

**Assembly Bill No. 1379**

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Passed the Assembly August 16, 1999

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*Chief Clerk of the Assembly*

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Passed the Senate July 15, 1999

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 1999, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*



CHAPTER \_\_\_\_\_

An act to amend Section 7735 of, and to repeal Sections 7622.3 and 7651 of, the Business and Professions Code, relating to funeral directors and embalmers.

LEGISLATIVE COUNSEL'S DIGEST

AB 1379, Granlund. Funeral directors and embalmers.

Existing law requires the Funeral Directors and Embalmers Program to adopt regulations requiring continuing education for funeral directors and embalmers.

This bill would delete the requirement to adopt these continuing education regulations.

Existing provisions of the Funeral Directors and Embalmers Law require the holding in trust of money or securities furnished under a preneed funeral contract. None of the trust corpus may be used for payment of any commission or other expenses of trust administration.

This bill would authorize a trustee to pay taxes on the earnings of any such trust, as specified. Additionally, it would prohibit any of the trust corpus being used for the payment of taxes on the earnings of the trust.

Since a violation of the Funeral Directors and Embalmers Law with respect to preneed funeral arrangements is a crime punishable as a felony or a misdemeanor, this bill would expand the scope of an existing crime and would thereby impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.



*The people of the State of California do enact as follows:*

SECTION 1. Section 7622.3 of the Business and Professions Code is repealed.

SEC. 2. Section 7651 of the Business and Professions Code is repealed.

SEC. 3. Section 7735 of the Business and Professions Code is amended to read:

7735. No funeral establishment licensed under the laws of the State of California, or the agents or employees of a funeral establishment, shall enter into or solicit any preneed arrangement, contract, or plan, hereinafter referred to as “contract,” requiring the payment to the licensee of money or the delivery to the licensee of securities to pay for the final disposition of human remains or for funeral services or for the furnishing of personal property or funeral merchandise, wherein the use or delivery of those services, property or merchandise is not immediately required, unless the contract requires that all money paid directly or indirectly and all securities delivered under that agreement or under any agreement collateral thereto, shall be held in trust for the purpose for which it was paid or delivered until the contract is fulfilled according to its terms; provided, however, that any payment made or securities deposited pursuant to this article shall be released upon the death of the person for whose benefit the trust was established as provided in Section 7737. The income from the corpus may be used to pay for a reasonable annual fee for administering the trust, including a trustee fee, to be determined by the program, and to establish a reserve of not to exceed 10 percent of the corpus as a revocation fee in the event of cancellation on the part of the beneficiary. In addition to annual fees and reserves authorized by this section, a trustee may, at its election, pay taxes on the earnings on any trust pursuant to Section 17760.5 of the Revenue and Taxation Code. In no event, however, shall taxes paid on the earnings of any trust be considered part of the fees or reserves authorized by this section.



None of the trust corpus shall be used for payment of any commission nor shall any of the trust corpus be used for other expenses of trust administration, or for the payment of taxes on the earnings of the trust.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.



Approved \_\_\_\_\_, 1999

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*Governor*

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