

**Department of Legislative Services**  
Maryland General Assembly  
2007 Session

**FISCAL AND POLICY NOTE**

Senate Bill 781

(Senator Conway)

Education, Health, and Environmental Affairs

Health and Government Operations

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**State Board of Morticians - Sunset Extension and Program Evaluation**

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This bill extends the termination date for the State Board of Morticians from July 1, 2008 to July 1, 2018 and requires another program evaluation by July 1, 2017.

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**Fiscal Summary**

**State Effect:** Special fund expenditures and revenues would be maintained for the board beyond FY 2008. The board's FY 2008 budget allowance is \$414,236.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** The State Board of Morticians is one of approximately 70 entities currently subject to evaluation under the Maryland Program Evaluation Act (sunset law). The board is scheduled to terminate July 1, 2008. The sunset law requires the Department of Legislative Services (DLS) to prepare a preliminary evaluation report on each governmental activity or unit subject to review, with a recommendation as to whether further (full) evaluation is necessary.

Established in 1902 as the State Board of Undertakers, the State Board of Morticians is one of the oldest health occupations boards in Maryland. In 1937 and 1981, respectively, the board was renamed the State Board of Funeral Directors and Embalmers and then the State Board of Morticians. Charged with the mission of protecting public health and

consumer interests and promoting quality funeral service practices in the field of mortuary science, the board serves the following five major functions:

- licensing and regulating funeral service providers;
- licensing, inspecting, and regulating funeral establishments;
- receiving and resolving complaints regarding licensees and funeral establishments;
- establishing standards for the practice of mortuary science; and
- providing education to consumers regarding the funeral service industry.

The board consists of 12 members: 8 licensed morticians or licensed funeral home directors and 4 consumers.

Chapter 156 of 2002 codified announced inspections of licensees by the investigator under certain circumstances and extended the termination date of the board to July 1, 2008. Chapter 220 of 2005 authorized the board to conduct an audit of a licensee that receives preneed funds, places preneed funds in a trust, or enters into a preneed contract.

The Maryland Morticians Act expressly prohibits the practice of mortuary science by an unlicensed individual and further limits the operation of funeral establishments by corporations. The board issues licenses for • apprentices; • morticians; • funeral directors; • the surviving spouse of a mortician or funeral director who will continue operating the funeral establishment in the event of the mortician's or funeral director's death; • funeral establishments; • corporations; and • individuals who practice mortuary science in another state or country and apply for a courtesy card authorizing them to transport dead human bodies into or out of Maryland to the other state or country of licensure. All licenses are issued on a biennial basis except apprentice licenses which are issued annually.

**Background:** In fiscal 2006, the board issued about 1,000 licenses most of which were for morticians. Funeral director, surviving spouse, funeral establishment, corporation, and courtesy card licenses renew November 30 of every year ending with an even number, placing the revenue in odd-numbered fiscal years.

The DLS full evaluation conducted in 2005 made various recommendations. In addition to extending the board's termination date by 10 years to July 1, 2018, the report recommended the board:

- submit a follow-up report to the Senate Education, Health, and Environmental Affairs Committee and the House Health and Government Operations Committee

by October 1, 2006, that details the steps that have been or will be taken to fully implement the board's complaint tracking system and addresses its backlog of complaints;

- address the rising number of complaints related to preneed contracts;
- determine the appropriate length of an apprenticeship; and
- propose legislation that provides for the regulation of crematories, developed in collaboration with the Office of Cemetery Oversight, the Advisory Council on Cemetery Operations, and the Maryland Department of the Environment.

Legislation to implement those recommendations did not pass during the 2006 session.

The DLS full evaluation also analyzed the board's revenues, expenditures, and fund balance. The board became self-supporting in 1992 when the General Assembly established special funds for most of the health occupations boards. The board's special fund is supported entirely by fees collected from licensees and continuing education vendors. **Appendix 1** shows the board's fiscal history over the past six years.

#### *Board's Response to Sunset Report*

The board took several different actions in response to the DLS report regarding preneed contracts, apprenticeships, crematories, and complaint tracking. For example, the board developed a new comprehensive database which allows complaints to be tracked by complaint type and the outcome of the complaint. Complaints are now catalogued to determine the complaints received and the length of time to resolve a complaint. Additionally, the board approved and promoted six continuing education classes that focus on preneed contracts.

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### **Additional Information**

**Prior Introductions:** A similar bill, SB 152 of 2006, was passed by the Senate and was amended and passed by the House. Its cross file, HB 196, was amended and passed by the House and then amended and passed by the Senate. A conference committee was appointed to address the differences between the House and Senate versions of the bills but the differences were not resolved.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene, Department of Legislative Services

**Fiscal Note History:** First Reader - March 12, 2007  
ncs/ljm

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**Appendix 1**  
**State Board of Morticians Fund History**  
**Fiscal 2001 through 2006**

	<b><u>FY 2001</u></b>	<b><u>FY 2002</u></b>	<b><u>FY 2003</u></b>	<b><u>FY 2004</u></b>	<b><u>FY 2005</u></b>	<b><u>FY 2006</u></b>
Beginning Balance	\$80,828	\$319	\$97,923	\$50,508	\$148,495	\$171,854
Revenues	242,313	455,164	326,648	461,608	312,871	492,560
<b><i>Total Revenues Available</i></b>	<b><i>\$323,141</i></b>	<b><i>\$455,483</i></b>	<b><i>\$424,571</i></b>	<b><i>\$512,116</i></b>	<b><i>\$461,366</i></b>	<b><i>\$664,414</i></b>
Direct Costs	\$159,859	\$290,270	\$314,763	\$293,880	\$216,861	\$338,346
Indirect Costs	162,963	67,290	59,300	69,741	72,651	71,450
<b><i>Total Expenditures</i></b>	<b><i>\$322,822</i></b>	<b><i>\$357,560</i></b>	<b><i>\$374,063</i></b>	<b><i>\$363,621</i></b>	<b><i>\$289,512</i></b>	<b><i>\$409,796</i></b>
Annual Surplus/ (Deficit)	(80,509)	97,604	(47,415)	97,987	23,359	82,764
Biennial Surplus (Deficit)		17,095		50,572		106,123
<b>Ending Balance</b>	<b>\$319</b>	<b>\$97,923</b>	<b>\$50,508</b>	<b>\$148,495</b>	<b>\$171,854</b>	<b>\$254,618</b>
Ending Balance as a Percentage of Total Costs	0%	27%	14%	41%	59%	62%

Note: Revenue and expenditure figures include receipt and repayment of loans.  
Source: State Board of Morticians