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MEETING DATE: July 9, 2025**TO:** Local Agency Formation Commission
of Orange County**FROM:** Interim Executive Officer**SUBJECT:** Legislative Report (July 2025)**BACKGROUND**

This report provides an update on Senate Bill 777, previously reviewed by the Commission during the June 11 regular meeting. Additionally, the report includes a summary of the California Association of Local Agency Formation Commissions (CALAFCO) annual Omnibus Bill effort, which serves as the vehicle for proposed technical and non-substantive changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act).

UPDATE ON PREVIOUSLY REVIEWED LEGISLATION**Senate Bill 777 (Richardson) Abandoned endowment care cemeteries: local agency possession and responsibility.**

During the June 11 regular meeting, the Commission received a summary on Senate Bill 777 related to abandoned endowment care cemeteries and adopted an **Oppose** position. An abandoned endowment care cemetery is defined as having an endowment care fund trust, formerly licensed by the Cemetery and Funeral Bureau (Bureau), whose certificate of authority has been canceled, surrendered, or revoked, and for which ownership has not been transferred. SB 777 previously proposed that within 30 days of being notified by the Bureau of the existence of an abandoned endowment care cemetery, the local LAFCO would identify a receiving local agency for the cemetery, including the County or a city, and finalize the transition to the local agency within six months.

Several LAFCOs and CALAFCO, submitted letters of opposition that expressed concerns, including the bill's inability to provide a process for LAFCOs to designate a local agency suited to take over the cemetery, lack of funding to support the transition and maintenance of the cemetery, and lack of experience of cities and counties to take over the management of the cemetery. In response to the letters, the author amended SB 777 with the following amendments:

- Require the Bureau to send notice to a city, county, or city and county after one year of identifying an abandoned endowment care cemetery district starting on January 1, 2026.
- Require the city, county, or city and county within 120 days of receiving a notice from the Bureau to submit a resolution of application to the local LAFCO for a change of organization (i.e., annexation or creation of a new district).
- LAFCO shall be required to process the application within one year and annex the abandoned endowment care cemetery district to an existing cemetery district or create a new public cemetery district in accordance with the CKH Act.
- Implements an increase to the current fees by 150% that are delineated in the Cemetery Funeral Act (i.e., application fees for funeral directors, cemetery manager license, filing fees for annual reports, embalmers, among others).
- Establishes an Abandonment Grant Fund Program by January 1, 2026, funded by 50% of the funds collected through the fees under the Cemetery Funeral Act. The program would serve to fund the costs associated with submitting an application for a change of organization to LAFCO and provide some funding for the maintenance of the cemetery.

The amendments to the bill addressed some of the concerns submitted to the author, however, the bill still does not provide legitimate solutions to funding an abandoned endowment care cemetery. Additionally, considering that the bill does not provide funding to address current maintenance issues and long-term sustainability, it is a non-starter to propose a change of organization through the LAFCO process. Staff recommends that the Commission maintain its **Oppose** position. 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.

OC LAFCO POSITION: **Oppose** position adopted June 11, 2025. No additional action recommended.

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: Assembly Business and Professions Committee

NEW LEGISLATION

SB 858 (Senate Local Government Committee): Local Government Omnibus Act of 2025.

The Omnibus Bill is the annual vehicle used by CALAFCO to introduce technical and non-substantive amendments to the CKH Act that address minor inconsistencies and provide clarification to remove ambiguity in the law. In previous years, CALAFCO co-sponsored the Omnibus Bill with the Assembly Local Government Committee. Due to the restructuring of the agency, CALAFCO missed the deadline to submit an Omnibus Bill during the current legislative cycle. However, having missed the deadline, CALAFCO staff approached the Senate Local Government Committee for the opportunity to include proposed changes to the CKH Act as part of the committee's Omnibus Bill. The committee members agreed to incorporate two proposed changes listed below, which were vetted by LAFCOs throughout the state and deemed non-substantive:

- Correct a typo in the California Government Code Section 37396(b), which regulates the types of leases a city, county, or city and county can enter into for annexed property that is non-contiguous to a city or county. Correct a typo by replacing Government Code Section 56472 with 56742.
- Correct a reference in Government Code Section 57002 of the CKH Act regarding the noticing requirements for protest proceedings. Replace Government Code Section 56150 with 57025.

