

STAND. COM. REP. NO.

828

Honolulu, Hawaii

MAR 06 2009

RE: S.B. No. 661
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 661, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE FUNERAL INDUSTRY,"

begs leave to report as follows:

The purpose of this measure is to establish a licensing board of cemetery and funeral trusts to assist the Director of Commerce and Consumer Affairs in the licensing of cemetery and pre-need funeral authorities.

This measure also:

- (1) Establishes a special fund for enforcement purposes;
- (2) Adds other prohibited practices under state regulation;
- (3) Requires an actuarial report in addition to the audited financial statement; and
- (4) Requires and specifies sanctions for late submissions of the required audited financial statement.

Your Committee received five written comments on this measure. The written comments may be reviewed on the Legislature's website.

Your Committee finds that a licensing board, a special fund, and reporting requirements are crucial components in the effective

SB661 SD2 SSCR LRB 09-2829.doc



regulation of professions and occupations. First, a licensing board will hold specialized subject matter expertise in the regulated area. Second, a special fund or dedicated fund ensures the self-sustainability of regulatory activity. Third, licensee reporting requirements promote accountability to the public.

Under present law, the licensing of cemetery and pre-need funeral authorities is delegated to the Director of Commerce and Consumer Affairs. Also, no dedicated fund exists specifically for the licensing of cemetery and pre-need funeral authorities. Rather, licensing activities are funded by the compliance resolution fund, a special fund that finances the operations of the Department of Commerce and Consumer Affairs as a whole. Finally, the present requirements regarding audited financial statements are silent as to the contents of the statements.

As a result, Hawaii's laws governing cemetery and pre-need funeral authorities are among the most lax in the nation, and offer consumers inadequate protection. In particular, pre-need plans sold in this State do not meet the standards recommended by the national industry organization.

Accordingly, your Committee has amended this measure by:

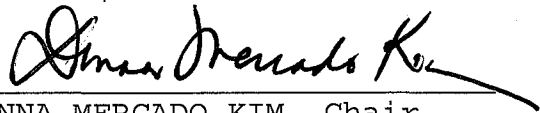
- (1) Replacing the licensing board with an advisory committee;
- (2) Clarifying rather than adding prohibited practices that result in a fine, revocation, or suspension of authority licenses;
- (3) Deleting specifications for the contents of the audited financial statement and actuarial report; and
- (4) Deleting certain sanctions for untimely submission of the audited financial statement.

In deleting the provisions relating to the required contents of the audited financial statement, your Committee intends that the advisory committee created under this measure will propose or suggest any additional necessary requirements for the audited financial statement with regard to licensee and trust financial information.



As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 661, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 661, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

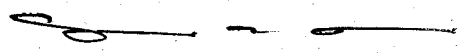


DONNA MERCADO KIM, Chair



The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 661 SDI	CPN, WAM	MAR 3 2009		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
• KIM, Donna Mercado (C)	/			
• TSUTSUI, Shan S. (VC)	/			
• CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani				/
• FUKUNAGA, Carol	/			
• GALUTERIA, Brickwood	/			
HEE, Clayton				/
• HOOSER, Gary L.	/			
• KIDANI, Michelle N.	/			
KOKUBUN, Russell S.				/
• TOKUDA, Jill N.	/			
HEMMINGS, Fred				/
TOTAL	8	0	0	4
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes