

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 1244 (Second Edition)

SHORT TITLE: Amend NC Cemetery Act/Increase Fees.

SPONSOR(S): Senator Hoyle

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>
REVENUES	No General Fund Impact – See Assumptions and Methodology				
EXPENDITURES					
POSITIONS: (cumulative)					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:	North Carolina Cemetery Commission				
EFFECTIVE DATE:	This act is effective when it becomes law.				

BILL SUMMARY: The proposed legislation authorizes the North Carolina Cemetery Commission to increase the cap on certain fees and makes clarifying changes to the North Carolina Cemetery Act.

ASSUMPTIONS AND METHODOLOGY: The North Carolina Cemetery Commission is one of the boards and commissions given administrative support through the Department of Commerce. The principal purpose of the Commission is to regulate and supervise the activities of the for-profit cemetery industry under the laws of North Carolina. The Commission is receipt-supported and receives no state General Fund appropriation.

The proposed bill affects twelve fees administered by the North Carolina Cemetery Commission. Most of the changes affect the cap associated with a fee, thus the exact amount of additional revenue generated cannot be estimated. Currently, the Commission has a negative fund balance, thus the fee increases are necessary for ongoing operations. The Commission will be monitoring its statutory regulations and associated revenues, and the fee caps should be valid for many years.

The fees will affect licensed cemeteries, cemetery sales organizations, cemetery management organizations, cemetery brokers, and cemetery salespeople. The number of licensed cemeteries has remained constant for the past four to five years, while the number of cemetery salespeople has been trending slightly downward for the past several years. The table below shows the number of these organizations currently in North Carolina.

<u>Cemetery Organization</u>	<u>Number in NC</u>
Licensed cemeteries	175
Cemetery sales organizations	2
Cemetery management organizations	1
Cemetery brokers	1
Cemetery salespeople	~600

The proposed changes in fee caps will be:

Service	Impacted	Current Fee Cap	Proposed Fee Cap
Annual license fee	Licensed cemeteries	\$300	\$600
Inspection fee when the certificate of interment right is issued	Licensed cemeteries	\$2	\$4
Inspection fee for a preneed cemetery contract	Licensed cemeteries	\$5	\$10
Application and filing fee	Licensed cemetery applicants	\$800	\$1600
Application and filing fee	Licensed cemetery sales and management organization applicants	\$400	\$1000
Application and filing fee	Licensed cemetery broker applicants	\$200	\$500
Annual license renewal fee	Licensed cemetery sales or management organizations and cemetery brokers	\$100	\$600
Application and filing fee	Cemetery salespeople applicants	\$15	\$100
Annual license fee	Cemetery salespeople	\$10 / 1 yr	\$100 / 2 yrs
Application and filing fee	Change of control applicants	\$200	\$1600

The North Carolina Cemetery Commission Board has rule-making authority to set the fees within the caps laid out in state statute. **The Commission does not intend to increase all of the fees associated with the proposed legislation, nor will they increase any of the fees to their new caps.** The table below indicates those fees that may be changed during 2004 as a result of the statutory modifications.

Service	Impacted	Proposed Fee	Additional Revenue Generated
Annual license fee	Licensed cemeteries	\$350	\$8750
Application and filing fee	Licensed cemetery applicants	max of \$1600	max of \$1600 (one new cemetery expected)
Application and filing fee	Licensed cemetery sales and management organization applicants	max of \$1000	0
Application and filing fee	Licensed cemetery broker applicants	max of \$500	0
Annual license renewal fee	Licensed cemetery sales or management organizations and cemetery brokers	max of \$600	max of \$2000
Application and filing fee	Cemetery salespeople applicants	max of \$100	cannot estimate
Annual license fee	Cemetery salespeople	\$50 / 2 yrs	\$24,000
Application and filing fee	Change of control applicants	max of \$1600	0

The proposed legislation also increases the fee for the legal advertisement of a perpetual care fund in connection with the sale of cemetery property. Currently the fund must have \$40 per grave space, niche, or mausoleum crypt sold deposited in it, while the proposed change would increase the amount deposited to \$100 or 10% of the sale price per grave space, niche, or mausoleum crypt sold, whichever is greater. If a municipal, church-owned or fraternal cemetery converts to a private cemetery they must currently initially deposit \$10 per space or \$25,000, whichever is greater, for the establishment of a care and maintenance trust fund. The proposed change would increase the amount deposited to \$50 per space or \$50,000, whichever is greater. The funds in these instances go neither to the Cemetery Commission nor the owner of the cemetery, but rather to a trust fund for the perpetual care of the cemetery.

The proposed legislation also changes two penalties to administrative fees, leaving the amounts unchanged. If a cemetery company is delinquent on deposits to the perpetual care trust fund, the Commission may assess \$1 per day for each grave space, niche or mausoleum crypt sold. If a cemetery company is delinquent on providing reports on their business and financial status, the Commission may assess a late filing fee \$25 per month. These penalties have not been assessed in the past, thus the local school boards will see no decrease in revenue.

SOURCES OF DATA: North Carolina Cemetery Commission

TECHNICAL CONSIDERATIONS: N/A

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Stephanie Schmitt

APPROVED BY: James D. Johnson, Director
Fiscal Research Division



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Signed Copy Located in the NCGA Principal Clerk's Offices