



Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LS 08-0171
Prime Sponsor(s): Rep. Stafford
 Sen. Johnson

Date: January 29, 2008
Bill Status: House Business Affairs and Labor
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TITLE: CONCERNING THE REGULATION OF PERSONS WHO PROVIDE FOR THE FINAL DISPOSITION OF DEAD HUMAN BODIES IN THE COURSE OF BUSINESS.

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
State Revenue		
Cash Funds		
Mortuary Cash Fund*	\$422,960	\$47,400
State Expenditures**		
Cash Funds		
Mortuary Cash Fund	\$149,500	\$151,100
FTE Position Change	1.6 FTE	1.7 FTE
Effective Date: July 1, 2008		
Appropriation Summary for FY 2008-2009: See State Appropriations section of fiscal note.		
Local Government Impact: None		

* Fees are set to cover both the direct and indirect costs of a program's implementation. Pursuant to JBC policy, the fiscal note does not include all costs incurred under the bill. See **Expenditures Not Included** section of the fiscal note for these costs.

** Rounded

Summary of Legislation

This bill establishes a regulatory program for the funeral service profession within the Department of Regulatory Agencies. Under the bill, practitioners of mortuary science are required to be licensed, and funeral establishments, funeral directors, cremationists, embalmers, and interns are required to be registered. The bill provides the director of the department the authority to regulate the profession, and specifies the standards of practice and the requirements for registration and licensure. The director has the authority to deny, refuse to renew or revoke a license, investigate complaints, inspect facilities, and take enforcement action on violations including the issuance of cease and desist orders. The bill establishes the Mortuary Cash Fund and authorizes the director to set fees to cover the direct and indirect program costs. The bill includes a sunset date of July 1, 2018.

The following education and experience requirements are established for licensing and registration of funeral service workers:

- ▶ **Mortuary Science Practitioner** — a degree in mortuary science, passage of the national board examination and at least 2,000 hours practicing or interning as a mortuary science practitioner including experience in cremation and embalming;
- ▶ **Funeral Director** — at least 2,000 hours practice or interning as a funeral director and has directed at least 50 funerals or graveside services;
- ▶ **Embalmer** — at least 4,000 hours practicing or interning as an embalmer and has embalmed at least 50 dead human bodies;
- ▶ **Cremationist** — at least 500 hours practicing or interning as a cremationist and has cremated at least 100 dead human bodies; and
- ▶ **Intern** - a high school diploma or graduation equivalency diploma.

State Revenue

State cash funds revenue from fees is expected to increase by \$422,960 in FY 2008-09 and by \$47,400 in FY 2009-10. Because fees for funeral establishments are renewed biennially and renewals for practitioners are less than original licenses and registrations, FY 2009-10 revenue is less than FY 2008-09. Fees are credited to the Mortuary Cash Fund.

Fee Impact on Individuals, Families or Business. Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. The table below identifies the fee impact of this bill.

Table 1. Fee Impact of HB 08-1123 on Individuals and Business					
		FY2008-09		FY2009-10	
Type of Fee	Proposed Fee	Number Affected	Total Fee Impact	Number Affected	Total Fee Impact
Funeral Establishment Registration (renewed biennially)	\$700	500	\$350,000	0	0
Practitioners Original License/Registration	\$60	1,216	\$72,960	182	\$10,920
Practitioners Renewal License/Registration	\$30			1,216	\$36,480
TOTAL			\$422,960		\$47,400

Fees are based on both the direct expenditures of the program as described in the State Expenditures section, and indirect costs as shown in the Expenditures Not Included section. In addition, fees are set to reflect the department's use of accrual accounting. In FY 2008-09, \$422,960 will be collected in January. Of that, \$350,000 are for 2-year registrations. Since fees are not

collected until halfway through the fiscal year on a 2-year registration, only a quarter of those funds will be applied to FY 2008-09. One-half will be applied to FY 2009-10 and the last quarter to FY 2010-11. The next renewal will be January 1, 2011. The result is a revenue stream that reflects program expenditures.

State Expenditures

The bill is assessed with a cash funds impact of approximately \$149,500 and 1.6 FTE for FY 2008-09 and \$151,100 and 1.7 FTE for FY 2009-10 from the Mortuary Cash Fund.

Department of Regulatory Agencies — will operate the funeral service profession regulatory program within the Division of Registrations. According to the Colorado Funeral Service Board, there are approximately 1,216 practitioners and 500 funeral establishments in the state and the profession grows by about 15 percent each year. The department will require 1.4 FTE for both fiscal years and will use temporary staff to meet cyclical workload demands. The workload will include:

- *Administration* — application reviews, mailings, denials, and overall program management;
- *Communication* — training about the license process for funeral service providers through presentations at the Colorado Funeral Directors Association meetings, the Denver Metro Funeral Directors Association meetings, and other related venues;
- *Investigations* — complaint investigation requires the collection of data, travel time, on-site inspections, interviews, and the gathering of evidence. Of 1,700 licensees and registrants, it is estimated that there will be 50 complaints (3%) with 10 complaints (1%) serious enough to require full investigations; and
- *Hearings* — an estimated 8 complaint investigations will go to the division’s expedited settlement program with 4 of those going to the Attorney General for resolution.

Table 2. Expenditures for Department of Regulatory Agencies Under HB08-1123		
Cost Components	FY 2008-09	FY 2009-10
Personal Services	\$97,500	\$101,000
FTE	1.4	1.4
Operating Expenses	13,000	10,500
Computer Programming	11,900	
Capital Outlay (one-time cost)	4,800	
Legal Services	22,300	39,600
TOTAL	\$149,500	\$151,100

Department of Law — will provide legal services for rulemaking, enforcement of cease and desist orders, and dispute resolution. The Department of Law will require \$22,329 and 0.2 FTE in FY 2008-09 and \$39,617 and 0.3 FTE in FY 2009-10.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, funding for the items noted below will not be included in fiscal note expenditure estimates. However, indirect costs are calculated for the purpose of identifying the "per applicant" cost of a new or revised fee to reflect the total direct and indirect costs required to support a particular program.

- group health, life and dental insurance (\$8,819)
- short-term disability (\$81)
- amortization equalization disbursements (\$992)
- supplemental amortization equalization disbursements (\$310)
- indirect costs (\$17,388)

State Appropriations

The Department of Regulatory Agencies requires a cash funds appropriation of \$149,664 from the Mortuary Cash Fund and 1.4 FTE for FY 2008-09. Of those funds, the Department of Law requires \$22,329 (reappropriated funds) and 0.2 FTE.

Departments Contacted

Regulatory Agencies

Law

Judicial