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**HOUSE BILL 1005**

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**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By** Representatives Ryu and Corry

Prefiled 12/03/24.

1 AN ACT Relating to prearrangement funeral services; amending RCW  
2 18.39.010 and 18.39.250; and creating a new section.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature finds that a  
5 prearrangement funeral service allows a person to prepare for, plan,  
6 and purchase their funeral service in advance so that their funeral  
7 preferences are honored. Many families face difficult decisions upon  
8 a loved one's passing. The legislature finds that making and paying  
9 for one's own final wishes can relieve the emotional decisions and  
10 financial hardships around funeral services that are typically placed  
11 on families. Therefore, the legislature recognizes the benefit and  
12 need for prearrangement funeral services and intends to modernize the  
13 requirements placed upon funeral establishments who offer  
14 prearrangement funeral services.

15 **Sec. 2.** RCW 18.39.010 and 2019 c 432 s 36 are each amended to  
16 read as follows:

17 The definitions in this section and in chapter 68.04 RCW apply  
18 throughout this chapter unless the context clearly requires  
19 otherwise.

1 (1) "Board" means the funeral and cemetery board created pursuant  
2 to RCW 18.39.173.

3 (2) "Director" means the director of licensing.

4 (3) "Embalmer" means a person engaged in the profession or  
5 business of disinfecting and preserving human remains for  
6 transportation or final disposition.

7 (4) "Funeral director" means a person engaged in the profession  
8 or business of providing for the care, shelter, transportation, and  
9 arrangements for the disposition of human remains that may include  
10 arranging and directing funeral, memorial, or other services.

11 (5) "Funeral establishment" means a place of business licensed in  
12 accordance with RCW 18.39.145, that provides for any aspect of the  
13 care, shelter, transportation, embalming, preparation, and  
14 arrangements for the disposition of human remains and includes all  
15 areas of such entity and all equipment, instruments, and supplies  
16 used in the care, shelter, transportation, preparation, and embalming  
17 of human remains.

18 (6) "Funeral merchandise or services" means those services  
19 normally performed and merchandise normally provided by funeral  
20 establishments, including the sale of burial supplies and equipment,  
21 but excluding the sale by a cemetery of lands or interests therein,  
22 services incidental thereto, markers, memorials, monuments,  
23 equipment, crypts, niches, or vaults.

24 (7) "Licensee" means any person or entity holding a license,  
25 registration, endorsement, or permit under this chapter issued by the  
26 director.

27 (8) "Prearrangement funeral service contract" means any contract  
28 under which, for a specified consideration, a funeral establishment  
29 promises, upon the death of the person named or implied in the  
30 contract, to furnish funeral merchandise or services. "Prearrangement  
31 funeral service contract" does not include funeral merchandise that  
32 is delivered either at the time of sale or within 30 days thereafter,  
33 nor does it include a transportation protection agreement.

34 (9) "Public depository" means a public depository defined by RCW  
35 39.58.010 or a state or federally chartered credit union.

36 (10) "Transportation protection agreement" means an agreement  
37 that primarily provides for the coordination and arrangement of all  
38 professional services related to the preparation of transportation  
39 and subsequent transportation of human remains or cremated remains.

1        (11) "Two-year college course" means the completion of sixty  
2 semester hours or ninety quarter hours of college credit, including  
3 the satisfactory completion of certain college courses, as set forth  
4 in this chapter.

5        Words used in this chapter importing the singular may be applied  
6 to the plural of the person or thing, words importing the plural may  
7 be applied to the singular, and words importing the masculine gender  
8 may be applied to the female.

9        **Sec. 3.** RCW 18.39.250 and 2012 c 206 s 2 are each amended to  
10 read as follows:

11        (1) Any funeral establishment selling funeral merchandise or  
12 services by prearrangement funeral service contract and accepting  
13 moneys therefore must establish and maintain one or more  
14 prearrangement funeral service trusts under Washington state law with  
15 two or more designated trustees, for the benefit of the beneficiary  
16 of the prearrangement funeral service contract. Funeral  
17 establishments may join with one or more other Washington state  
18 licensed funeral establishments in a "master trust" provided that  
19 each member of the "master trust" complies individually with the  
20 requirements of this chapter. A funeral establishment shall not be  
21 required to trust moneys received for funeral merchandise that is  
22 delivered within 30 days of the sale nor shall a funeral  
23 establishment be required to trust moneys received for a  
24 transportation protection agreement.