CALAFCO has submitted the proposed changes to the Senate Local Government Committee and will soon be reflected as part of SB 858. Staff is not recommending a position at this time but will provide the Commission with an update, accompanied by a staff recommendation, at a future meeting once the amendments are incorporated into the bill.

RECOMMENDED ACTION: None at this time.

SUPPORT: California Association of Clerks & Election Officials, California Association of County Treasurers and Tax Collectors, County of Kern, East Bay Municipal Utility District.

OPPOSE: None on Record.

BILL LOCATION/STATUS: Assembly Local Government Committee.

RECOMMENDED ACTION

Staff Recommends the Commission:

1. Maintain an Oppose position on SB 777.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read 'Luis Tapia', is written over a horizontal line.

LUIS TAPIA

Attachment:

1. Senate Bill 777 (Richardson)



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SB-777 Cemeteries. (2025-2026)

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Date Published: 06/16/2025 09:00 PM

AMENDED IN ASSEMBLY JUNE 16, 2025

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 *Sections 7612.6, 7653, 7712.5, 7729, 7729.11, 7730.3, 7730.8, 7730.10, 7730.11, and 7731.4 of the Business and Professions Code, and to amend* the heading of Chapter 7 (commencing with Section 8825) of Part 3 of Division 8 of, and to add Chapter 6 (commencing with Section 8800) to Part 3 of Division 8 of, the Health and Safety Code, relating to ~~cemeteries~~ *cemeteries, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

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

~~Existing~~

(1) 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,~~ *corporations*, limited liability companies, and other persons owning or controlling cemetery lands or property. ~~Existing~~ *A violation of the act is a crime.*

Existing law requires a cemetery authority to file with the bureau an annual written report that includes, among other things, the amount collected and deposited in endowment care funds segregated as to the amounts for crypts, niches, and grave space, as specified. Existing law requires that information to be accompanied by an annual audit report, prepared in accordance with generally accepted accounting principles, of the endowment care fund and special care fund signed by a certified public accountant or public accountant. Existing law requires the scope of the audit to include the inspection, review, and audit of the general purpose financial statements of

the endowment care fund and special care fund, including the balance sheet, statement of revenues, expenditures, and changes in fund balance.

This bill would require the annual audit report to include a cemetery's 4th quarter bank statement. The bill would require the cemetery authority's financial institution to provide the bank statement electronically, and directly, to the bureau. The bill would require the above-described annual written report to include a map of the deceased and their location by parcel. The bill would require the bureau to submit the map to the applicable county recorder.

By expanding the crime of violating the Cemetery and Funeral Act, and to the extent the bill would impose a higher level of service on counties, the bill would impose a state-mandated local program.

(2) 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 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, as specified. The bill would vest fee title of the cemetery in the local agency and would restrict the local agency's use of the property to uses consistent with cemetery purposes. The bill would give the local agency title to any endowment care funds of the prior cemetery authority held by the bureau, and would require the local agency to take possession of all 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 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.~~

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides for the formation and change of organization of cities and special districts and establishes a local agency formation commission (LAFCO) in each county. Existing law, the Public Cemetery District Law, provides for the formation of public cemetery districts, and authorizes those districts to own, operate, improve, and maintain cemeteries and provide interment services within their boundaries.

