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County Member**STAFF****Luis Tapia**
Interim Executive Officer**Scott Smith**
General Counsel**MEETING DATE:** June 11, 2025**TO:** Local Agency Formation Commission
of Orange County**FROM:** Interim Executive Officer**SUBJECT:** Legislative Report (June 2025)

The new two-year legislative session started on January 1, 2025, and the Legislature received a total of 2,350 newly introduced bills by the February 21 deadline. The total amount of bills introduced remained high, considering the new limit on the number of bills each legislator can submit during the legislative session. Members of the Senate reduced their 40-bill limit to 35, and members of the Assembly reduced their 50-bill limit to 35 as well. In the coming weeks, proposed legislation will continue to make its way through the numerous committees, with a deadline of June 6 for bills to pass out of the house of origin.

As part of the ongoing communication between the LAFCOs (Los Angeles, Orange, San Bernardino, and San Diego) included in the Memorandum of Understanding, staff identified Senate Bill 777 as being of interest to LAFCOs. This report provides a summary of SB 777 and a recommendation for the Commission to consider adopting a position on the bill.

LEGISLATION OF LAFCO INTEREST**Senate Bill 777 (Richardson) Abandoned endowment care cemeteries: local agency possession and responsibility.**

Under current State law, the Cemetery and Funeral Bureau (Bureau), an entity within the Department of Consumer Affairs, licenses and regulates over 11,000 entities across various categories within the cemetery and funeral industries, including cemetery authorities, cemetery managers, and other relevant entities. Private cemeteries established after 1955 are required to be endowment care cemeteries. Endowment care cemeteries maintain an endowment trust that is funded by a portion of the purchase price of a burial plot. The trust is managed by the cemetery manager, who oversees the care and maintenance of the cemetery, funded by the investment gains of the endowment trust.

Endowment cemeteries are considered abandoned when a license to operate has been revoked, suspended, or surrendered, and the owner does not provide maintenance to the cemetery. Current State law

delineates a process for a court to appoint a manager to oversee the cemetery until a permanent manager is identified. However, finding new management for these cemeteries is difficult due to the aging infrastructure and concerns over liabilities from deferred maintenance. The Bureau manages the trusts of abandoned cemeteries to honor burial contracts, but it is not responsible for the care and maintenance of the property. Alternatively, a city or county may address safety, public health, or welfare issues and use generated income from the trust when available.

SB 777 proposes that for abandoned endowment cemeteries that have lost their license to operate and have not been transferred to a manager within one year, the local LAFCO would be responsible for identifying a successor local agency. The responsible LAFCO would initiate the process to identify a receiving local agency, including the County or a city, within 30 days of being notified by the Bureau and finalize the transition process within six months. The local agency would be responsible for the care, maintenance, and enhancement upon the transfer of fee title. The local agency would also take title of any endowment care funds and all necessary bookkeeping, records, real property, personal property, and trust fund assets.

Staff recommends that the Commission consider adopting an **Oppose** position based on the following:

- SB 777 does not provide any direction on how the local LAFCO would perform an analysis to determine which local agency is suited to take over the endowment cemetery.
- The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 does not include a process for transitioning an endowment cemetery to a local agency.
- The Cemetery and Funeral Bureau is best suited to take over the operations of an abandoned endowment cemetery rather than a local agency, including the County or a city, which does not have experience with cemeteries.

The recommended position also aligns with the Commission's legislative policy of opposing legislation that does not ensure good governance and does not enhance LAFCO authority.

RECOMMENDED ACTION: Adopt an **Oppose** position on SB 777.

SUPPORT: None on record.

OPPOSE: California Association of Local Agency Formation Commissions, California Special Districts Association, California State Association of Counties, Coachella Valley Public Cemetery District, Imperial LAFCO, League of California Cities, Los Angeles LAFCO, Marin LAFCO, Mendocino LAFCO, Nevada County LAFCO, Orlando Cemetery District, Riverside LAFCO, Rural County Representatives of California, Russian River Cemetery District, Sacramento LAFCO, San Bernardino LAFCO, Sonoma LAFCO, Urban Counties of California, Vacaville-Elmira Cemetery District.

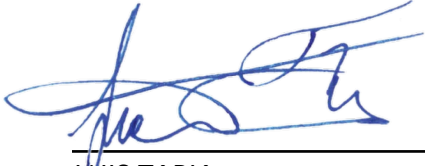
BILL LOCATION/STATUS: Senate.

