

SENATE THIRD READING

SB 777 (Richardson)

As Amended July 9, 2025

Majority vote

SUMMARY

Expedites the existing requirement under law that the Cemetery and Funeral Bureau (CFB) convene a workgroup, and provide a report, to discuss options for ensuring continued care of abandoned endowment care cemeteries.

Major Provisions

- 1) Requires the CFB to convene a workgroup of affected stakeholders by March 1, 2026, rather than July 1, 2027, to discuss options for ensuring continued care, maintenance, and embellishment of abandoned cemeteries, including the possibility of requiring counties to assume responsibility for cemeteries located within their boundaries that become abandoned.
- 2) Specifies county responsibilities considered by the workgroup must include maintenance, irrigation, public works, and burial services.
- 3) Specifies that the workgroup shall include, but not be limited to, representatives from the California Association of Local Agency Formation Commissions, the League of California Cities, the California State Association of Counties, the Urban Counties of California, the Rural County Representatives of California, public cemeteries, and legislative staff for the appropriate committees of the Legislature.
- 4) Requires the CFB to submit a report to the Legislature summarizing the workgroup's discussions and recommendations by June 1, 2026, rather than by January 1, 2028.

COMMENTS

Endowment Care Funds. A licensed cemetery's endowment care fund is comprised of consumer deposits for each space sold within the cemetery, and the accumulated income generated on those deposits from investments. Investment decisions must be conservative and are limited under the Cemetery and Funeral Act. Only the accumulated income portion of the fund may be spent on the care, maintenance, and embellishment of the cemetery.

Each year, a cemetery authority must submit a written report with the CFB that includes a detailed accounting of its endowment care activities and fund management. It must include the number of grave spaces, crypts, and niches sold under endowment care, the amounts collected and deposited into general and special endowment care funds, detailed statements of fund investments and financial condition, and disclosures of any transactions involving fund trustees and affiliated parties. The report must be verified by corporate officers and accompanied by an independent audit of the endowment and special care funds signed by a public accountant.

The Cemetery and Funeral Act authorizes Bureau oversight of an endowment care fund, including requirements regarding the number of days deposits must be made into the fund, proper and allowable investments, mandated annual independent audits of funds, and annual reporting to the CFB. The Act also allows the CFB to take possession of the fund and act as the conservator under certain conditions, including if there is probable cause to believe that

irreparable loss and injury to the endowment care funds of a cemetery authority has occurred, or may occur, unless the Bureau takes immediate action. As part of reforms enacted in the CFB's 2024 sunset bill AB 3254 (Berman), Chapter 589, Stats. of 2024, the Bureau was further granted authority to conserve an endowment care fund when a previously licensed cemetery becomes unlicensed due to abandonment, cancellation, surrender, or revocation of the license, and also authorized the CFB to conserve the endowment care fund when a cemetery authority voluntarily surrenders the fund to the Bureau. According to the CFB, some cemeteries have voluntarily surrendered their endowment care funds to the Bureau to avoid the annual audit costs as they transition to fewer employees and limited public access hours.

Abandoned Cemeteries in California. The issue of abandoned private cemeteries, and what can be done to ensure that older cemeteries are appropriately and respectfully maintained by another entity after they have been abandoned, has been a long-debated issue in the Legislature throughout the last decade. AB 180 (Bonilla), Chapter 395, Statutes of 2015 directed the CFB to conduct a study to obtain information to determine if the endowment care levels of each cemetery the CFB licenses are sufficient to cover the cost of future maintenance. The issue of abandoned cemeteries was further discussed in the 2019 and 2024 Joint Sunset Reviews of the CFB conducted by this Committee and the Senate Committee on Business, Professions and Economic Development, with further studies and reforms resulting from the sunset processes.

The 2017 Endowment Care Sufficiency Study found that at least 43 licensed cemeteries have an underfunded endowment care fund with limited spaces to sell. The report concluded that, although endowment care cemeteries deposit at least the minimum amounts required by law, there is still a substantial statewide shortfall. In fact, some deposited more than the minimum amount required by law, but it was still found that statewide the costs of maintaining California's privately-owned cemeteries exceeds the income generated from the cemeteries' endowment care trusts. The study pointed out that for at least 21 of the licensed cemeteries, endowment care income appears to be sufficient to cover the long-run costs of maintaining the endowment care spaces they have already sold, but for the large majority of licensed cemeteries, the endowment care income is not sufficient to cover the endowment care spaces they have already sold, and long-run sufficiency will require more significant trust growth.

There are two distinct drivers of the problem: older cemeteries have limited spaces remaining to sell and endowment funds are inadequate to perpetually maintain cemeteries that have since sold all available plots. Because these cemeteries are private businesses, properties that no longer generate revenue become abandoned if they cannot be sold, or they are abandoned following disciplinary measures by the CFB, including revocation of a license. The result is an unlicensed, abandoned cemetery where the resting places of the dead are not treated with dignity.