This bill would require the bureau to notify the applicable city, county, or city and county with jurisdiction over Lincoln Memorial Park Cemetery, Dambacher Mountain Memorial Cemetery, Verdugo Hills Cemetery, Chapel of the Light, Evergreen Cemetery, and Mount Tamalpais Cemetery, or cemeteries that become abandoned endowment care cemeteries, as defined, after January 1, 2026. Upon receipt of notice, the bill would require the city, county, or city and county, within 120 days, to adopt and submit a resolution of application to the LAFCO in the applicable county for a change of organization to form a new public cemetery district or reorganize an existing public cemetery district for the purpose of maintaining the abandoned endowment care cemetery. The bill would require the bureau to cover the costs for creating a new public cemetery district or reorganizing an existing public cemetery district pursuant to these provisions, and would require the bureau to provide the necessary resources to the city, county, or city and county to facilitate the LAFCO process, as specified. The bill would require the LAFCO to determine whether to form a new public cemetery district or reorganize an existing public cemetery district within one year of receiving an application for a change of organization pursuant to these provisions. Upon that determination being made, the bill would require the bureau to work with the vacated owner or the county assessor to secure the title of the abandoned cemetery to ensure that fee title of the abandoned endowment care cemetery ultimately vests in the public cemetery district.

By imposing new duties on cities and counties, the bill would impose a state-mandated local program.

Existing law imposes various fees under the Cemetery and Funeral Act, including, among others, the application and renewal fees for a funeral director's, embalmer's, or cemetery manager's license, regulatory charges for

cemetery authorities, timely filing fees for specified annual reports, and fees to obtain or renew a hydrolysis facility license. Existing law creates the Cemetery and Funeral Fund, a continuously appropriated fund, in the State Treasury for the deposit of those fees. Existing law requires moneys in the fund to be expended on actual and necessary expenses incurred in implementing the act.

This bill would increase those fees by 150%. The bill would require the bureau to establish and administer the Abandonment Grant Funding Program (program) to provide long-term viability to ensure services are maintained for abandoned endowment care cemeteries. The bill would require the program to be funded by 50% of moneys assessed from the increased fees, and would expand the purposes of the Cemetery and Funeral Fund to include the program. Because additional moneys would be deposited into a continuously appropriated fund, and by expanding the purposes of a continuously appropriated fund, the bill would make an appropriation.

This bill would authorize a private entity, as specified, to acquire title to an abandoned endowment care cemetery. The bill would require a public cemetery district or a private entity that takes over an abandoned endowment care cemetery to have access to the endowment fund, including principal and interest, of the applicable abandoned endowment care cemetery, and program funding to manage cemetery maintenance, burial services, and security items, and to address issues, including, but not limited to, prior repairs, deferred maintenance, or vandalism of property or gravesites, as necessary.

By imposing new duties on public cemetery districts, this bill would impose a state-mandated local program.

(3) 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 with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

This bill would make legislative findings and declarations as to the necessity of a special statute for Lincoln Memorial Park Cemetery, Dambacher Mountain Memorial Cemetery, Verdugo Hills Cemetery, Chapel of the Light, Evergreen Cemetery, and Mount Tamalpais Cemetery.

Vote: **majority** 2/3 Appropriation: **no** yes Fiscal Committee: yes Local Program: yes

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

SECTION 1. *Section 7612.6 of the Business and Professions Code is amended to read:*

7612.6. (a) Each cemetery authority shall file with the bureau annually, on or before June 1, or within five months after close of their fiscal year provided approval has been granted by the bureau as provided for in Section 7612.7, a written report in a form prescribed by the bureau setting forth the following:

- (1) The number of square feet of grave space and the number of crypts and niches sold or disposed of under endowment care by specific periods as set forth in the form prescribed.
- (2) The amount collected and deposited in both the general and special endowment care funds segregated as to the amounts for crypts, niches, and grave space by specific periods as set forth either on the accrual or cash basis at the option of the cemetery authority.
- (3) A statement showing separately the total amount of the general and special endowment care funds invested in each of the investments authorized by law and the amount of cash on hand not invested, which statement shall actually show the financial condition of the funds.
- (4) A statement showing separately the location, description, and character of the investments in which the special endowment care funds are invested. The statement shall show the valuations of any securities held in the endowment care fund as valued pursuant to Section 7614.7.
- (5) A statement showing the transactions entered into between the corporation or any officer, employee, or stockholder thereof and the trustees of the endowment care funds with respect to those endowment care funds. The statement shall show the dates, amounts of the transactions, and shall contain a statement of the reasons for those transactions.

(6) (A) A map of the deceased and their location by parcel.

(B) The bureau shall submit the map described in subparagraph (A) to the applicable county recorder.

