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House Bill 4456 (Substitute S-1 as reported)
Sponsor: Representative Hugh Crawford
House Committee: Regulatory Reform
Senate Committee: Regulatory Reform

CONTENT

The bill would amend Public Act 58 of 1915, which provides for the incorporation of cremation companies and associations, to do all of the following:

- Eliminate prohibitions against the encumbrance of a corporation's land.
- Allow a mortgage or other lien or encumbrance to be executed on land or buildings that were not under or part of a columbarium.
- Require a corporation, landlord, mortgagee, or lender, if there were a mortgage or other lien or encumbrance, to file and maintain a corporate surety bond and a cash bond, which could not be less than \$100,000 in total.
- Require the duration of a lease to be at least five years, if land or buildings were leased pursuant to the bill.

The Act regulates the establishment and maintenance of a corporation operating a crematorium or columbarium. Under Section 4 of the Act, a corporation may acquire by gift, devise, or purchase, and hold in fee simple, land that is necessary and appropriate for its purposes, but the land may not be encumbered in any way. The bill would repeal that section.

Section 6 of the Act provides that no mortgage or other lien or encumbrance may be executed upon the land or buildings of a corporation actually used for the disposal of the dead. The bill would delete that provision. Under the bill, Section 6 would authorize a corporation to acquire land that is necessary and appropriate for its purposes. A mortgage or other lien or encumbrance could not be executed upon the land or buildings of a columbarium.

A mortgage or other lien or encumbrance could be executed, however, on land or buildings that were not under or part of a columbarium, if the corporation, landlord, mortgagee, or lender filed and maintained in force a corporate surety bond and a cash bond that were conditioned upon the faithful performance of all cremations and dispositions of cremated remains contracted for, by, or on behalf of the corporation that owned the crematorium. The total of the bonds could not be less than \$100,000.

MCL 456.206

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 6-9-11

Fiscal Analyst: Josh Sefton