

Honolulu, Hawaii

FEB 20 2009

RE: S.B. No. 661
S.D. 1

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

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 661 entitled:

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

begs leave to report as follows:

The purpose of this measure is to regulate the funeral industry by establishing a board of cemetery and funeral trusts within the Department of Commerce and Consumer Affairs and giving the board oversight authority over cemetery and funeral licensees.

Your Committee received testimony in support of this measure from the Funeral Consumers Alliance of Hawaii. Testimony in opposition to this measure was received from Dodo Mortuary, Inc, Hawaii Allied Memorial Council, Ballard Family Mortuary, Hawaiian Memorial Life Plan, and Dodo Mortuary Life Plan, Inc. Testimony with comments was received from the Regulated Industries Compliance Office, the Cemetery and Funeral Trusts Program of the Department of Commerce and Consumer Affairs, and the Department of Budget and Finance. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that it is important to protect funeral and cemetery consumers both because of the expense of funeral and cemetery products and services and because of the emotional nature of such purchases. Further, since cemetery and pre-need authorities often hold consumers' funds in trust, it is important to provide oversight of fund management.



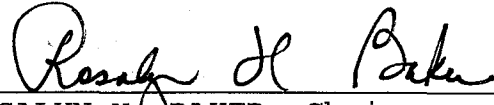
Your Committee has amended this measure by:

- (1) Changing the composition of the board to five members, including three cemetery or pre-need funeral licensees and two members of the public nominated by consumer advocate groups;
- (2) Removing the provision that allows for reimbursement of board expenses;
- (3) Removing the board's authority to receive complaints and take disciplinary action;
- (4) Changing the name of the pre-need cemetery and funeral governance fund to the pre-need cemetery and funeral special fund;
- (5) Applying fees only to contracts accepted on or after July 1, 2009;
- (6) Assessing fees to cemetery authorities, pre-need funeral authorities, and other interests as determined by the Department of Commerce and Consumer Affairs;
- (7) Clarifying the authorized purposes of the pre-need cemetery and funeral special fund;
- (8) Requiring audited financial statements and actuarial reports containing specified information;
- (9) Authorizing the Department of Commerce and Consumer Affairs to grant an extension for required reports;
- (10) Requiring the Department of Commerce and Consumer Affairs to report annually to the Legislature on licensee financial and actuarial reports;
- (11) Granting greater disciplinary and enforcement authority to the Department of Commerce and Consumer Affairs;
- (12) Changing the effective date to July 1, 2050; and
- (13) Making technical, nonsubstantive changes to section one to accurately reflect the purpose of this measure.



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

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



ROSALYN H. BAKER, Chair