(b) (1) The report shall be verified by the president or vice president and one other officer of the cemetery corporation. The information submitted pursuant to paragraphs (2), (3), (4), ~~and (5)~~ (5), and (6) of subdivision (a) shall be accompanied by an annual audit report, prepared in accordance with generally accepted accounting principles, of the endowment care fund and special care fund signed by a certified public accountant or public accountant. The scope of the audit shall include the inspection, review, and audit of the general purpose financial statements of the endowment care fund and special care fund, which shall include the balance sheet, the statement of revenues, expenditures, and changes in fund balance.

(2) The annual audit report described in paragraph (1) shall include a cemetery's fourth quarter bank statement. The cemetery authority's financial institution shall provide the bank statement electronically, and directly, to the bureau.

(c) If a cemetery authority files a written request prior to the date the report is due, the bureau may, in its discretion, grant an extension for no more than an additional nine months within which to file the report.

SEC. 2. *Section 7653 of the Business and Professions Code is amended to read:*

7653. (a) The bureau shall adopt, and may from time to time amend, rules and regulations prescribing standards of knowledge and experience and financial responsibility for applicants for certificates of authority. In reviewing an application for a certificate of authority, the bureau may consider acts of incorporators, officers, directors, and stockholders of the applicant, which shall constitute grounds for the denial of a certificate of authority under Division 1.5 (commencing with Section 475).

(b) Upon receipt of an application for a certificate of authority, the bureau may cause an investigation to be made of the physical status, plans, specifications, and financing of the proposed cemetery, and any other qualifications required of the applicant under this act, and for this purpose may subpoena witnesses, administer oaths, and take testimony.

(c) At the time of the filing of the application required by this section, the applicant shall pay to the Cemetery and Funeral Fund the sum of ~~seven hundred fifty dollars (\$750)~~ *one thousand eight hundred seventy-five dollars (\$1,875)* to defray the expenses of investigation. In the event the sum shall be insufficient to defray all of the expenses, the applicant shall, within five days after request, deposit an additional sum sufficient to defray those expenses, provided that the total sum shall not exceed ~~nine hundred dollars (\$900)~~ *two thousand two hundred fifty dollars (\$2,250)*.

SEC. 3. *Section 7712.5 of the Business and Professions Code is amended to read:*

7712.5. (a) The bureau shall adopt, and may from time to time amend, rules and regulations prescribing standards of knowledge and experience and financial responsibility for applicants for a crematory license. In reviewing an application for a crematory license, the bureau may consider acts of the applicant, including acts of incorporators, officers, directors, and stockholders of the applicant, which shall constitute grounds for the denial of a crematory license under Division 1.5 (commencing with Section 475).

(b) Upon receipt of an application for a crematory license, the bureau may cause an investigation to be made of the physical status, plans, specifications, and financing of the proposed crematory, the character of the applicant, including, if applicable, its officers, directors, shareholders, or members, and any other qualifications required of the applicant under this article, and for this purpose may subpoena witnesses, administer oaths, and take testimony.

(c) At the time of the filing of the application required by this article, the applicant shall pay to the Cemetery and Funeral Fund the sum of ~~seven hundred fifty dollars (\$750)~~ *one thousand eight hundred seventy-five dollars (\$1,875)* to defray the expenses of investigation. In the event the sum shall be insufficient to defray all of the expenses, the applicant shall, within five days after request therefor, deposit an additional sum sufficient to defray such expenses, provided that the total sum shall not exceed ~~nine hundred dollars (\$900)~~ *two thousand two hundred fifty dollars (\$2,250)*.

