



Funeral Consumers Alliance of Maryland and Environs

Protecting a consumer's right to a meaningful, dignified, and affordable funeral.

House Committee on Health & Government Operations of the Maryland General Assembly

Testimony on: HB 553 (Office of Cemetery Oversight - Cemetery Financial Statement - Requirements)

Position: Oppose

Hearing date: February 24, 2016

Thank you for the opportunity to provide testimony in opposition to HB 553 which would repeal the requirement that a cemetery which sells burial goods submit to the Office of Cemetery Oversight (OCO) a statement from a certified public accountant (CPA) detailing the assets and liabilities of the cemetery along with an assessment of the financial stability of the business. In place of this requirement, HB 553 proposes that a balance sheet from the most recent Federal tax return filed by the cemetery be submitted to the OCO.

The cemetery business is different from many others in that it receives money from consumers often many years before the products and services paid for in advance will need to be delivered to the purchaser. The money received for cemetery plots and pre-need trust funds, and also the 10% or more of the cost of each burial plot that goes into a cemetery's perpetual care fund, adds up to quite substantial sums of money at each cemetery that must be properly accounted for and protected so that it all will be there when needed in the future.

The Maryland General Assembly was well aware of past problems with missing funds as well as mismanaged, neglected and abandoned cemeteries when it created the Office of Cemetery Oversight in 1997 and specified that each cemetery which sells burial goods must submit to OCO a statement from a CPA as to the cemetery's financial stability. The need for cemeteries to prove their continuing viability and to properly account for all the funds that consumers prepaid has not lessened over time.

Requiring a cemetery's book keeping to be reviewed by a CPA makes sense because he/she is an objective third party who must adhere to Generally Accepted Accounting Principles (GAAP) of the American Institute of Certified Public Accountants. A balance sheet prepared for federal tax purposes can use reporting methods that are not in accordance with GAAP. Also, there is much less of an ability to prove solvency using a balance sheet generated for tax purposes than with a CPA review. In addition, the time and resources OCO would need to thoroughly scrutinize the tax information received from all the cemeteries it regulates to determine if there are any problems would lessen the time the small OCO staff could devote to routine oversight of the industry.

Being able to rely on a CPA report on each cemetery's financial stability is a far, far more effective and reliable way to protect consumers and their funds. It should be noted that virtually the same bill was considered by this committee in 2011 and given an unfavorable report. FCAME strongly encourages this committee to issue an unfavorable report on HB 553.

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FCAME is the volunteer-run, regional chapter of the non-profit Funeral Consumers Alliance (FCA), the oldest and largest consumer protection organization focused solely on guarding the rights (and wallets) of grieving consumers. FCA's many chapters across the country are dedicated to: helping consumers be more informed about death care options, and protecting the public from fraud and abuse in cremation, funeral and burial transactions. FCA and its chapters take no money from the death care industry or government.

Funeral Consumers Alliance of Maryland & Environs (FCAME)

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