25        (2) Up to (~~ten~~) 20 percent of the cash purchase price of each  
26 prearrangement funeral service contract, excluding sales tax, may be  
27 retained by the funeral establishment unless otherwise provided in  
28 this chapter. If the prearrangement funeral service contract is  
29 canceled within thirty calendar days of its signing, then the  
30 purchaser must receive a full refund of all moneys paid under the  
31 contract.

32        (3) At least (~~ninety~~) 80 percent of the cash purchase price of  
33 each prearrangement funeral service contract, paid in advance,  
34 excluding sales tax, shall be placed in the trust established or  
35 utilized by the funeral establishment. Deposits to the prearrangement  
36 funeral service trust must be made not later than the twentieth day  
37 of the month following receipt of each payment made on the last  
38 (~~ninety~~) 80 percent of each prearrangement funeral service  
39 contract, excluding sales tax.

1 (4) All prearrangement funeral service trust moneys must be  
2 deposited in an insured account in a commercial bank, trust company,  
3 mutual savings bank, savings and loan association, or credit union,  
4 whether state or federally chartered. The account or investments  
5 shall be designated as the prearrangement funeral service trust of  
6 the funeral establishment for the benefit of the beneficiaries named  
7 in the prearrangement funeral service contracts. The prearrangement  
8 funeral service trust shall not be considered as, or used as, an  
9 asset of the funeral establishment. All prearrangement funeral  
10 service trust moneys must be invested in accordance with the  
11 provisions of RCW 11.100.020 subject to the following restrictions:

12 (a) No officer or director of the funeral establishment, trustee  
13 of the prearrangement trust funds, or spouse, sibling, parent,  
14 grandparent, or issue of such officer, director, or trustee, may  
15 borrow any of such funds for himself or herself, directly or  
16 indirectly;

17 (b) No funds may be loaned to the funeral establishment, its  
18 agents, or employees, or to any corporation, partnership, or other  
19 business entity in which the funeral establishment has any ownership  
20 interest; and

21 (c) No funds may be invested with persons or business entities  
22 operating in a business field directly related to funeral homes.

23 (5) After deduction of reasonable fees for the administration of  
24 the trust, taxes paid or withheld, or other expenses of the trust,  
25 all interest, dividends, or growth earned by a trust become a part of  
26 the trust. Adequate records must be maintained to allocate the share  
27 of principal and interest to each contract. Fees deducted for the  
28 administration of the trust may not exceed one percent per year of  
29 the amount in trust. In no instance may the administrative charges  
30 deducted from the prearrangement funeral service trust reduce,  
31 diminish, or in any other way lessen the value of the trust so that  
32 the services or merchandise provided for under the contract are  
33 reduced, diminished, or in any other way lessened.

34 (6) Except as otherwise provided in this chapter, the trustees of  
35 a prearrangement funeral service trust must permit withdrawal of all  
36 funds deposited under a prearrangement funeral service contract, plus  
37 accruals thereon, under the following circumstances and conditions:

38 (a) If the funeral establishment files a verified statement with  
39 the trustees that the prearrangement funeral merchandise and services

1 covered by the contract have been furnished and delivered in  
2 accordance therewith; or

3 (b) If the funeral establishment files a verified statement with  
4 the trustees that the prearrangement funeral merchandise and services  
5 covered by the contract have been canceled in accordance with its  
6 terms.

7 (7) Subsequent to the thirty calendar day cancellation period  
8 provided for in this chapter, any purchaser or beneficiary who has a  
9 revocable prearrangement funeral service contract has the right to  
10 demand a refund of the amount in trust.