SEC. 4. *Section 7729 of the Business and Professions Code is amended to read:*

7729. The amount of the fees prescribed by this chapter shall be fixed according to the following schedule:

ATTACHMENT 1

- (a) The application fee for a funeral director's license shall be ~~three hundred eighty dollars (\$380);~~ *nine hundred fifty dollars (\$950).*
- (b) The application fee for change of location of a funeral establishment's license shall be ~~four hundred seventy dollars (\$470);~~ *one thousand one hundred seventy-five dollars (\$1,175).*
- (c) The application fee for permission to assign a funeral establishment's license shall be ~~five hundred sixty dollars (\$560);~~ *one thousand four hundred dollars (\$1,400).*
- (d) The license renewal fee payable by a licensed funeral director shall be ~~three hundred eighty dollars (\$380);~~ *nine hundred fifty dollars (\$950).* The fee for a delinquent renewal of a funeral director's license shall be 150 percent of the timely renewal fee.
- (e) The application fee for an embalmer's license and the examination on the state's laws required under paragraph (2) of subdivision (a) of Section 7646 for the license shall be ~~two hundred eighty dollars (\$280);~~ *seven hundred dollars (\$700).*
- (f) The renewal fee payable by a licensed embalmer shall be ~~one hundred ninety dollars (\$190);~~ *four hundred seventy-five dollars (\$475).* The fee for a delinquent renewal of an embalmer's license shall be 150 percent of the timely renewal fee.
- (g) The application fee for a certificate of registration as an apprentice embalmer shall be ~~one hundred twenty dollars (\$120);~~ *three hundred dollars (\$300).*
- (h) The fee for an application by a funeral establishment for approval to train apprentice embalmers and for renewal of that approval shall be ~~one hundred ninety dollars (\$190);~~ *four hundred seventy-five dollars (\$475).*
- (i) The application fee for a funeral director's examination shall be ~~one hundred ninety dollars (\$190);~~ *four hundred seventy-five dollars (\$475).*
- (j) The fee for a timely filing of an individual report or a combined report on preneed trust funds shall be ~~five hundred dollars (\$500);~~ *one thousand two hundred fifty dollars (\$1,250).* The fee for a late filing of any report on preneed trust funds shall be 150 percent of the applicable timely fee.
- (k) The application fee for permission to change the name appearing on a funeral establishment's license shall be ~~three hundred dollars (\$300);~~ *seven hundred fifty dollars (\$750),* and for permission to change the name on any other license or certificate, shall be ~~twenty-five dollars (\$25);~~ *sixty-two dollars and fifty cents (\$62.50).*
- (l) The application fee for a duplicate funeral director's license, a duplicate funeral establishment's license, a duplicate embalmer's license, or a duplicate certificate of registration as an apprentice embalmer, shall be ~~fifty dollars (\$50);~~ *one hundred twenty-five dollars (\$125).*
- (m) The fee for filing a report of a change of corporate officers, managers, or preneed trust fund trustees shall be ~~fifty dollars (\$50);~~ *one hundred twenty-five dollars (\$125).*
- (n) The application fee for a funeral establishment license shall be ~~seven hundred fifty dollars (\$750);~~ *one thousand eight hundred seventy-five dollars (\$1,875).*
- (o) The license renewal fee for a licensed funeral establishment shall be ~~seven hundred fifty dollars (\$750);~~ *one thousand eight hundred seventy-five dollars (\$1,875).* The fee for a delinquent renewal of a funeral establishment license shall be 150 percent of the timely renewal fee.

SEC. 5. *Section 7729.11 of the Business and Professions Code is amended to read:*

7729.11. The fee for a timely filing of an annual report on the endowment care fund and special care fund by a certificate of authority shall be ~~five hundred dollars (\$500);~~ *one thousand two hundred fifty dollars (\$1,250).* The fee for a late filing of an annual report on the endowment care fund and special care fund shall be 150 percent of the applicable timely fee.

SEC. 6. *Section 7730.3 of the Business and Professions Code is amended to read:*

7730.3. For change of name or of address of licensee on the records of the bureau, the fee shall be ~~twenty-five dollars (\$25);~~ *sixty-two dollars and fifty cents (\$62.50).*

SEC. 7. *Section 7730.8 of the Business and Professions Code is amended to read:*

7730.8. (a) The fee for a cemetery manager examination shall be ~~eight hundred dollars (\$800);~~ *two thousand dollars (\$2,000).*

(b) The license fee to obtain a cemetery manager license shall be ~~one hundred thirty dollars (\$130);~~ *three hundred twenty-five dollars (\$325).*

