

SENATE BILL REPORT

SB 5016

As of January 16, 2025

Title: An act relating to prearrangement funeral services.

Brief Description: Concerning prearrangement funeral services.

Sponsors: Senator Lovick.

Brief History:

Committee Activity: Business, Financial Services & Trade: 1/16/25.

Brief Summary of Bill

- Excludes certain funeral merchandise and transportation protection agreements from prearrangement funeral service contract requirements.
- Revises the minimum percentage of the purchase price required to be placed in trust and the percentage limit that may be retained by the funeral establishment for prearrangement funeral service contracts funded with trusts.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

Staff: John Kim (786-7453)

Background: A prearrangement funeral service contract is a contract under which a funeral establishment, for a specified consideration, promises to furnish funeral merchandise or services upon the death of the person named or implied in the contract. Funeral merchandise or services are those normally provided or performed by funeral establishments including burial supplies and equipment and the care, shelter, transportation, preparation, and embalming of human remains. Funeral merchandise or services do not include the sale of cemetery lands, cemetery interests, or incidental services, markers, memorials, monuments, equipment, crypts, niches, or vaults, which instead may be sold in

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prearrangement contracts with cemetery authorities.

Funeral establishments must be licensed by the Washington State Department of Licensing (DOL). A separate prearrangement funeral registration with DOL is required for a funeral establishment that sells prearrangement funeral service contracts.

In applying for prearrangement funeral registration, a funeral establishment must indicate whether its prearrangement funeral service contracts are funded with trusts or are funded with insurance. A funeral establishment selling prearrangement funeral service contracts funded with trusts must establish and maintain one or more trusts under state law, with two or more designated trustees, for the benefit of the beneficiary of the contract. Among other requirements, the funeral establishment must place at least 90 percent of the cash purchase price of the contract, paid in advance but excluding sales tax, in the trust. The remainder of up to 10 percent of the cash purchase price of the contract may be retained by the funeral establishment, except that a purchaser is entitled to a full refund of the purchase price of the contract if it is canceled within 30 calendar days after signing.

Summary of Bill: Exclusion of Certain Funeral Merchandise and Transportation Protection Agreements from Prearrangement Funeral Service Contract Requirements. The definition of a prearranged funeral service contract is revised to exclude funeral merchandise delivered either at the time of sale or within 30 days thereafter and to exclude transportation protection agreements. A transportation protection agreement is defined as an agreement that primarily provides for the coordination and arrangement of all professional services related to the preparation of transportation and subsequent transportation of human remains or cremated remains.

A funeral establishment is exempted from placing into trust moneys received for such funeral merchandise or for transportation protection agreements.

Trust Requirement. The minimum percentage of the cash purchase price of the prearrangement funeral service contract funded with trusts that must be placed in trust is decreased to 80 percent. The maximum percentage of the contract cash purchase price that may be retained by the funeral establishment is increased to 20 percent.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The bill helps funeral establishments to be more competitive, allowing them to hire quality staff, pay higher wages to an aging

workforce, and provide employee benefits. The reduced minimum trust requirement aligns Washington with other states and allows funeral establishments to pay for necessary items when the services are purchased.

Persons Testifying: PRO: Senator John Lovick, Prime Sponsor; Scott Sheehan, Washington Cemetery, Cremation & Funeral Association.

Persons Signed In To Testify But Not Testifying: No one.