

Department of Legislative Services  
 Maryland General Assembly  
 2025 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 1555 (Delegate Bhandari, *et al.*)  
 Health and Government Operations

Funeral Establishments, Crematories, and Reduction Facilities - Oversight  
 (Ensuring Dignity and Accountability in Crematory and Funeral Home  
 Operations Act)

This bill requires the Office of Cemetery Oversight (OCO) and the State Board of Morticians and Funeral Directors to adopt regulations that require funeral establishments, crematories, and reduction facilities to maintain adequate refrigerated holding facilities to ensure proper storage of human remains. Also, OCO and the board must each (1) conduct at least two unannounced inspections annually of each facility they regulate; (2) employ at least one inspector; (3) establish and maintain a public online database with violation, inspection, and complaint information; (4) make specified notifications; and (5) submit and publish online a specified annual report. If OCO or the board finds that a person has violated statutory requirements with gross negligence, improperly handled human remains, or repeatedly violated specified statutory requirements, the person is subject to a civil penalty of up to \$50,000, permanent revocation of licensure, and referral for criminal prosecution.

Fiscal Summary

**State Effect:** OCO special fund expenditures increase by \$10,000 in FY 2026 only to update its website, as discussed below. However, board special fund expenditures increase by \$202,400 in FY 2026 to complete additional inspections and by an additional indeterminate amount for the online database (not shown). Future years reflect annualization, elimination of one-time costs, and ongoing expenses. Revenues are not affected.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	212,400	173,900	181,600	189,700	197,800
Net Effect	(\$212,400)	(\$173,900)	(\$181,600)	(\$189,700)	(\$197,800)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

**Local Effect:** Minimal increase in revenues due to the bill's penalty provisions for those cases heard in the circuit courts. Expenditures are not affected.

**Small Business Effect:** Meaningful.

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## Analysis

### Bill Summary:

#### *Inspections and Employment of at Least One Inspector*

Each year, the director of OCO must conduct at least two unannounced inspections of each registered crematory operator and registered reduction operator to ensure compliance with statutory requirements. Likewise, the board must conduct at least two unannounced inspections annually of each licensed funeral establishment to ensure compliance with statutory requirements.

If a registered crematory operator, registered reduction operator, or licensed funeral establishment is cited for a sanitation violation or the mishandling of human remains, an unannounced inspection of the facility must be conducted by OCO or the board (as appropriate) within 30 days after the citation was issued.

The director of OCO and the board must each employ at least one inspector to ensure compliance with regulatory requirements, conduct routine and complaint-based inspections, and respond to public concerns regarding violations.

#### *Public Online Database*

OCO and the board must each establish and maintain a publicly accessible, online database that includes information about each violation by, inspection of, and complaint against a crematory or reduction facility, or funeral establishment (as appropriate).

#### *Required Notification*

OCO and the board must notify the authorizing agent (the individual with legal authority to arrange for and make decisions regarding the final disposition of a dead human body) within 24 hours after OCO or the board becomes aware of a delay, an equipment failure, or a regulatory violation that involves a decedent's remains.

## *Annual Report*

By December 31 each year, OCO and the board must submit a report to the Senate Finance Committee and the House Health and Government Operations Committee that includes (1) the results of inspections required under the bill, including any violations and corrective actions taken; (2) the number of complaints received and the resolution of each complaint; and (3) recommendations for improving the regulation of funeral establishments or crematories and reduction facilities (as appropriate). OCO and the board must publish on their respective websites each annual report.

**Current Law:** In Maryland, deathcare is regulated either by OCO within the Maryland Department of Labor or the board within the Maryland Department of Health, based on ownership of the deathcare facility. Specifically, OCO and the board each regulate facilities in which their registrants/permit holders or licensees hold majority ownership.

In conjunction, OCO and the board must establish a process for regulating crematories that provides for (1) registration of crematory operators or issuance of permits for operating crematories and renewal; (2) applications, including certification of ownership and identification of individuals who will perform cremation; (3) registration or permit fees; (4) inspections and oversight; (5) grounds for discipline and penalties; and (6) complaints and hearings. The board and OCO must also adopt identical regulations, as specified, to ensure public health and safety.

