

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 963

(Senator Mautz)

Budget and Taxation

**Abandoned and Neglected Cemeteries Fund - Establishment and Income Tax
Checkoff**

This bill establishes the Abandoned and Neglected Cemeteries Fund and the Abandoned and Neglected Cemeteries Fund checkoff on the individual income tax return form. The purpose of the fund is to provide for the care, preservation, maintenance, and restoration of abandoned and neglected cemeteries in the State. By September 30 annually, the Secretary of Labor must report to the General Assembly on the administration of the fund. **Provisions relating to the income tax checkoff take effect July 1, 2026, and apply to tax year 2026 and beyond.**

Fiscal Summary

State Effect: No effect in FY 2026. Special fund revenues and expenditures for the Maryland Department of Labor (MD Labor) increase by an indeterminate amount beginning in FY 2027, as discussed below. Special fund revenues for other funds receiving contributions through income tax checkoffs may decrease beginning in FY 2027. The Comptroller's Office can implement the income tax checkoff with existing budgeted resources, and MD Labor can administer the fund with existing resources.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: "Abandoned cemetery" is defined as a cemetery for which (1) the organization established to operate the cemetery has been terminated, dissolved by the

State, or otherwise ceased to exist and the title has not been conveyed; (2) there is no property owner listed in the records of the State Department of Assessments and Taxation; (3) the property has been condemned; or (4) no person who is legally responsible for the property can be found and legal ownership of the property cannot be determined.

“Neglected cemetery” means a cemetery for which (1) two or more citations have been issued by a county or municipality against the property for failure to maintain the property; (2) the property has fallen into disrepair due to neglect and insufficient maintenance; (3) the property has been the object of vandalism, loitering, or other criminal conduct; or (4) there has been physical destruction or deterioration of the property.

The Abandoned and Neglected Cemeteries Fund is a special, nonlapsing fund administered by the Secretary of Labor. The fund consists of net proceeds from the income tax checkoff established under the bill, money appropriated in the State budget for the fund, interest earnings, and any other money from any other source accepted for the benefit of the fund.

Money in the fund may be used only for the costs of (1) care, preservation, maintenance, and restoration of abandoned and neglected cemeteries; (2) administering the fund; and (3) promoting donations to the fund, provided that no more than 5% of the net proceeds of the fund are used for this purpose. Money expended from the fund for the preservation, care, and maintenance of abandoned and neglected cemeteries is supplementary to and not intended to take the place of funding that otherwise would be appropriated for the Office of Cemetery Oversight.

Beginning in tax year 2026, the Comptroller must include on the individual income tax form a checkoff designated as the “Abandoned and Neglected Cemeteries Fund.” The Comptroller must include with the individual income tax return package a description of the purposes for which the fund was established and the purposes for which the fund may be used. After deductions for administrative expenses, the Comptroller must distribute the proceeds from the checkoff to the fund.

Current Law:

Income Tax Checkoffs

The Chesapeake Bay and Endangered Species Fund, Maryland Cancer Fund, Developmental Disabilities Services and Support Fund, and Fair Campaign Financing Fund are the four current checkoffs on the individual income tax form. Chapters 617 and 618 of 2023 establish the Maryland Veterans Trust Fund checkoff beginning in tax year 2025.

Office of Cemetery Oversight

The Office of Cemetery Oversight within MD Labor regulates the operation of cemeteries, including those offering perpetual care and preneed burial contracts, and certain crematories. An individual must be registered with the office before operating a cemetery, crematory, or providing burial goods. A corporation, limited liability company, or partnership must obtain a permit before operating a cemetery, crematory, or burial goods business. The operations of the office are supported by registration and permit fees, which are deposited into the Cemetery Oversight Fund.

State Fiscal Effect: Special fund revenues for the newly created Abandoned and Neglected Cemeteries Fund increase beginning in fiscal 2027 due to proceeds from the income tax checkoff. Special fund expenditures increase accordingly as the funds are expended for authorized purposes, including any related administrative expenses. Revenues to other special funds that benefit from income tax checkoffs may decrease to the extent donations are shifted to the fund; however, any such effect cannot be reliably predicted.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See SB 647 and HB 828 of 2024.

Designated Cross File: HB 535 (Delegate Simmons, *et al.*) - Health and Government Operations and Ways and Means.

Information Source(s): Comptroller's Office; Maryland Department of Labor; Department of Legislative Services

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