11 (8) Prearrangement funeral service contracts which have or should  
12 have an account in a prearrangement funeral service trust may be  
13 terminated by the board if the funeral establishment goes out of  
14 business, becomes insolvent or bankrupt, makes an assignment for the  
15 benefit of creditors, has its prearrangement funeral service  
16 certificate of registration revoked, or for any other reason is  
17 unable to fulfill the obligations under the contract. In such event,  
18 or upon demand by the purchaser or beneficiary of the prearrangement  
19 funeral service contract, the funeral establishment must refund to  
20 the purchaser or beneficiary all moneys deposited in the trust and  
21 allocated to the contract unless otherwise ordered by a court of  
22 competent jurisdiction. The purchaser or beneficiary may, in lieu of  
23 a refund, elect to transfer the prearrangement funeral service  
24 contract and all amounts in trust to another funeral establishment  
25 licensed under this chapter which will agree, by endorsement to the  
26 contract, to be bound by the contract and to provide the funeral  
27 merchandise or services. Election of this option does not relieve the  
28 defaulting funeral establishment of its obligation to the purchaser  
29 or beneficiary for any amounts required to be, but not placed, in  
30 trust.

31 (9) Prior to the sale or transfer of ownership or control of any  
32 funeral establishment which has contracted for prearrangement funeral  
33 service contracts, any person, corporation, or other legal entity  
34 desiring to acquire such ownership or control must apply to the  
35 director in accordance with RCW 18.39.145. Persons and business  
36 entities selling or relinquishing, and persons and business entities  
37 purchasing or acquiring ownership or control of such funeral  
38 establishments must each verify and attest to a report showing the  
39 status of the prearrangement funeral service trust or trusts on the  
40 date of the sale. This report must be on a form prescribed by the

1 board and shall be considered part of the application for a funeral  
2 establishment license. In the event of failure to comply with this  
3 subsection, the funeral establishment is deemed to have gone out of  
4 business and the provisions of subsection (8) of this section apply.

5 (10) Prearrangement funeral service trust moneys may not be used,  
6 directly or indirectly, for the benefit of the funeral establishment  
7 or any director, officer, agent, or employee of the funeral  
8 establishment including, but not limited to, any encumbrance, pledge,  
9 or other use of prearrangement funeral service trust moneys as  
10 collateral or other security.

11 (11)(a) If, at the time of the signing of the prearrangement  
12 funeral service contract, the beneficiary of the trust is a recipient  
13 of public assistance as defined in RCW 74.04.005, or reasonably  
14 anticipates being so defined, the contract may provide that the trust  
15 will be irrevocable. If after the contract is entered into, the  
16 beneficiary becomes eligible or seeks to become eligible for public  
17 assistance under Title 74 RCW, the contract may provide for an  
18 election by the beneficiary, or by the purchaser on behalf of the  
19 beneficiary, to make the trust irrevocable thereafter in order to  
20 become or remain eligible for such assistance.

21 (b) The department of social and health services must notify the  
22 trustee of any prearrangement service trust that the department has a  
23 claim on the estate of a beneficiary for long-term care services.  
24 Such notice must be renewed at least every three years. The trustees  
25 upon becoming aware of the death of a beneficiary must give notice to  
26 the department of social and health services, office of financial  
27 recovery, who shall file any claim there may be within thirty days of  
28 the notice.

29 (12) Every prearrangement funeral service contract financed  
30 through a prearrangement funeral service trust must contain language  
31 which:

32 (a) Informs the purchaser of the prearrangement funeral service  
33 trust and the amount to be deposited in the trust;

34 (b) Indicates if the contract is revocable or not in accordance  
35 with subsection (11) of this section;

36 (c) Specifies that a full refund of all moneys paid on the  
37 contract will be made if the contract is canceled within thirty  
38 calendar days of its signing;

39 (d) Specifies that, in the case of cancellation by a purchaser or  
40 beneficiary eligible to cancel under the contract or under this

1 chapter, up to ten percent of the contract amount may be retained by  
2 the seller to cover the necessary expenses of selling and setting up  
3 the contract;

4 (e) Identifies the trust to be used and contains information as  
5 to how the trustees may be contacted.

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