

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 698
Health

(Delegate Bhandari, *et al.*)

**State Board of Morticians and Funeral Directors – Board Operations and
Regulation of Crematories and Reduction Facilities**

This bill renames the State Board of Morticians and Funeral Directors to be the State Board of Morticians, Funeral Directors, and Crematories and gives regulatory oversight of crematories and reduction facilities exclusively to the board – removing the role that the Office of Cemetery Oversight (OCO) has had over crematories and reduction facilities. Even so, a person who holds a permit or registration from OCO may continue to operate under the permit or registration until it expires and may renew the permit or registration with the board. Also, OCO retains jurisdiction over complaints (and any individuals cited in such complaints) regarding crematories and reduction facilities filed with the office before October 1, 2026. In addition, the bill also (1) alters the membership of OCO’s Advisory Council on Cemetery Operations; (2) alters provisions regarding the removal of board members, board quorum, and specified board disciplinary processes; and (3) requires the board to employ at least two inspectors to perform inspections. The bill makes clarifying and conforming changes to effectuate the transfer of regulatory oversight from OCO to the board.

Fiscal Summary

State Effect: Beginning in FY 2027, OCO special fund revenues decrease minimally, while board special fund revenues increase by an indeterminate amount, as discussed below. Board special fund expenditures increase by at least \$77,700 in FY 2027 for an inspector, as discussed below. Future years reflect annualization and ongoing costs. OCO special fund expenditures are not materially affected.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
SF Revenue	-	-	-	-	-
SF Expenditure	\$77,700	\$90,600	\$94,900	\$99,200	\$103,500
Net Effect	(\$77,700)	(\$90,600)	(\$94,900)	(\$99,200)	(\$103,500)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary/Current Law: Under current law, requirements related to the final disposition of human bodies are established under the Health – General Article. Cremation is regulated either by OCO within the Maryland Department of Labor (under the Business Regulation Article) or the State Board of Morticians and Funeral Directors within the Maryland Department of Health (under the Health Occupations Article), based on ownership of the crematory or reduction facility. Specifically, OCO and the board each regulate facilities in which their registrants/permit holders or licensees hold majority ownership. As part of their joint oversight of crematories and reduction facilities, OCO and the board must adopt identical regulations.

Transfer of Regulatory Authority Over Crematories and Reduction Facilities

The bill transfers responsibility for regulating crematories and reduction facilities currently under the authority of OCO to the board. Uncodified language requires that all functions, powers, duties, books, and records (including electronic records) related to the regulation of crematories and reduction facilities be transferred from OCO to the board. Regulatory oversight is transferred from Title 5 of the Business Regulation Article to Title 7 of the Health Occupations Article, including provisions related to:

- specified definitions;
- requirements related to a registration to operate a crematory or reduction facility, including procedures for obtaining and renewing a registration and the authority of registrants;
- requirements related to a permit to operate a crematory or a reduction facility, including procedures for obtaining and renewing a permit and the authority of permit holders;
- the authority to collect specified registration and permit fees;
- the requirement to display a registration or permit conspicuously;
- the authority to deny a registration or permit to an applicant, reprimand a person, or suspend or revoke a registration or permit under specified circumstances;
- procedures for complaints made against a registrant or permit holder;
- hearing provisions related to the denial, suspension, or revocation of a registration or permit or against an applicant; and

- requirements related to preneed contracts and the prohibition on assessing a crematory a per-occurrence cremation fee.

Oversight Over Pending Complaints

OCO must retain jurisdiction over (1) complaints regarding crematories and reduction facilities filed with OCO before October 1, 2026, until the complaint is closed or resolved, and (2) any persons who are the subject of the complaints to the extent necessary to close or resolve the complaint.

Current Registrants and Permit Holders

The bill specifies that a person registered as a crematory operator or a reduction operator, or who holds a permit to engage in the operation of a crematory or reduction facility issued by OCO, may continue to operate under that registration or permit until it expires and may renew the registration or permit with the board in accordance with the bill. A person that was originally registered or issued a permit under a provision of law repealed by the bill as obsolete or inconsistent continues to meet the requirements of the registration to the same extent as though that provision had not been repealed.

Office of Cemetery Oversight

Under current law, OCO, among other duties, regulates and provides registration for certain crematories and reduction facilities – generally those with 50% or more ownership by a licensee of the office. Responsibilities of OCO include the investigation and mediation of consumer complaints involving registrants and permit holders. To protect Maryland citizens from unfair and unscrupulous practices, OCO determines and enforces the ethical standards related to the operation of cemeteries and those related to the provision of burial goods and services within the State. OCO also regulates and monitors the funds held in perpetual care and preneed trusts by its licensees. OCO's administrative costs are paid from the Cemetery Oversight Fund, which receives fees paid by licensees and registrants.

Advisory Council on Cemetery Operations

Under current law, the Secretary of Labor must appoint an Advisory Council on Cemetery Operations to advise OCO on issues related to the regulation and administration of the office. The advisory council consists of 12 members: three registered ceterierians representing the for-profit cemetery industry; one registered ceterierian representing a nonprofit cemetery; one registered seller from a monument company; one representative from a religious cemetery; one representative from a crematory; and five consumer members. The bill removes the representative from a crematory from the advisory council.

