

## Written Testimony by David Zinner on House Bill 243

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.

The financial complexity of this amendment makes it difficult to discern its real impact. Basically it would allow cemeteries to withdraw much more than interest and dividends from their perpetual care funds. The proposed amendment focuses on the corporate "what can we get now" and is not balanced by the consumer's concern - "what do we need to do to care for and protect the cemetery in the future."

Specifically, this amendment is a bad idea for five reasons:

1. It essentially allows for raids on a cemetery's perpetual care fund, putting at risk almost \$90 million of consumers' perpetual care money that they have entrusted to Maryland cemeteries for their future care. The whole point of the perpetual care fund is to generate money to pay for future maintenance that will need to be done long after the current cemetery owners have disappeared.
2. No reference is made to any independent analysis that shows that the fund will not be negatively impacted.
3. Taking this additional money from the perpetual care fund not only undercuts the fund, but the money will be used to bolster the cemeteries bottom line. It certainly seems like this is greedy profiting off the entrusted money.
4. To add insult to injury, the amendment proposes that taxes would be paid from the corpus of the fund, not from the profits that are withdrawn. This is a double hit on the fund balance.
5. It puts an undue burden on the staff of the Office of Cemetery Oversight, as reflected in the fiscal note. Additional staff would need to be hired to evaluate, administer and approve any of these proposed changes.

The authors of this proposed amendment carry the burden to prove that this change will protect a \$90 million fund that is not insured by the Federal or State government. All that protects the consumer and stands between the cemeteries and the Perpetual Care Fund is the statute that mandates how much money must be put into the fund and the limits of what money – interest and dividends – that can be withdrawn for maintenance expenses.

### **How Much Money Is Held?**

In fiscal year 2018, 85 registered cemeteries held \$90 M of perpetual care fund and \$150 million of pre-need funds – a total of \$240 million dollars of consumer's money – almost a quarter of a billion dollars. That money is not insured by the federal government and it is not insured by the State of Maryland.

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