

8A:4.3

LEGISLATIVE HISTORY CHECKLIST
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(Cemeteries--salespersons)

NJSA: 8A:4-3

LAWS OF: 1995 **CHAPTER:** 35

BILL NO: A1949

SPONSOR(S): Bateman and Kavanaugh

DATE INTRODUCED: June 29, 1994

COMMITTEE: **ASSEMBLY:** Financial Institutions
SENATE: ----

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** December 5, 1994
SENATE: January 19, 1995

DATE OF APPROVAL: March 1, 1995

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes
SENATE: No

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

KBG:pp

REMOVED
1995

1 AN ACT concerning cemetery salespersons and cemetery
2 maintenance and preservation funds and amending
3 N.J.S.8A:4-3, 8A:4-4 and 8A:9-12.

4
5 BE IT ENACTED by the Senate and General Assembly of the
6 State of New Jersey:

7 1. N.J.S.8A:4-3 is amended to read as follows:

8 8A:4-3. a. Any cemetery company incorporated after [the
9 effective date of this act] December 1, 1971 shall, as a condition
10 for the issuance to it of a certificate of authority to operate a
11 cemetery, cause to be deposited in a banking institution
12 authorized by law to maintain trust accounts and having and
13 maintaining a principal place of business within this State, the
14 sum of [25,000.00] \$25,000 in trust, and shall designate such
15 banking institution as trustee of the fund so deposited; provided,
16 however, that any cemetery company operating a crematory
17 physically separated from a cemetery and functioning exclusively
18 as a crematory shall not be required to provide for the
19 [25,000.00] \$25,000 initial trust fund deposit. Any such cemetery
20 company operating a crematory wholly independent and
21 physically separated from any cemetery which has heretofore
22 made such a [25,000.00] \$25,000 initial trust deposit may make
23 application to the New Jersey Cemetery Board for an order
24 terminating such trust and providing for the refund of said
25 moneys to the cemetery company. The New Jersey Cemetery
26 Board shall, upon application of said cemetery company and upon
27 being satisfied that said cemetery company operates said
28 crematory wholly independent of and physically separated from
29 any cemetery, issue an authorization to the banking institution
30 acting as trustee of the Initial Balance Fund directing the release
31 of the said fund to the cemetery company which established the
32 fund. The income received from a trust account shall be paid to
33 the cemetery company to be used for maintenance and
34 preservation of the cemetery. The fund so deposited shall be
35 called the Initial Balance Fund.

36 b. Within 1 month after the issuance of a certificate of
37 authority and before it shall dispose of any interment space, the
38 cemetery company shall cause to be established a second trust
39 fund, which shall be a custodial trust fund, in a banking
40 institution authorized by law to maintain trust accounts and
41 having and maintaining a place of business within this State. This
42 second fund shall be called the Maintenance and Preservation
43 Fund and shall be augmented from time to time as set forth in
44 [this act] the "New Jersey Cemetery Act," N.J.S.8A:1-1 et seq.

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 c. If the trust funds of the cemetery company do not exceed
2 \$150,000, then the cemetery company need not establish a
3 custodial trust fund in accordance with subsection b. of this
4 section but shall otherwise be subject to all other provisions of
5 the "New Jersey Cemetery Act," N.J.S.8A:1-1 et seq., as well as
6 the laws of the State of New Jersey regarding trust funds. If the
7 amount of the trust funds is \$150,000 or less and exceeds, or will
8 soon exceed, the maximum deposit amount which the Federal
9 Deposit Insurance Corporation insures pursuant to 12
10 U.S.C.§1817(i) and 12 U.S.C.§1821(a), the cemetery company
11 shall establish a second insured trust fund account in a different
12 banking institution authorized by law to maintain trust accounts
13 and having and maintaining a place of business in this State and
14 shall transfer to that trust fund account an amount of trust funds,
15 the result of which shall be that the amount of funds in each
16 banking institution shall not exceed the amount insured by the
17 Federal Deposit Insurance Corporation.

