PERSON WHOSE  
30 ACTIONS GAVE RISE TO A CLAIM THAT THE FAMILY SECURITY TRUST FUND PAYS.

31 (D) ANY UNSPENT PORTION OF THE FUND MAY NOT BE TRANSFERRED OR  
32 REVERT TO THE GENERAL FUND OF THE STATE, BUT SHALL REMAIN IN THE FAMILY  
33 SECURITY TRUST FUND TO BE USED FOR THE PURPOSES SPECIFIED IN THIS  
34 SUBTITLE.

1 (E) THE LEGISLATIVE AUDITOR SHALL AUDIT THE ACCOUNTS AND  
2 TRANSACTIONS OF THE FAMILY SECURITY TRUST FUND AS PROVIDED IN § 2-1220 OF  
3 THE STATE GOVERNMENT ARTICLE.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
5 effect October 1, 2002.