


Colorado Legislative Council Staff Fiscal Note
STATE
REVISED FISCAL IMPACT
 (replaces fiscal note dated January 29, 2008)

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

Date: February 26, 2008
Bill Status: House Appropriations
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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		
Division of Registrations Cash Fund*	\$0	\$436,925
State Expenditures**		
Cash Funds		
Division of Registrations Cash Fund	\$142,800	\$121,700
FTE Position Change	1.6 FTE	1.6 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, as amended by the **House Business Affairs and Labor Committee**, establishes a regulatory program for the funeral service profession within the Department of Regulatory Agencies. Beginning July 1, 2009, practitioners of mortuary science are required to be licensed, and funeral establishments, crematories, 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. Standards of practice include operating in a safe and sanitary manner to protect public health. Registration requirements include providing disclosures of fraud convictions. In addition to the requirements for a funeral establishment, a crematory must prove that its staff have proper training on the equipment at the facility in order to be registered. 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 and referral to law enforcement agencies. The bill 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 \$436,925 in FY 2009-10 to the Division of Registrations Cash Fund.

Fee Impact on Individuals 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. Table 1 below identifies the fee impact of this bill.

Table 1. Fee Impact of HB 08-1123 on Individuals and Business			
		FY2009-10	
Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
Funeral Establishment Registration (2 year)	\$700	500	\$350,000
Crematories Registration (2 year)	\$700	49	\$34,300
Mortuary Science Practitioners License (1 year)	\$50	778	\$38,900
Funeral Directors, Cremationists, Embalmers, and Interns Registration (1 year)	\$25	549	\$13,725
TOTAL		1,876	\$436,925

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. Issuance of licenses and registrations will begin July 1, 2009, so fees will not be collected until FY 2009-10.

State Expenditures

The bill is assessed with a cash funds impact for the Department of Regulatory Agencies of approximately \$142,800 and 1.6 FTE for FY 2008-09 and \$121,700 and 1.6 FTE for FY 2009-10 from the Division of Registrations 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 1,327 practitioners and 549 funeral establishments in the state and the profession grows by about 15 percent each year. The department will establish 10 new license and registration types, requiring 1.6 FTE for both fiscal years and temporary staff to meet cyclical workload demands. The workload will include:

- *Implementation in FY08-09* — hire staff, promulgate rules, develop policies, procedures, and applications in preparation for registration and licensing;
- *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 1,876 licensees and registrants, it is estimated that there will be 5 complaints with 3 serious enough to require full investigations; and
- *Hearings* — an estimated 3 complaint investigations will go to the division's expedited settlement program with 1 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	\$93,500	\$99,800
FTE	1.6	1.6
Operating Expenses	13,900	11,900
Computer Programming	11,900	
Capital Outlay (one-time cost)	5,500	
Legal Services	18,000	10,000
TOTAL	\$142,800	\$121,700

Department of Law — will provide legal services for rulemaking, enforcement of cease and desist orders, and dispute resolution. The Department of Law will require \$18,000 and 0.1 FTE in FY 2008-09 and \$10,000 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 (\$10,078)
- short-term disability (\$89)
- amortization equalization disbursements (\$1,099)
- supplemental amortization equalization disbursements (\$344)
- workers' compensation (\$296)
- risk management (\$214)
- indirect costs (\$19,872)

State Appropriations

The Department of Regulatory Agencies requires a cash funds appropriation of \$142,796 from the Division of Registrations Cash Fund and 1.6 FTE for FY 2008-09. Of those funds, the Department of Law requires \$18,008 (reappropriated funds) and 0.1 FTE.

Departments Contacted

Regulatory Agencies Law Judicial