



February 26, 2024

SUMMARY OF BILL AS AMENDED (014347): Changes the name of the Pre-Need Funeral Consumer Protection Account to the Pre-Need Funeral State Administrative Fund which is to continue to be referred to as the Pre-Need Funeral Account. Removes the \$2,500,000 maximum allowable amount that the Commissioner of the Department of Commerce and Insurance (DCI) is required to deposit into the Pre-Need Funeral Account. Removes the requirement that any amount in excess of the \$2,500,000 cap be used to establish the Indigent Burial Fund (IBF) for the purposes of reimbursing funeral homes that provide funeral services to Tennessee residents verified as indigent. Removes all references to the IBF.

Changes the pre-need funeral consumer protection fee of \$20 to the pre-need state administrative fee of \$10 for every pre-need funeral sales contract entered into during the preceding renewal period and adds that the state administrative fee is authorized to be charged to the consumer. Authorizes the Commissioner to increase the state-wide administrative fee up to \$20 on January 1 of the year following a year in which the pre-need funeral account funds drop below \$2,000,000 as of June 30. Requires the \$20 fee to revert back to \$10 by January 1 of the year following a year in which the balance of the account has increased to \$2,500,000 or greater as of June 30 in which the event occurs.

Effective upon becoming law for promulgating rules; effective January 1, 2025 for all other purposes.

FISCAL IMPACT OF BILL AS AMENDED:

Decrease State Revenue –

**Net Impact – \$67,400/FY24-25/Pre-Need Funeral Account
\$184,200/FY25-26 and Subsequent Years/
Pre-Need Funeral Account**

Increase State Expenditures – \$24,700/FY24-25/Indigent Burial Fund

Other Fiscal Impact – In the event that the Pre-Need Funeral Account funds drop below \$2,000,000, and the administrative fee increases from \$10 to \$20 then there will be an increase to the Pre-Need Funeral Account until the account has reached \$2,500,000. The timing of such impacts cannot be reasonably determined.

Assumptions for the bill as amended:

- The Pre-need funeral consumer protection account had a balance of \$2,295,319 in FY22-23 and a balance of \$2,500,000 as of June 30, 2023.
- The Indigent Burial Fund had a balance of \$24,692 as of June 30, 2023.
- Public Chapter 933 of the 106th General Assembly created the Indigent Burial Fund to reimburse funeral homes that provide funeral services to those who are verified indigent.
- The proposed legislation deletes the Indigent Burial Fund.
- Funding in the Indigent Burial Fund would revert to the Pre-Need Funeral Account, resulting in a one-time increase in expenditures of \$24,692 from the Indigent Burial Fund and a corresponding one-time increase in revenue to the Pre-Need Funeral Account.
- Reducing the \$20 consumer protection fee now known as the \$10 administrative fee for applicants to renew would reduce revenue to the Pre-Need Funeral Account by half.
- According to DCI, FY22-23 collections were \$368,340.
- There will be a recurring decrease in state revenue to the Pre-Need Funeral Account of \$184,170 ($\$368,340 \times 50\%$).
- Due to the January 1, 2025 effective date, the recurring decrease will be half or \$92,085 in FY24-25 ($\$184,170 \times 50\%$).
- The net decrease in state revenue to the Pre-Need Funeral account will be \$67,393 ($\$92,085 - \$24,692$) in FY24-25. The recurring decrease in state revenue to the Pre-Need Funeral Account will be \$184,170 in FY25-26 and subsequent years.
- In the event that the Pre-Need Funeral Account funds drop below \$2,000,000, and the administrative fee increases from \$10 to \$20 then there will be an increase to the Pre-Need Funeral Account until the account has reached \$2,500,000. The timing of any such impacts cannot be reasonably determined.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period. The Burial Services/Cemetery Division experienced a surplus of \$242,805 in FY21-22, a surplus of \$156,010 in FY22-23, and had a cumulative reserve balance of \$1,854,633 on June 30, 2023.

IMPACT TO COMMERCE OF BILL AS AMENDED:

NOT SIGNIFICANT

Assumptions for the bill as amended:

- Reducing the \$20 consumer protection fee now to be known as the \$10 administrative fee for applicants to renew could reduce costs to individual applicants; however, it is assumed that costs are already being passed on to consumers as the legislation authorizes.
- Deleting the Indigent Burial Fund meant to reimburse funeral homes could lead to business expenditures for funeral homes that offer such services without reimbursement;

it is assumed that some funeral homes will now deny the services and non-profit organizations will cover the cost-increasing non-profit expenditures.

- The overall net impact on commerce or jobs is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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