## *Office of Cemetery Oversight*

OCO, among other duties, regulates and provides registration for crematories and reduction facilities under its jurisdiction – generally those with 50% or more ownership by a licensee of the office. Responsibilities of OCO include the investigation and mediation of consumer complaints involving registrants and permit holders. To protect Maryland citizens from unfair and unscrupulous practices, OCO determines and enforces the ethical standards related to the operation of cemeteries and those related to the provision of burial goods and services within the State. OCO also regulates and monitors the funds held in perpetual care and preneed trusts by its licensees. OCO's administrative costs are paid from the Cemetery Oversight Fund, which receives fees payments from licensees and registrants.

*Investigations and Inspections:* On receipt of a written complaint, or at the discretion of the director of OCO, the director or their designee may conduct an investigation and an inspection of the records and site of a registered cemeterian, registered crematory operator, registered reduction operator, registered seller, permit holder, or any other person subject to the registration or permit provisions of OCO.

*Penalties:* If the director of OCO finds that a person has committed a prohibited act or violated a specified regulation, the director may refer the matter to the Attorney General for civil enforcement or the appropriate State's Attorney for criminal prosecution. The Attorney General may sue for and a court may grant injunctive or other equitable relief and/or imposition of a civil penalty of up to \$5,000.

*Annual Report:* By December 31 each year, the director of OCO must report on:

- the number of complaints resolved within the appropriate schedule;
- the number of complaints and inquiries received by the type of registrant, permit holder, or exemption from the registration and permit requirements;
- the number of complaints and the number of inquiries received by persons subject to, but not in compliance with, the registration and permit requirements of OCO;
- the nature of complaints and inquiries received, including whether complaints are related to the illegal recycling of graves;
- the type of purchase, focus of dissatisfaction, and type of resolution for both complaints and inquiries;
- whether complaints were resolved through negotiation, binding arbitration, or another method; and
- any disciplinary or enforcement actions taken against a registrant, permit holder, or a person subject to, but not in compliance with, the registration and permit requirements of OCO.

*Adverse Actions:* The director of OCO may deny a registration or permit to an applicant, reprimand a person subject to registration or permit requirements, or suspend or revoke a registration or permit if an applicant, registrant, or permit holder, or an agent, employee, officer, director, or partner of the applicant, registrant, or permit holder, among other actions:

- violates specified statutory requirements or regulations;
- violates the code of ethics adopted by the director;
- fails to provide reasonable and adequate supervision of the operation of the cemetery, crematory, or reduction facility or the provision of burial goods by agents, employees, officers, directors, or partners affiliated with a cemetery, crematory, reduction facility, or burial goods business;
- refuses to allow a required inspection; or
- fails to comply with an order of the director.

*Penalties:* If a person is charged with a violation that could result in suspension or revocation of a registration or permit, the director may seek an immediate restraining order

to prohibit the person from engaging in the operation of any cemetery, crematory, reduction facility, or burial goods business. Instead of, or in addition to, reprimanding a person, or suspending or revoking a registration or permit, the director may impose a civil penalty of up to \$5,000 for each violation or \$500 for each day a violation continues past the time set for correction. To determine the amount of the penalty, the director must consider the seriousness of the violation, the harm caused by the violation, the good faith efforts of the person, and any history of violations by the person.

### *State Board of Morticians and Funeral Directors*

The primary purpose of the board is the protection of the public's health and welfare through proper credentialing; examination; licensure; and discipline of morticians, funeral directors, corporations, crematory operators, reduction facility operators, apprentices, surviving spouses, mortuary transport services, transporters, courtesy card holders, and holders of an executor license in Maryland. The board also licenses, permits, and inspects funeral establishments and specified crematories for compliance with all applicable federal, State, and local laws and takes disciplinary action against such establishments where warranted. The board has jurisdiction over crematories and reduction facilities that are majority-owned by its licensees.

*Inspections:* The board may conduct unannounced inspections of funeral establishments that may take place at any time without notice: (1) in response to valid information provided to the board resulting in a complaint being opened concerning the preparation or body storage areas of a licensed funeral establishment but only if the board has provided a copy of the complaint to the establishment; or (2) of a funeral establishment that the board has placed on probationary status. The board must provide the results of an unannounced inspection to the holder of the funeral establishment license or the supervising mortician within 24 hours after completion of the inspection.

*Prohibited Acts:* In addition to any other sanction authorized for a violation, the board may issue a public cease and desist order and/or impose a civil fine of up to \$5,000 per offense.