18 d. Whenever the cemetery company shall have deposited in its
19 Maintenance and Preservation Fund a sum amounting to
20 [\$50,000.00] \$50,000, it shall submit proof thereof to the board
21 and the board shall thereupon issue an authorization to the
22 banking institution acting as trustee of the Initial Balance Fund
23 directing the release of the corpus of said fund to the cemetery
24 company which established the fund.
25 (cf: P.L.1979, c.255, s.3)

26 2. N.J.S.8A:4-4 is amended to read as follows:

27 8A:4-4. a. Each and every cemetery company organized
28 before [the effective date of this act] December 1, 1971 which
29 has obtained a certificate of authority to operate a cemetery
30 from the board, shall within 1 month following the issuance of the
31 certificate of authority, cause to be established a custodial trust
32 fund in a banking institution authorized by law to maintain trust
33 accounts and having and maintaining a place of business within
34 this State [, except that where] . This fund shall be called the
35 Maintenance and Preservation Fund and shall be augmented from
36 time to time as set forth in the "New Jersey Cemetery Act,"
37 N.J.S.8A:1-1 et seq., or as ordered by the cemetery board.

38 b. Notwithstanding subsection a. of this section, if the trust
39 funds of the cemetery company do not exceed [\$50,000.00]
40 \$150,000, then the cemetery company need not establish a
41 custodial trust fund in accordance with this section but shall
42 otherwise be subject to all other provisions of [this act] the "New
43 Jersey Cemetery Act," N.J.S.8A:1-1 et seq. as well as the laws
44 of the State of New Jersey regarding trust funds. [This fund shall
45 be called the Maintenance and Preservation Fund and shall be
46 augmented from time to time as set forth in this act, or as
47 ordered by the cemetery board.] If the amount of the trust funds
48 is \$150,000 or less and exceeds, or will soon exceed, the
49 maximum deposit amount which the Federal Deposit Insurance
50 Corporation insures pursuant to 12 U.S.C.§1817(i) and 12
51 U.S.C.§1821(a), the cemetery company shall establish a second
52 insured trust fund account in a different banking institution
53 authorized by law to maintain trust accounts and having and
54 maintaining a lace of business in this State and shall transfer to

1 that trust fund account an amount of trust funds, the result of
2 which shall be that the amount of funds in each banking
3 institution shall not exceed the amount insured by the Federal
4 Deposit Insurance Corporation.

5 (cf: P.L.1973, c.219, s.10)

6 3. N.J.S.8A:9-12 is amended to read as follows:

7 8A:9-12. [No] A license shall be issued or renewed for a period
8 [exceeding 1 year and all licenses, whether on original issue or
9 renewal, shall expire and terminate June 30 following the date of
10 their issuance, unless sooner revoked and cancelled] of two years,
11 except that the New Jersey Cemetery Board may establish,
12 through rule and regulation, a longer licensing period, not to
13 exceed five years. The New Jersey Cemetery Board may also
14 establish, through rule and regulation, shorter or longer licensing
15 periods for initial licenses obtained, or for licenses renewed,
16 within two years following the effective date of this 1994
17 amendatory act.

18 (cf: N.J.S.8A:9-12)

19 4. This act shall take effective immediately.

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22 STATEMENT

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24 This bill raises the threshold amount for establishing a
25 custodial trust account from \$50,000 to \$150,000. Since this
26 amount exceeds the maximum amount in any one account which
27 is insured by the Federal Deposit Insurance Corporation, the bill
28 requires any cemetery company whose trust fund account balance
29 is \$150,000 or less and which exceeds, or soon will exceed, the
30 maximum amount which the Federal Deposit Insurance
31 Corporation will insure, to open a trust fund account in another
32 banking institution authorized by law to maintain trust accounts
33 in this State, the result being that all amounts held in deposit in
34 trust accounts will be insured by the Federal Deposit Insurance
35 Corporation. The bill also permits the New Jersey Cemetery
36 Board to issue sales licenses for a period of two years and by
37 regulation to increase the licensing period up to five years.

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42 Concerns cemetery sales licenses and custodial accounts.

ASSEMBLY FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1949

STATE OF NEW JERSEY

DATED: SEPTEMBER 29, 1994

The Assembly Financial Institutions Committee reports favorably Assembly Bill No. 1949.

This bill raises the threshold amount for establishing a cemetery custodial trust account from \$50,000 to \$150,000. Since this amount exceeds the maximum amount in any one account which is insured by the Federal Deposit Insurance Corporation, the bill requires any cemetery company whose trust fund account balance is \$150,000 or less and which exceeds, or soon will exceed, the maximum amount which the Federal Deposit Insurance Corporation will insure, to open a trust fund account in another banking institution authorized by law to maintain trust accounts in this State, the result being that all amounts held in deposit in trust accounts will be insured by the Federal Deposit Insurance Corporation. The bill also permits the New Jersey Cemetery Board to issue sales licenses for a period of two years and by regulation to increase the licensing period up to five years.