

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2173 - SB 2578

February 25, 2024

SUMMARY OF BILL: 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. Authorizes the Commissioner to increase the state-wide administrative fee up to \$20 for two years in the event the pre-need funeral account funds drop below \$1,000,000.

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

FISCAL IMPACT:

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

Assumptions:

- 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

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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.
- 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:

NOT SIGNIFICANT

Assumptions:

- 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.



Krista Lee Carsner, Executive Director

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