*Adverse Actions:* The board may deny a license (except a funeral establishment licensee) to any applicant, reprimand any license, place any license on probation, or suspend or revoke any license if the applicant or licensee, among other things:

- violates any State, municipal, or county law, rule, or regulation on the handling, custody, care, or transportation of dead human bodies or the disposal of instruments, materials, and wastes relevant to preparation of a dead human body for final disposition;
- violates any rule or regulation adopted by the board;

- commits an act of unprofessional conduct in the practice of mortuary science; or
- fails to allow or comply with an inspection.

For a funeral establishment license, the board may deny a license to an applicant, reprimand the holder of a license, place the holder of a license on probation, or suspend or revoke a license if, with the knowledge or at the direction of the funeral establishment (1) an unlicensed individual practices mortuary science or funeral direction for or within the funeral establishment or (2) an employee of the funeral establishment fails to comply with specified requirements.

An action against a licensee may be brought by the board, the Attorney General, or a State's Attorney. If, after the board brings an action against a licensee, the board finds that there are grounds to place a licensee on probation or suspend or revoke a license, the board may impose a penalty of up to \$5,000 instead of or in addition to suspending or revoking the license.

**State Expenditures:** Under the bill, OCO and the board must (1) adopt regulations regarding adequate refrigerated holding facilities to ensure proper storage of human remains; (2) conduct at least two unannounced inspections of each facility they regulate; (3) employ at least one inspector; (4) establish and maintain a public online database with violation, inspection, and complaint information; (5) make specified notifications; and (6) submit and publish online a specified annual report.

Both OCO and the board can adopt regulations, make the specified notifications and submit and publish annual reports using existing budgeted resources.

*Inspections:* OCO currently employs one inspector, and the director may also conduct inspections. OCO regulations require crematories to be inspected on at least a biennial basis as well as in the course of an investigation or during the change of ownership of the crematory. For OCO, the bill necessitates more frequent inspections but of only five crematories. Accordingly, OCO advises that the current inspector and director can complete the additional required inspections with existing budgeted resources.

The board currently employs one inspector/investigator who conducts inspections of funeral homes once every two years and, as needed, during complaint investigations. To increase the frequency of inspections of funeral establishments (277) and crematories (36) under the board's purview to at least twice a year, the board requires two additional inspectors and a vehicle for each of them.

Therefore, board special fund expenditures increase by \$202,373 in fiscal 2026, which accounts for the bill's October 1, 2025 effective date. This estimate reflects the cost of hiring two inspectors to ensure that at least two unannounced inspections of each licensed

funeral establishment and crematory are conducted annually as required under the bill. It includes salaries, fringe benefits, one-time start-up costs (including the purchase of a vehicle for each inspector), and ongoing operating expenses.

Positions	2.0
Salaries and Fringe Benefits	\$133,095
One-time State Vehicle Purchases	46,740
Operating Expenses	<u>22,538</u>
<b>Total FY 2026 Board Personnel Expenditures</b>	<b>\$202,373</b>

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

*Public Online Database:* Under the bill, OCO and the board must each establish and maintain a publicly accessible, online database that includes information about each violation by, inspection of, and complaint against a crematory or reduction facility, or funeral establishment (as appropriate).

The board currently publishes [public disciplinary orders](#) (final disciplinary actions taken against licensees) on its website. However, the website does not include information about inspections or complaints. The board advises that its existing licensee directories likely cannot be updated to meet the bill's requirements; however, the board is unable to reliably estimate the cost of establishing and maintaining such a database. Therefore, board special fund expenditures increase by an additional indeterminate but likely significant amount in fiscal 2026 to establish and maintain a public online database with violation, inspection, and complaint information.

OCO advises that it must redesign its website to include information about violations, inspections, and complaints at an estimated cost of \$5,000 in fiscal 2026. OCO expenditures increase by an additional \$5,000 for legal fees associated with the review of potentially confidential information that may be required to be published under the bill. Thus, OCO expenditures increase by \$10,000 in fiscal 2026.

**Small Business Effect:** Small business funeral establishments, crematories, and reduction facilities must maintain adequate refrigerated holding facilities to ensure proper storage of human remains and comply with at least two annual inspections. Facilities in violation of specified statutory requirements are subject to additional civil penalties, permanent revocation of licensure, or referral for criminal prosecution.

## **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Judiciary (Administrative Office of the Courts); Maryland State's Attorneys' Association; Maryland Department of Health; Maryland Department of Labor; Department of Legislative Services

**Fiscal Note History:** First Reader - March 13, 2025  
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