

SUSAN W. KREBS
Legislative District 5
Carroll County

Health and Government
Operations Committee

Government Operations and Estates
and Trusts Subcommittee

Health Facilities and
Pharmaceuticals Subcommittee



The Maryland House of Delegates
6 Bladen Street, Room 203
Annapolis, Maryland 21401
410-841-3200 · 301-858-3200
800-492-7122 Ext. 3200
Fax 410-841-3349 · 301-858-3349
Susan.Krebs@house.state.md.us

The Maryland House of Delegates

ANNAPOLIS, MARYLAND 21401

Health and Government Operations

HB 243 Cemeteries-Perpetual Care- Distribution From Perpetual Care Trust Fund

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When our loved ones are interred in a cemetery, we all hope that the grounds of the cemetery are well taken care of. Decades ago, legislation was introduced to regulate all cemeteries to require them to create and maintain perpetual care trusts. Ultimately, Maryland opted to only regulate for-profit cemeteries and require those cemeteries to dedicate a portion of all sales to a perpetual care trust fund in order to ensure the perpetual care and maintenance of each cemetery.

WHAT DOES THIS BILL DO?

Under current law a regulated cemetery's perpetual care trust can only use the income generated by the trust for a cemetery's regular maintenance costs. This means that the trust is more focused on short-term income generating investments like bonds and fixed income.

This bill allows a regulated cemetery to choose whether to stick with the income generation method or select the total return method of investing. The total return method incentivizes a broader diversification of investments in the trust, which reduces volatility and spreads out market risk. Under the total return method, a percentage of the portfolio, rather than the income generated, may be used for the care and maintenance of the cemetery. This allows the trustee to focus on the long-term health of the trust while at same time providing regulated cemeteries with the necessary funds to care for the grounds on an annual basis.

WHAT IS THE NEED FOR THE BILL?

The total return method provides the trustee of a regulated cemetery with the option of investing in a manner that provides a sustainable and stable cash flow. Doing so allows cemeteries to make future financial decisions efficiently so that they can serve families today and in perpetuity.