Control of Abandoned Cemeteries. Currently, when a private cemetery that has not interred more than 10 human bodies in the preceding five years threatens or endangers the health, safety, comfort, or welfare of the public, statute allows (but does not require) a city or county to declare that cemetery abandoned. The abandoned cemetery is then declared a pioneer memorial park and is maintained by the city or county. This statute, however, only applied to those abandoned cemeteries that never collected endowment care funds—in other words, cemeteries established prior to 1939.

The Act only provides for two options for maintenance by a private cemetery by an entity other than the licensee. One statute authorizes a court to appoint a temporary licensed cemetery

manager to manage the property and serve prepaid internments, or the county if there is no appointed temporary manager. The Bureau states that typically when a cemetery is within city limits, a county will not utilize this section and defer to the city (as occurred with Lincoln Memorial Park Cemetery). Statute additionally allows a city or county to perform maintenance within a cemetery when its license has been revoked, suspended, or not renewed. This law only applies to maintenance necessary to protect the health and safety of the public. In other words, while dry weeds creating a fire hazard would be addressed, the law does not provide for cosmetic upkeep to grounds and embellishments, which while not a matter of safety are important for communities whose families are interred in the cemetery.

In all of the above cases, local governments are not *required* to take action following the abandonment of a cemetery, but are merely *permitted* to under certain circumstances. The Bureau has previously pointed out that when a cemetery is proposed to be created, the local government in which it will be situated has to authorize and zone a parcel of land as cemetery property with approval to intern decedents. Local authorities are responsible for determining whether a piece of property within their communities will be dedicated as cemetery property, and local governments know that there is no guarantee a private cemetery business will remain active forever.

In its 2024 Sunset Review Report, the CFB suggested that the Legislature consider amending current statute to vest the responsibility of perpetual care with the jurisdiction that authorized the underlying use upon abandonment of a cemetery, contending that local governments—who initially permitted and zoned the private cemetery with full knowledge that they may eventually cease private operations—should ultimately be responsible for the cemetery's perpetual care. Such a mandate, however, may create challenges with local governments who argue that a lack of resources would not allow them to successfully assume responsibility for all private cemeteries within their boundaries.

Recognizing that the importance of this issue necessitates a thorough discussion of all potential options, AB 3254 (Berman), Chapter 589, Stats. of 2024 required the CFB, by July 1, 2027, to convene a workgroup comprised of representatives from the cemetery industry, county government, and other interested stakeholders to discuss options for ensuring continued care, maintenance, and embellishment of abandoned cemeteries, including the possibility of requiring counties to assume responsibility for cemeteries located within their boundaries that become abandoned. The Bureau shall report on the workgroup's discussions and recommendations no later than January 1, 2028 in advance of its next sunset review.

This bill, as amended in the Assembly Business and Professions Committee, moves up the convening date of the work group to no later than March 1, 2026, and requires the report be submitted to the Legislature no later than June 1, 2026. Further, the bill specifies that representatives from specific local government organizations participate in the work group.

According to the Author

This bill is very personal to my constituents and families in my district. Lincoln Memorial Park Cemetery in Carson City that was founded in 1934 has become abandoned by the owner and manager since 2023, due to health care issues. Since then the cemetery has been subject to vandalism, theft and desecration of burial plots. There are 187 private cemeteries in the State of California that are subject to abandonment. However, when cemeteries lose owners, they are without protection. The Private Cemeteries Act regulates the ownership, control, and

maintenance of private cemeteries in the state. Currently, the bureau manages the endowment fund accounts of an abandoned cemeteries, and maintains the contracts for burials, but it is not responsible for the care and maintenance of the property itself. As a result, activities necessary for the care of the cemetery grounds often fall to loved ones of those interred or other volunteers, which often have limited capacity and resources to maintain the grounds. Abandoned endowment care cemeteries can become public nuisances and challenging or dismaying for family members that want to visit their loved ones. It also becomes an eye soar for the communities and will also depreciate the value of other properties in the City or County.

Arguments in Support

None on file.

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee, the CFB anticipates no additional costs as a result of this bill. The CFB notes the creation of a workgroup is required by existing law and would not necessitate additional resources.

VOTES**SENATE FLOOR: 38-0-2**

YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Weber Pierson, Wiener

ABS, ABST OR NV: Reyes, Wahab

ASM BUSINESS AND PROFESSIONS: 17-0-1

YES: Berman, Flora, Ahrens, Alanis, Bains, Caloza, Chen, Elhawary, Hadwick, Haney, Irwin, Jackson, Krell, Lowenthal, Macedo, Nguyen, Pellerin

ABS, ABST OR NV: Bauer-Kahan

ASM APPROPRIATIONS: 15-0-0

YES: Wicks, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Jeff Gonzalez, Solache, Ta, Tangipa

UPDATED

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