(c) The renewal fee for a cemetery manager license shall be ~~one hundred fifty dollars (\$150);~~ *three hundred seventy-five dollars (\$375).*

SEC. 8. *Section 7730.10 of the Business and Professions Code is amended to read:*

7730.10. Every cemetery authority operating a cemetery shall pay an annual regulatory charge for each cemetery of ~~seven hundred fifty dollars (\$750);~~ *one thousand eight hundred seventy-five dollars (\$1,875).* In addition to an annual regulatory charge for each cemetery, an additional quarterly charge ~~eleven dollars and fifty cents (\$11.50)~~ *of twenty-eight dollars and seventy-five cents (\$28.75)* for each burial, entombment, or inurnment made during the preceding quarter shall be paid to the bureau and these charges shall be deposited in the Cemetery and Funeral Fund. If the cemetery authority performs a burial, entombment, or inurnment, and the cremation was performed at a crematory located on the grounds of the cemetery and under common ownership with the cemetery authority, the total of all additional charges shall be not more than ~~eleven dollars and fifty cents (\$11.50);~~ *twenty-eight dollars and seventy-five cents (\$28.75).*

SEC. 9. *Section 7730.11 of the Business and Professions Code is amended to read:*

7730.11. (a) The bureau shall establish the fee to obtain or renew a hydrolysis facility license, which shall not exceed the reasonable cost of license administration.

(b) Every licensee operating a hydrolysis facility pursuant to a license issued pursuant to this article shall pay an additional charge ~~eleven dollars and fifty cents (\$11.50)~~ *of twenty-eight dollars and seventy-five cents (\$28.75)* per hydrolysis made during the preceding quarter, which charges shall be deposited into the Cemetery and Funeral Fund.

SEC. 10. *Section 7731.4 of the Business and Professions Code is amended to read:*

7731.4. (a) All moneys paid into the State Treasury and credited to the Cemetery and Funeral Fund shall be expended in accordance with law for ~~the~~ *both of the following:*

- (1) The payment of all actual and necessary expenses incurred in carrying out the provisions of this act.*
- (2) The Abandonment Grant Funding Program, as described in Section 8803 of the Health and Safety Code.*

(b) This section shall become operative on July 1, 2016.

~~SECTION 4.~~ **SEC. 11.** 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 the following definitions apply:~~

(a) “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.

(b) “Private entity” means a non-public entity that acquires title to an abandoned endowment care cemetery pursuant to this chapter. “Private entity” includes, but is not limited to, a corporation, LLC, or individual.

(c) “Public cemetery district” means a public cemetery district, as described in Part 4 (commencing with Section 9000), that is formed or reorganized and acquires title to an abandoned endowment care cemetery pursuant to this chapter.

~~8801.(a) Upon the expiration of the one-year period described in Section 8800, 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.~~

~~(d) Any 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 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. The moneys within the special fund shall only be expended on care, maintenance, or embellishment of the abandoned endowment care cemetery acquired by the local agency pursuant to this chapter and for which the endowment care funds were maintained.~~

~~8803. A 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.~~

8801. (a) Upon the expiration of the one-year period described in Section 8800, the bureau shall notify the applicable city, county, or city and county with jurisdiction over each of the following abandoned endowment care cemeteries:

- (1) Lincoln Memorial Park Cemetery.*
- (2) Dambacher Mountain Memorial Cemetery.*
- (3) Verdugo Hills Cemetery.*
- (4) Chapel of the Light.*
- (5) Evergreen Cemetery.*
- (6) Mount Tamalpais Cemetery.*

(b) Upon the expiration of the one-year period described in Section 8800, the bureau shall review, and shall subsequently notify the applicable city, county, or city and county of, other cemeteries that are not listed in subdivision (a) and that become an abandoned endowment care cemetery after January 1, 2026.

(c) (1) Upon receipt of notice pursuant to subdivision (a) or (b), a city, county, or city and county shall, within 120 days, adopt and submit a resolution of application to the local agency formation commission (LAFCO) in the applicable county for a change of organization to form a new public cemetery district or reorganize an existing public cemetery district pursuant to Part 3 (commencing with Section 56650) of Division 3 of Title 5 of the Government Code and Chapter 2 (commencing with Section 9010) of Part 4 of this division for the purpose of maintaining the abandoned endowment care cemetery.

