

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 1113 (Delegates Barve and Donoghue)
Economic Matters and Environmental Matters

Cemetery Corporations - Authority to Operate Funeral Establishments

This bill specifies the conditions under which 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 cemeterian or permit holder.

Fiscal Summary

State Effect: The bill's requirements could be handled with existing budgeted resources. Any increase in fee revenues is assumed to be minimal.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: A corporation that is owned or controlled by a registered cemeterian or permit holder may be issued a corporate license if: (1) the registered cemeterian or permit holder averages fewer than 150 burials per year for the last 3 years; (2) the funeral establishment is located on or adjacent to the cemetery premises; and (3) the registered cemeterian or permit holder has a perpetual care trust.

The bill requires the Office of Cemetery Oversight to certify to the State Board of Morticians, after the applicant has submitted satisfactory evidence, that the registered cemeterian or permit holder meets the specified requirements. 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.

Current Law: 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 licensed funeral director, or a holder of a surviving spouse or corporate license. The only corporation licenses allowed under current law are those that were held on or before June 1, 1945.

Background: To date, the board has issued a total of 60 corporate licenses. Current law prohibits the creation of additional corporate licenses.

Corporate licenses are renewed biennially at a fee of \$550. Because the number of corporate licenses is limited, any corporation that intends to enter the mortuary science business in Maryland must purchase an existing license from another corporation. Because entry into the corporate market is restricted and there is a greater demand for corporate licenses than there are licenses, corporate licenses are currently traded at a value between \$150,000 and \$200,000.

There are approximately 265 funeral homes operating in Maryland, most of which are independently owned small businesses. This number has remained relatively constant for the past several years. Sixty of these businesses hold corporate licenses, of which 30 are owned by 3 publicly-held companies. According to the Office of Cemetery Oversight, there are 70 registered cemeteries in the State. At least one registered cemetery is affiliated with a funeral establishment and may be eligible for a corporate license under the bill.

Additional Information

Prior Introductions: In 2001, HB 1036 received an unfavorable report in the Economic Matters Committee.

Cross File: None.

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

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lsc/jr

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