



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bill 674 (Substitute S-2 as reported by the Committee of the Whole)  
Sponsor: Senator Jud Gilbert, II  
Committee: Economic Development and Regulatory Reform

### **CONTENT**

The bill would amend the Cemetery Regulation Act to do the following:

- Require the Cemetery Commissioner to promulgate rules governing endowment care trusts, merchandise trust accounts, and related trust funds.
- Require an endowment and perpetual care trust fund to be established with one or more regulated financial institutions that would serve as trustees.
- Require at least \$150,000 to be deposited into a trust fund before the sale of any burial or entombment rights.
- Require interest and income on the money in a trust fund to be used exclusively for endowment and perpetual care.
- Require notice to the Commissioner when 30% of perpetual care funds were moved from an account.
- Require money in a merchandise trust account to be deposited in a regulated financial institution, and require records to be kept in Michigan.
- Increase from \$500 to \$1,500 the investigation or filing fee for a permit to establish a cemetery or for a certificate of approval for a cemetery change of control or purchase.
- Require the endowment and perpetual care trust fund for a cemetery to be escrowed for six months after the cemetery was sold, transferred, purchased, or acquired.
- Specify circumstances that could make a person ineligible to become a cemetery owner or hold a controlling interest in a cemetery; and require the Commissioner to consider certain factors in determining whether to allow a person to become a cemetery owner.
- Expand the actions the Commissioner may take for noncompliance with requirements for a certificate of approval for the purchase or change of control of a cemetery.
- Require cemeteries' annual reports to include sworn statements and specified information; and authorize the Commissioner to impose an administrative fine for failure to report in a timely manner.
- Authorize the Commissioner to control, dispose of, transfer, or require acceptance of responsibility for, abandoned cemeteries.
- Authorize the Commissioner to petition for a court order to issue subpoenas to any person in regard to an investigation or hearing.
- Expand the authority of a receiver or conservator appointed for a cemetery.
- Provide for the investigation of a person directly or indirectly controlling a cemetery, when a permit application was submitted.
- Require the registration of each person owning or managing a cemetery, and include actions taken by cemetery owners, directors, members, and affiliated persons among the grounds for administrative sanctions.
- Increase the maximum criminal fine for a violation of the Act to \$10,000.

## **FISCAL IMPACT**

The Department of Labor and Economic Growth, Bureau of Commercial Services would receive a minimal amount of additional fee revenue from the increased application and investigation fees in the bill, and would have the authority to recover the cost of audits.

The bill would have an indeterminate fiscal impact on local government. There are no data to indicate how many offenders would be convicted of violating the Cemetery Regulation Act. To the extent that the bill resulted in increased incarceration time or convictions, local governments would incur increased costs of incarceration in local facilities, which vary by county. Additional penal fine revenue would benefit public libraries.

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Fiscal Analyst: Elizabeth Pratt  
Maria Tyszkiewicz  
Lindsay Hollander

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.