State Board of Morticians, Funeral Directors, and Crematories

Under current law, the primary purpose of the board is the protection of the public's health and welfare through proper credentialing; examination; licensure; and discipline of morticians, funeral directors, corporations, crematory operators, reduction facility operators, apprentices, surviving spouses, mortuary transport services, transporters, courtesy card holders, and holders of an executor license in Maryland. The board also licenses, permits, and inspects funeral establishments and specified crematories for compliance with all applicable federal, State, and local laws and takes disciplinary action against such establishments where warranted. The board has jurisdiction over crematories and reduction facilities that are majority-owned by its licensees.

Board Membership: Under current law, the board consists of 11 members. Upon the recommendation of the Secretary of Health, the Governor may remove an appointed member whom the Secretary finds to have been absent from two successive board meetings without adequate reason.

The bill removes this authorization; instead, the Governor may remove an appointed member for repeated and unexplained absences or for any just and reasonable cause.

Under current law, a majority of the full authorized membership of the board is a quorum to do business. The bill specifies that a majority of *then-serving appointed members* of the board constitutes a quorum, and an action may be taken by a simple majority vote of the quorum.

Board Special Fund: The bill renames the State Board of Morticians and Funeral Directors Fund to be the State Board of Morticians, Funeral Directors, and Crematories Fund.

Inspections: Under current law, the board may conduct unannounced inspections of funeral establishments at any time without notice (1) in response to valid information provided to the board resulting in a complaint being opened concerning the preparation or body storage areas of a licensed funeral establishment, but only if the board has provided a copy of the complaint to the establishment or (2) of a funeral establishment that the board has placed on probationary status. The board must provide the results of an unannounced inspection to the holder of the funeral establishment license or the supervising mortician within 24 hours after completion of the inspection. The board may employ inspectors and other staff in accordance with the budget of the board.

The bill transfers, from OCO to the board, the authorization – on receipt of a written complaint or at the discretion of the board or the board's designee – to conduct an investigation and an inspection of the records and site of a registered crematory operator

or registered reduction operator or any other person subject to the registration or permit provisions of the board.

Appeal from an Order of Suspension or Revocation: Under current law, generally, any person aggrieved by a final decision of the board in a contested case may petition for judicial review. However, any health care professional aggrieved by a final decision of the board may not appeal to the Secretary of Health but may take a direct judicial appeal. If a person notes an appeal from an order of suspension or revocation by the board, the order is stayed.

The bill removes the requirement that, if a person notes an appeal from an order of suspension or revocation by the board, the order is stayed.

State Revenues:

Office of Cemetery Oversight

The bill removes regulatory oversight of crematories, crematory operators, reduction facilities, and reduction operators from OCO. Effective October 1, 2026, the office will no longer collect registration or permit fees from 4 crematories and 15 crematory operators. Therefore, OCO special fund revenue decreases by approximately \$6,000 on a biannual basis beginning as early as fiscal 2027. OCO has not yet issued a reduction facility registration or permit to operate a reduction facility.

State Board of Morticians, Funeral Directors, and Crematories

The bill transfers regulatory oversight of crematories, crematory operators, reduction facilities, and reduction operators from OCO to the board. The bill also authorizes the board to collect renewal fees from the 19 existing registration and permit holders, as well as for any *new* crematories, crematory operators, reduction facilities, and reduction operators in the future. Thus, board special fund revenues increase by an indeterminate amount beginning as early as fiscal 2027. As the board did not indicate the amount it will charge for registration and permit fees under the bill, the exact amount of such revenues cannot be reliably estimated at this time. Given the small number of anticipated registration and permit holders, such revenues are not anticipated to be significant.

State Expenditures: OCO advises that the bill has an operational impact on the office but is not anticipated to have a material impact on OCO special fund expenditures.

The board advises that any administrative updates, including amending regulations, processing registrations and permits, and oversight activities associated with the transfer of authority from OCO to the board can be absorbed by existing board staff. However, the

Department of Legislative Services notes that the bill requires the board to employ at least two inspectors to perform inspections (the board currently employs one). Thus, the board must hire one additional inspector. The board has previously advised that the cost of one inspector is \$101,159 for the first fiscal year (not including any vehicle costs).

Therefore, board special fund expenditures increase by at least \$77,674 in fiscal 2027, which accounts for the bill's October 1, 2026 effective date. This estimate reflects the cost of hiring one inspector to perform inspections as required under the bill. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$68,533
Operating Expenses	<u>9,141</u>
Total FY 2027 Board Special Fund Expenditures	\$77,674

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 413 (Senator Beidle) - Finance.

Information Source(s): Judiciary (Administrative Office of the Courts); Maryland Department of the Environment; Maryland Department of Health; Maryland Department of Labor; Department of Veterans and Military Families; Department of Legislative Services

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sj/jc

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