

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** Senate Bill 550 (Third Edition)

**SHORT TITLE:** Crematory Act Changes

**SPONSOR(S):** Senator Hagan

<b>FISCAL IMPACT</b>					
	<b>Yes ( )</b>	<b>No (X)</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2003-04</u></b>	<b><u>FY 2004-05</u></b>	<b><u>FY 2005-06</u></b>	<b><u>FY 2006-07</u></b>	<b><u>FY 2007-08</u></b>
<b>REVENUES</b>					
General Fund					
Section 14					No fiscal impact
Board Special Account					No fiscal impact
Civil Penalty and Forfeiture Fund					No fiscal impact
<b>EXPENDITURES</b>					
Board Special Account					See Assumptions and Methodology
<b>POSITIONS: (cumulative)</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> North Carolina Board of Mortuary Science					
<b>EFFECTIVE DATE:</b> This act becomes effective October 1, 2003.					

**BILL SUMMARY:** The bill changes the name of the North Carolina Board of Mortuary Science to North Carolina Board of Funeral Service, rewrites Article 13C of Chapter 90 dealing with cremations, and makes technical changes to the law on funeral service.

**ASSUMPTIONS AND METHODOLOGY:**

Penalties

The rewrite of GS 90-210.43 in section 2 of the bill increases the maximum penalty the Board can assess from \$1,000 to \$5,000. This increase conforms the penalty amount for crematory violations to the amount for funeral service found in Article 13A of Chapter 90. The Board typically imposes penalties that range from \$250 to \$1,000. Given the recent history of Board disciplinary actions, this change will not result in an increase in penalties deposited into the Civil Penalty and Forfeiture Fund.

In the recodification of fees from GS 90-210.48 into GS 90-210.52, the late renewal penalty is changed to a late renewal fee. By changing from a penalty to a fee, the Board can keep the \$75 fee and not deposit it into the Civil Penalty and Forfeiture Fund. However, there is no fiscal impact from this change, because the Board of Mortuary Science, on the advice of its Counsel, has not been depositing the penalty fee revenue into the Civil Penalty and Forfeiture Fund. There is also no impact for the change from penalty to late fee for resident trainees in section 7.

#### Fees

The new GS 90-210.52 has two new fees – the \$150 crematory manager permit application fee and the \$40 annual crematory manager permit renewal fee. In the short term, no new revenue is expected from this new fee. The fee only applies to crematory managers who work in crematories owned by cemeteries and all current employees are grandfathered in. The Executive Director of the Board of Mortuary Science does not anticipate growth in the number of cemetery owned crematories. Of the 61 crematories in North Carolina licensed by the Board of Mortuary Science and listed on its website, five are owned by cemeteries. While the Cremation Association of North America reports that the number of cremations in North Carolina rose from 12.8% of deaths in 1996 to 17.32% in 2001, the Board's Executive Director reports that no cemetery has built a new crematory in the state since 1991.

#### Miscellaneous

Section 5(b) of the bill allows the Board to buy property. This section could help the Board reduce operating expenditures. The Board pays \$60,000 a year to lease space in Raleigh. The Board's lease expires in February 2004 and its staff is looking at lease versus purchase options. This authority to buy property has been given to other occupational licensing boards in recent years, such as the Board of Examiners of Electrical Contractors.

Section 5(b) of the bill also allows the Board to employ legal counsel and clerical and technical assistance. The Board believes this is a clarifying amendment because such personnel have already been employed. The Board believes current statutes give them the power to hire these staff.

Section 7 closes a loophole for students who had been reaching the mandatory hours for licensing, but not finishing their degrees. For example, some students in the Fayetteville Tech funeral director program were not finishing the school's 37-hour program. This change is not expected to reduce the number of applicants.

Section 14 of the bill repeals the provision for preneed revenue to transfer excess funds to the state General Fund. The Board's Executive Director said that no transfer to the General Fund has ever been made from this Fund.

Section 16 of the bill changes the assessment of Mutual Burial Associations from an amount set as a pro rata share of administrative costs per member to an amount not to exceed 50 cents per member. The Board now charges 35 cents per member of a Mutual Burial Association to audit its books and has no plans to increase the fee. There are approximately 100 associations, but their numbers are declining at a rate of five or six per year. As the number of associations declines, so, too, will the amount of funds needed to audit their accounts.

**SOURCES OF DATA:** Board of Mortuary Science; Cremation Association of North America

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**DATE:** June 18, 2003



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