(2) (A) For an application for a change of organization required by this subdivision, the bureau shall provide the information required by Section 56652 of the Government Code.

(B) The bureau shall ensure that a resolution of application prepared pursuant to this section establishes long-term viability for the public cemetery district.

8802. (a) (1) When a LAFCO receives an application for a change of organization pursuant to Section 8801, the bureau shall provide the necessary resources to the city, county, or city and county to facilitate the LAFCO process, including resources for preparing documents required by the California Environmental Quality Act (CEQA).

(2) The bureau shall cover the costs for creating a new public cemetery district or reorganizing an existing public cemetery district pursuant to this chapter, including costs associated with all of the following:

(A) The LAFCO process.

(B) The Department of Fish and Wildlife.

(C) The county clerk and recorder.

(D) The State Board of Equalization.

(b) Within one year of receiving an application for a change of organization pursuant to Section 8810, the LAFCO shall determine whether to form a new public cemetery district or reorganize an existing public cemetery district to maintain the abandoned endowment care cemetery.

(c) After a determination is made pursuant to subdivision (b), the bureau shall work with the vacated owner or the county assessor to secure the title of the abandoned cemetery to ensure that fee title of the abandoned endowment care cemetery ultimately vests in the public cemetery district.

8803. *(a) The bureau shall establish and administer the Abandonment Grant Funding Program to provide long-term viability to ensure services are maintained for abandoned endowment care cemeteries.*

(b) Commencing January 1, 2026, the program shall be funded by 50 percent of moneys from the assessed fees described in Sections 7653, 7712.5, 7729, 7729.11, 7730.3, 7730.8, 7730.10, and 7730.11 of the Business and Professions Code.

(c) The bureau shall have discretion over the disbursement of program funds and shall disburse those funds in accordance with the purpose described in subdivision (a).

(d) The bureau may use program funds to cover the reasonable costs of administering the program.

8804. *(a) The public cemetery district formed or reorganized pursuant to Section 8802 shall have access to the endowment fund, including principal and interest, of the applicable abandoned endowment care cemetery, and Abandonment Grant Funding Program funding to manage cemetery maintenance, burial services, and security items, and to address issues, including, but not limited to, prior repairs, deferred maintenance, or vandalism of property or gravesites, as necessary.*

(b) The public cemetery district shall determine the hours of operation, maintenance schedules, embellishment, and modicum of security, including gate locks, cameras, or alarms.

8805. *(a) A private entity that is licensed and regulated pursuant to the Cemetery and Funeral Act may acquire title to an abandoned endowment care cemetery.*

(b) If eligible, a private entity that acquires title to an abandoned endowment care cemetery shall manage the cemetery's endowment care trust fund, including principal and interest, in accordance with Chapter 5 (commencing with Section 8700).

(c) The bureau may provide funds from the Abandonment Grant Funding Program to a private entity that acquires title to an abandoned endowment care cemetery. Use of program funds shall be limited to the purposes described in Section 8804.

8806. *(a) A public cemetery district or private entity 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.*

(b) (1) A public cemetery district or a private entity that acquires title to an abandoned endowment care cemetery shall not be responsible for any actions of the vacated owner, including, but not limited to, mismanagement of the endowment fund or cemetery.

(2) This subdivision shall not be applied to impair the obligation of any contract that is in effect as of January 1, 2026, in a manner that would violate either Section 9 of Article I of the California Constitution or Section 10 of Article I of the United States Constitution.

SEC. 2. SEC. 12. 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. 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.~~

SEC. 13. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because, due to unique circumstances, Lincoln Memorial Park Cemetery, Dambacher Mountain Memorial Cemetery, Verdugo Hills Cemetery, Chapel of the Light, Evergreen Cemetery, and Mount Tamalpais Cemetery are abandoned and not being maintained.

SEC. 14. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

However, if the Commission on State Mandates determines that this act contains other 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.