



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

House Bill 4456 (Substitute H-2 as passed by the House)  
Sponsor: Representative Hugh Crawford  
House Committee: Regulatory Reform  
Senate Committee: Regulatory Reform

Date Completed: 6-8-11

**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 a lease of land or buildings to be for at least five years.**

The Act allows five or more people to establish and maintain a corporation for the purpose of purchasing land for a crematorium or columbarium, or both, and for fencing, laying out, improving, and maintaining that land. 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 by gift, devise, or purchase, and hold in fee simple, 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, as determined by the Cemetery Commissioner, 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 surety bond and cash bond would have to be in an amount determined by the Commissioner, but the total of both could not be less than \$100,000.

The surety bond and cash bond would be subject to the rules and regulations promulgated by the Cemetery Commissioner under the Cemetery Regulation Act, and would be subject to the regulation of crematoriums under that Act. The bonds would be for the benefit of the State to ensure the performance of the cremation and the disposition of cremated remains contracted for, by, or on behalf of the corporation that owned the crematorium.

If land or buildings were leased pursuant to the bill, the duration of the lease would have to be for at least five years.

MCL 456.206

Legislative Analyst: Patrick Affholter

**FISCAL IMPACT**

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

Fiscal Analyst: Josh Sefton

S1112\4456sa.

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.