

Senate Finance Committee Hearing on SB 483

Testimony by David Zinner - 3/12/2020

Position: Oppose

I am a member of Maryland's Advisory Council on Cemetery Operations. This written testimony is not made in my official capacity nor as a representative of the Council or the Office of Cemetery Oversight.

SB 483 is bad for consumers and bad for State and Local Governments. SB 483 only looks at one half of the perpetual care equation. Here are five points that illustrate my concerns.

1. **Bad For Consumers** - The perpetual care trust fund is there for the **benefit** of consumers – the friends and children, grandchildren and great grandchildren of the loved ones who are buried in the cemetery, who want to see it perpetually maintained.
2. **Bad For State and Local Government** – If a cemetery's perpetual care fund runs out of money, the local or state government will have to step in and provide maintenance.
3. **How The Fund Works** - There are three elements to the perpetual care trust fund.
 - Additions – consumers pay 10% of the price of every burial lot purchase. State law mandates that that money goes directly into the perpetual care trust fund.
 - Investments – the additional income the fund generates from investments.
 - Withdrawals – the money the cemetery is allowed to take out of the fund for cemetery maintenance.
4. **Lining the Pockets** – SB 483 is a sneaky way for SCI to take more money from the perpetual care trust funds in their 13 Maryland cemeteries. SCI will tell you how their proposal is a better way to **invest** perpetual care funds, and supposedly increase the fund's income. But they won't talk about the other half - a better way to **preserve** the fund for the future. They are offering no proposed mechanism for insuring the fund will be perpetual, usually calculated with a 100 year time frame.
5. **It is About More Profit** – SCI doesn't need to raid the consumers' trust fund – They have \$12 billion in assets, annual revenue of \$3 billion with an annual profit of \$500 million.

We should challenge SCI to develop proposals that insure the perpetual care funds meet the 3F test - Fully Funded for the Future.