RECOMMENDED ACTION

Staff Recommends the Commission:

1. Adopt an **Oppose** position on SB 777.

Respectfully Submitted,



LUIS TAPIA

Attachment:

1. Senate Bill 777 (Richardson)

Exhibit:

- A. Letter of Opposition – SB 777


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SB-777 Abandoned endowment care cemeteries: local agency possession and responsibility. (2025-2026)

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Date Published: 03/26/2025 09:00 PM

AMENDED IN SENATE MARCH 26, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

SENATE BILL

NO. 777

Introduced by Senator Richardson

February 21, 2025

An act to amend the heading of Chapter 7 (commencing with Section 8825) of *Part 3 of* Division 8 of, ~~to add Section 8749 to,~~ and to add Chapter 6 (commencing with Section 8800) to Part 3 of Division 8 of, the Health and Safety Code, relating to cemeteries.

LEGISLATIVE COUNSEL'S DIGEST

SB 777, as amended, Richardson. Abandoned endowment care cemeteries: ~~county~~ *local agency* possession and responsibility.

Existing law, the Cemetery and Funeral Act, establishes the Cemetery and Funeral Bureau within the Department of Consumer Affairs and sets forth its powers and duties relating to the licensure and regulation of, among others, cemeteries and cemetery authorities, which includes cemetery associations, corporations sole, limited liability companies, and other persons owning or controlling cemetery lands or property. Existing law authorizes a cemetery authority that maintains a cemetery to place its cemetery under endowment care and to establish, maintain, and operate an endowment care fund. Ninety days following the cancellation, surrender, or revocation of a certificate of authority, existing law gives the bureau title to any endowment care funds of a cemetery authority and possession of all necessary books, records, property, real and personal, and assets, and requires the bureau to act as conservator over the management of the endowment care funds.

This bill would ~~make the~~ *require a local agency formation commission for the* county in which an abandoned endowment care cemetery is located *to identify a local agency to be* responsible for the care, maintenance, and embellishment of the ~~cemetery.~~ *cemetery, as specified.* The bill would vest fee title of the cemetery in the ~~county,~~ *local agency and* would restrict the ~~county's local agency's~~ use of the property to *uses consistent with* cemetery ~~purposes, and would exempt the county from various provisions related to the care of active cemeteries.~~ *purposes.* The bill would give the ~~county~~ *local agency* title to any endowment care funds of the prior cemetery authority held by the bureau, and would require the ~~county~~ *local agency* to take possession of all

ATTACHMENT 1

necessary books, records, real property, personal property, and assets of the fund. The bill would require the assets to be liquidated, and the proceeds placed in a special fund ~~within the county treasury~~ to be expended on care, maintenance, or embellishment of the abandoned endowment care cemetery. The bill would define an abandoned endowment care cemetery and would make conforming changes. *By imposing additional duties on local agencies, this bill would 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, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

~~SECTION 1. Section 8749 is added to the Health and Safety Code, to read:~~

~~8749. This article shall not apply to a county that takes title to an abandoned endowment care cemetery pursuant to Chapter 6 (commencing with Section 8800).~~

SEC. 2. SECTION 1. Chapter 6 (commencing with Section 8800) is added to Part 3 of Division 8 of the Health and Safety Code, to read:

CHAPTER 6. Abandonment of Endowment Care Cemeteries

8800. For purposes of this chapter, "abandoned endowment care cemetery" means a cemetery for which an endowment care fund was maintained, that was formerly licensed by the bureau, and for which the certificate of authority has been canceled, surrendered, or revoked and ownership has not been transferred pursuant to Section 8585 within one year of the cancellation, surrender, or revocation.

8801. (a) Upon the expiration of the one-year period described in Section 8800, ~~fee title of an abandoned care cemetery shall vest in the county in which the cemetery is located and shall be recorded with the county.~~ *the bureau shall notify the local agency formation commission for the county in which the abandoned endowment care cemetery is located that there is an abandoned endowment care cemetery in that county.*

(b) No later than 30 days following the notification from the bureau described in subdivision (a), the local agency formation commission shall commence proceedings to identify a local agency take over the care, maintenance, and embellishment of the abandoned endowment care cemetery. The local agency formation commission shall complete its proceedings and identify the receiving local agency within six months of receiving the notification from the bureau.

