



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [H.B. 481 of the 129th G.A.](#)

Date: May 1, 2012

Status: As Introduced

Sponsor: Rep. Hackett

Local Impact Statement Procedure Required: No

Contents: Authorizes the Board of Embalmers and Funeral Directors to regulate alkaline hydrolysis facilities, and other changes

State Fiscal Highlights

- The bill authorizes the State Board of Embalmers and Funeral Directors (FUN) to regulate and license alkaline hydrolysis facilities. Demand for the new license type is expected to be low. Currently there is only one facility in the state capable of handling human remains via alkaline hydrolysis. FUN is supported by various license fees that are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90).
- The bill allows licenses issued by FUN to be placed on inactive status at the license holder's request. There may be a gain or loss in license revenue as a result, depending on the choices made by license holders. There may also be a minimal increase in costs to administer inactive licenses.
- The bill allows FUN to issue courtesy cards to licensed funeral directors in bordering states that will authorize them to perform limited services in Ohio. There may be both a minimal increase in administrative costs and a minimal gain in revenue depending on how FUN would choose to administer courtesy cards.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

Overview

The bill authorizes the Board of Embalmers and Funeral Directors (FUN) to regulate alkaline hydrolysis facilities. Alkaline hydrolysis is a relatively new process for disposal of human remains. During the process, human remains are reduced to bone fragments by dissolution in a high pH solution of water and potassium hydroxide. The bone fragments are then pulverized into a fine powder which can then be returned to the decedent's custodian for final disposition. After the process, the potassium hydroxide solution is considered safe and released to a drain, or may require some minor processing prior to release depending on local regulations concerning the pH of waste water. Currently eight states (Colorado, Illinois, Florida, Kansas, Maine, Maryland, Minnesota, and Oregon) have approved the use of alkaline hydrolysis to handle human remains. The bill also authorizes FUN to place licenses it issues on inactive status allowing licensees in good standing to exit the licensed practice temporarily. Finally, the bill authorizes FUN to issue courtesy cards to licensed funeral directors in bordering states. Courtesy cards would allow those funeral directors to perform limited funeral-related services in Ohio. The fiscal effects of these changes are discussed below.

Authorization to regulate alkaline hydrolysis facilities

The bill authorizes FUN to license and regulate alkaline hydrolysis facilities. Because alkaline hydrolysis is a new technology, the Board will have to develop expertise in order to make rules and will have to train its two inspectors. As a result, the Board may initially incur some new costs. These costs would be paid from the Operational Licensing and Regulatory Fund (Fund 4K90), a funding pool used by a number of other state licensing boards and commissions that oversee various professions. FUN may also see a gain in revenue under the bill through licensing fees paid by alkaline hydrolysis facilities. The bill establishes the license fee for an alkaline hydrolysis facility at \$200. Any gain, however, would likely be negligible as the demand for licenses is expected to be very low initially, and will likely grow slowly over time. There is currently only one facility in Ohio equipped to handle human remains in this way, and according to an industry sales representative, there is little demand for this equipment.

Inactive licenses

The bill allows license holders to request their licenses be placed on inactive status. Licensees whose licenses are placed on inactive status may not return to active status for a minimum of two years from the date inactive status is granted. Returning a license to active status requires the licensee to pass the applicable examination for each license type and pay a reinstatement fee of \$140 for each license being activated. Under

current law, a licensee seeking to temporarily exit the industry must either keep licenses current by taking required continuing education classes and paying the applicable biennial license renewal fee, or allow their licenses to lapse. Reinstating a lapsed license under current law requires the licensee to pay the regular renewal fee plus \$50 for each full or partial month elapsed since expiration of the license. Creating the inactive license category may result in either gains or losses in license revenue depending upon the behavior of licensees and the choices they make concerning the status of their licenses. Additionally, FUN may incur minimal administrative costs associated with inactive licenses.

Courtesy cards

The bill allows FUN to issue courtesy cards to licensed funeral directors in bordering states that will permit those directors to perform limited services in Ohio. Specifically, the bill gives the Board discretion in determining fees and other conditions under which courtesy cards will be issued after taking into account whether and under what conditions and fees such border states issue similar courtesy cards to funeral directors licensed in Ohio. The specific effect on costs and revenues would depend on how the Board chooses to exercise the discretion to issue courtesy cards; however, there would likely be some minimal increase in administrative costs and some minimal gain in revenue as a result of this provision.