NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 485 (Second Edition)

SHORT TITLE: Funeral Establishments/AB

SPONSOR(S): Rep. Dockham

FISCAL IMPACT

Yes (X) No () No Estimate Available ()

FY 1997-98 FY 1998-99 FY 1999-00 FY 2000-01 FY 2001-02

REVENUES

Board Operating Fund Up to \$105,000 revenue gain each year.

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: North Carolina Board of Mortuary Science

EFFECTIVE DATE: Effective when it becomes law.

BILL SUMMARY: This bill makes changes to various statutes dealing with the practice of funeral service, cremations, and funeral and burial trust funds. HB 485 was referred to the Finance Committee because of a fee increase on preneed funeral contract licenses, new late fees imposed on delinquent payments by crematory and preneed licensees, and a reinspection fee for preneed licensees.

ASSUMPTIONS AND METHODOLOGY:

Section 27 of the bill gives the Board of Mortuary Science the right to increase the fee on preneed funeral contracts. Part (d) of G. S. 90-210.67 is amended to increase from \$15 to \$20 the maximum amount that can be charged for each license. The 600 funeral homes licensed to sell preneed contracts in the state remitted to the Board \$312,765 in 1995 and \$318,180 in 1996 from this license. Based on this experience, every \$1 increase in this fee equals approximately \$21,000. If the Board chooses to utilize the full \$5 increase, then the revenue increase will be \$105,000. The Board has no incentive to increase the fee by \$5 unless it truly needs the revenue, because it may retain only an amount equal to 20% of gross receipts and the rest is transferred to the General Fund.

Several sections of the bill add late fees for delinquent payments. Section 22 adds a late fee for crematories that do not submit their cremation fees (\$10 late fee per cremation) and their cremation report (\$75 per month past due date) in a timely manner. Only 2 of the 37 crematories in the state are habitual offenders of the filing deadlines. No revenue is projected from these late fees, because the Board thinks the late penalties will encourage the delinquent filers to follow Board rules. Section 27 adds a late fee for failure to timely renew a preneed funeral establishment license (\$100) or a preneed sales license (\$25) and failure to timely file a certificate of performance (\$150). Again, no revenue is anticipated from the late fees, because the Board believes the threat of late fees will encourage compliance with their deadlines.

There are two other sections that add a new license, but there is no revenue impact. Section 9 adds a new inactive license for individuals, but no fee is charged. A \$100 reinspection fee for preneed licensees is added in Section 28, but little or no revenue is expected since the Board has done only 2 reinspections in 5 years.

FISCAL RESEARCH DIVISION

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