



MARYLAND STATE FUNERAL DIRECTORS ASSOCIATION, INC.

## HOUSE BILL 1628

### Sales and Use Tax-Rate Reduction and Services

#### Position of MD State Funeral Directors Assoc. (MSFDA): **OPPOSE**

- HB 1628 will impose sales tax on a funeral home's professional services, as well as related services that may be included in a funeral contract.
- HB 1628 is a tax that will impose an unnecessary financial hardship on families and raise the price of every funeral in MD; it is truly a tax on death.
- HB 1628 will hit families with higher costs at the worst possible time, during their grieving process; it will hit many families unexpectedly, where the death of a family member was unplanned and unexpected. Unlike other services, a death and a funeral are often a sudden and unexpected financial burden.
- Even where a death may be anticipated, HB 1628 will impact other families with higher costs after they have already gone through substantial health care and medical costs prior to death. Adding higher funeral costs on top of the costs of health care is simply unnecessary.
- HB 1628 will hit other families even harder, where it is the breadwinner of the family who dies, and the family is left with higher funeral costs in the midst of future financial uncertainty.
- In addition, HB 1628 will raise related funeral costs, which as an accommodation to the family, may be included as separate items in funeral pre-need contracts, such as cemetery grave opening and closing costs. If such costs are included in a funeral home's contract, these would also need to be taxed by the funeral home under the terms of this bill. Furthermore, such taxation of separate but related items would certainly be a needless administrative burden.
- Finally, there are thousands of existing pre-need contracts out there, where consumers have already paid for funeral services. When death occurs after the effective date of this bill, what happens? Is the funeral home required to go back to families, and require additional payment for sales taxes? The bill does not address this problem,



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- and it surely will unpleasantly surprise families to find out that they now owe additional monies on pre-need contracts that they believed were guaranteed.
- Considering all of the circumstances, imposing a sales tax on the professional services of a funeral home, and on related services that may be included in a funeral contract, is a bad idea, and amounts simply to a tax on death itself.

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