(c) Upon completion of the proceeding described in subdivision (b), fee title of an abandoned endowment care cemetery shall vest in, and be recorded with, the local agency identified by the local agency formation commission.

~~(b)~~

(d) Any ~~county~~ local agency acquiring fee title to a cemetery pursuant to this section shall be responsible for the care, maintenance, and embellishment of the abandoned endowment care cemetery, and shall only use the property for *uses consistent with* cemetery purposes.

8802. (a) Upon the transfer of title described in Section 8801, the ~~county~~ *local agency* shall also take title of any endowment care funds of the prior cemetery authority held by the bureau pursuant to Section 7613.11 of the Business and Professions Code, and shall take possession of all necessary books, records, real property, personal property, and assets of the fund.

(b) The assets of the fund described in subdivision (a) shall be liquidated, and the proceeds shall be placed in a special ~~fund within the county treasury.~~ *fund.* The moneys within the special fund shall only be expended on care, maintenance, or embellishment of the abandoned endowment care ~~cemetery.~~ *cemetery acquired by the local agency pursuant to this chapter and for which the endowment care funds were maintained.*

ATTACHMENT 1

8803. A ~~county~~ *local agency* that acquires title to an abandoned endowment care cemetery shall keep a record of, and honor, all remaining contracts for burial executed by the prior cemetery authority.

~~SEC. 3.~~ **SEC. 2.** The heading of Chapter 7 (commencing with Section 8825) of Part 3 of Division 8 of the Health and Safety Code is amended to read:

CHAPTER 7. Abandoned Nonendowment Care Cemeteries

~~SEC. 4.~~

SEC. 3. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

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STAFF**Luis Tapia**

Interim Executive Officer

Scott Smith

General Counsel

June 11, 2025

Senate Member Laura Richardson

California State Senate

1021 O Street, Suite 7340

Sacramento, CA 95814

**RE: Oppose – SB 777 (Richardson) Abandoned Endowment
Care Cemeteries: Local Agency Possession and
Responsibility**

Dear Senator Richardson:

The Local Agency Formation Commission of Orange County (OC LAFCO) respectfully opposes SB 777, which would require LAFCOs to direct local agencies to assume responsibility for abandoned privately operated cemeteries. SB 777 not only would add significant responsibility to LAFCOs, but it fails to provide direction to LAFCOs as to how to assess which local agency is best suited to assume such responsibility, nor does it identify any procedures or notice requirements for the assessment process. Additionally, SB 777 would burden the local agency with additional fiscal and liability risks.

LAFCOs are subject to a broad body of law known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act). In creating this statutory structure, the Legislature delegated the power to regulate the boundaries and services of local government agencies to LAFCOs. LAFCOs are statutorily tasked with discouraging urban sprawl, preserving open space and prime agricultural lands, encouraging the orderly formation and development of local agencies, and ensuring the efficient delivery of government services on the state's behalf.

The Commission understands the challenges when private cemeteries have been abandoned and left vulnerable to vandalism and decay, especially for those family members whose loved ones are interred. Other than independent cemetery districts, the overwhelming majority of local government agencies (counties, cities, and other special districts) do not currently provide cemetery services. For a LAFCO to direct a local agency to take responsibility for an abandoned private cemetery, especially one that likely does not have expertise that would lend itself to operating a cemetery, is inconsistent with LAFCO's statutory role and historic practice.

LAFCOs do not just force service obligations upon local agencies; instead, we engage in a deliberative process that incorporates publicly noticed hearings, engagement of local agencies, and opportunity for public comment. SB 777 would burden a LAFCO with the unenviable position of trying to make an assessment without any guidance as to procedure or priorities from the Legislature.

Finally, we are aware of no adequate funding mechanism that would accompany the transfer of responsibility for managing an abandoned cemetery, making the challenge of taking on the task even more difficult and less desirable for a local agency. We are concerned that taxpayers of a local agency may not appreciate taking on the new fiscal and liability responsibilities associated with operating a private enterprise, especially when that enterprise does not serve the public at large.

For these reasons, OC LAFCO opposes SB 777. If you or your staff have any questions, please contact Interim Executive Officer, Luis Tapia at (714) 640-5100.

Respectfully,

Donald P. Wagner
Chair

cc: Jose Henriquez, Interim Executive Director, California Association of Local Agency Formation Commissions (CALAFCO)
Orange County Legislators