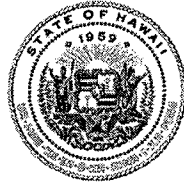


**SB 661**



**LATE**

LINDA LINGLE  
GOVERNOR  
JAMES R. AIONA, JR.  
LT. GOVERNOR

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DEPUTY DIRECTOR

**PRESENTATION OF THE  
CEMETERY AND FUNERAL TRUSTS PROGRAM**

TO THE SENATE COMMITTEE ON WAYS AND MEANS

TWENTY-FIFTH STATE LEGISLATURE  
Regular Session of 2009

Tuesday, March 3, 2009  
9:30 a.m.

**WRITTEN COMMENTS ON SENATE BILL NO. 661, S.D. 1, RELATING TO THE  
FUNERAL INDUSTRY.**

TO THE HONORABLE DONNA MERCADO KIM, CHAIR,  
AND MEMBERS OF THE COMMITTEE:

My name is Candace Ito, Executive Officer of the Cemetery and Funeral Trusts Program in the Department of Commerce and Consumer Affairs ("Department"). We appreciate the opportunity to present written comments on S.B. 661, S.D. 1, Relating to the Funeral Industry.

S.B. 661, S.D. 1 proposes amendments to the cemetery and pre-need funeral trust statute including new provisions and changes to current requirements. The Department's position on the various issues contained in the S.D. 1, are stated below.

Section 2 - Board: We support the concept of a board but we are currently in discussions with the proponent of this measure regarding creation of an advisory committee instead of a board.

Section 2 – Pre-need cemetery and funeral special fund: We have raised concerns relating to a cost impact on consumers that could arise as a result of this new special fund. We defer to the cemetery and pre-need funeral industry for their input on this new special fund.

Section 3 - Definitions: We find the definitions are unnecessary and therefore oppose this section.

Section 6 – Audited financial statements of pre-need trusts and perpetual care funds: We oppose any changes to the current law regarding audited financial statements at this time. We are currently in discussions with the proponent of this measure to have the proposed advisory committee consider proposed changes in this area.

Section 7 – Actuarial reports of pre-need trusts and perpetual care funds: We have no objection to the proposed amendments.

Section 8 – Annual report to the legislature: We oppose the requirement for DCCA to provide an annual report to the legislature. We are currently in discussions with the proponent of this measure to have the proposed advisory committee consider the issues enumerated in Section 8.

Section 9 – Annual statement to purchaser provided by licensee: We have raised concerns relating to a cost impact on consumers that could arise as a result of this new annual statement that is to be provided by the licensee to the purchaser. We

Written Comments on Senate Bill No. 661, S.D. 1  
March 3, 2009  
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defer to the cemetery and pre-need funeral industry for their input on this new annual statement to purchasers requirement.

Thank you for the opportunity to provide written comments on Senate Bill No. 661, S.D. 1.

# LATE

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
SENATE BILL NO. 661, S.D. 1

March 3, 2009

RELATING TO THE FUNERAL INDUSTRY

Senate Bill No. 661, S.D. 1, establishes a Board of Cemetery and Funeral Trusts to regulate cemetery and pre-need funeral authorities, their employees, agents or anyone soliciting on their behalf. The bill creates the Pre-Need Cemetery and Funeral Governance Fund to be administered by the Department of Commerce and Consumer Affairs to investigate any violation or complaint that alleges fraud, misrepresentation, or deceit against any pre-need funeral authority. This fund would receive deposits from a one-time fee collected from pre-need funeral authorities on each contract entered into.

As a matter of general policy, this department does not support the creation of any special fund which does not meet the requirements of Section 37-52.3 of the Hawaii Revised Statutes. Funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It is difficult to determine whether the fund will be self-sustaining.