
HOUSE BILL 1886

State of Washington

68th Legislature

2024 Regular Session

By Representatives Walen, Robertson, Berg, Reeves, and Santos

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

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

4 **Sec. 1.** RCW 18.39.010 and 2019 c 432 s 36 are each amended to
5 read as follows:

6 The definitions in this section and in chapter 68.04 RCW apply
7 throughout this chapter unless the context clearly requires
8 otherwise.

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

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

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

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

19 (5) "Funeral establishment" means a place of business licensed in
20 accordance with RCW 18.39.145, that provides for any aspect of the
21 care, shelter, transportation, embalming, preparation, and

1 arrangements for the disposition of human remains and includes all
2 areas of such entity and all equipment, instruments, and supplies
3 used in the care, shelter, transportation, preparation, and embalming
4 of human remains.

5 (6) "Funeral merchandise or services" means those services
6 normally performed and merchandise normally provided by funeral
7 establishments, including the sale of burial supplies and equipment,
8 but excluding the sale by a cemetery of lands or interests therein,
9 services incidental thereto, markers, memorials, monuments,
10 equipment, crypts, niches, or vaults.

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

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

21 (9) "Public depository" means a public depository defined by RCW
22 39.58.010 or a state or federally chartered credit union.

23 (10) "Transportation protection agreement" means an agreement
24 that primarily provides for the coordination and arrangement of all
25 professional services related to the preparation of transportation
26 and subsequent transportation of human remains or cremated remains.

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

31 Words used in this chapter importing the singular may be applied
32 to the plural of the person or thing, words importing the plural may
33 be applied to the singular, and words importing the masculine gender
34 may be applied to the female.

35 **Sec. 2.** RCW 18.39.250 and 2012 c 206 s 2 are each amended to
36 read as follows:

37 (1) Any funeral establishment selling funeral merchandise or
38 services by prearrangement funeral service contract and accepting
39 moneys therefore must establish and maintain one or more

1 prearrangement funeral service trusts under Washington state law with
2 two or more designated trustees, for the benefit of the beneficiary
3 of the prearrangement funeral service contract. Funeral
4 establishments may join with one or more other Washington state
5 licensed funeral establishments in a "master trust" provided that
6 each member of the "master trust" complies individually with the
7 requirements of this chapter. A funeral establishment shall not be
8 required to trust moneys received for funeral merchandise that is
9 delivered within 30 days of the sale nor shall a funeral
10 establishment be required to trust moneys received for a
11 transportation protection agreement.

12 (2) Up to (~~ten~~) 20 percent of the cash purchase price of each
13 prearrangement funeral service contract, excluding sales tax, may be
14 retained by the funeral establishment unless otherwise provided in
15 this chapter. If the prearrangement funeral service contract is
16 canceled within thirty calendar days of its signing, then the
17 purchaser must receive a full refund of all moneys paid under the
18 contract.

19 (3) At least (~~ninety~~) 80 percent of the cash purchase price of
20 each prearrangement funeral service contract, paid in advance,
21 excluding sales tax, shall be placed in the trust established or
22 utilized by the funeral establishment. Deposits to the prearrangement
23 funeral service trust must be made not later than the twentieth day
24 of the month following receipt of each payment made on the last
25 (~~ninety~~) 80 percent of each prearrangement funeral service
26 contract, excluding sales tax.

27 (4) All prearrangement funeral service trust moneys must be
28 deposited in an insured account in a commercial bank, trust company,
29 mutual savings bank, savings and loan association, or credit union,
30 whether state or federally chartered. The account or investments
31 shall be designated as the prearrangement funeral service trust of
32 the funeral establishment for the benefit of the beneficiaries named
33 in the prearrangement funeral service contracts. The prearrangement
34 funeral service trust shall not be considered as, or used as, an
35 asset of the funeral establishment. All prearrangement funeral
36 service trust moneys must be invested in accordance with the
37 provisions of RCW 11.100.020 subject to the following restrictions:

38 (a) No officer or director of the funeral establishment, trustee
39 of the prearrangement trust funds, or spouse, sibling, parent,
40 grandparent, or issue of such officer, director, or trustee, may

1 borrow any of such funds for himself or herself, directly or
2 indirectly;

3 (b) No funds may be loaned to the funeral establishment, its
4 agents, or employees, or to any corporation, partnership, or other
5 business entity in which the funeral establishment has any ownership
6 interest; and

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

9 (5) After deduction of reasonable fees for the administration of
10 the trust, taxes paid or withheld, or other expenses of the trust,
11 all interest, dividends, or growth earned by a trust become a part of
12 the trust. Adequate records must be maintained to allocate the share
13 of principal and interest to each contract. Fees deducted for the
14 administration of the trust may not exceed one percent per year of
15 the amount in trust. In no instance may the administrative charges
16 deducted from the prearrangement funeral service trust reduce,
17 diminish, or in any other way lessen the value of the trust so that
18 the services or merchandise provided for under the contract are
19 reduced, diminished, or in any other way lessened.

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

24 (a) If the funeral establishment files a verified statement with
25 the trustees that the prearrangement funeral merchandise and services
26 covered by the contract have been furnished and delivered in
27 accordance therewith; or

28 (b) If the funeral establishment files a verified statement with
29 the trustees that the prearrangement funeral merchandise and services
30 covered by the contract have been canceled in accordance with its
31 terms.

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

36 (8) Prearrangement funeral service contracts which have or should
37 have an account in a prearrangement funeral service trust may be
38 terminated by the board if the funeral establishment goes out of
39 business, becomes insolvent or bankrupt, makes an assignment for the
40 benefit of creditors, has its prearrangement funeral service

1 certificate of registration revoked, or for any other reason is
2 unable to fulfill the obligations under the contract. In such event,
3 or upon demand by the purchaser or beneficiary of the prearrangement
4 funeral service contract, the funeral establishment must refund to
5 the purchaser or beneficiary all moneys deposited in the trust and
6 allocated to the contract unless otherwise ordered by a court of
7 competent jurisdiction. The purchaser or beneficiary may, in lieu of
8 a refund, elect to transfer the prearrangement funeral service
9 contract and all amounts in trust to another funeral establishment
10 licensed under this chapter which will agree, by endorsement to the
11 contract, to be bound by the contract and to provide the funeral
12 merchandise or services. Election of this option does not relieve the
13 defaulting funeral establishment of its obligation to the purchaser
14 or beneficiary for any amounts required to be, but not placed, in
15 trust.

16 (9) Prior to the sale or transfer of ownership or control of any
17 funeral establishment which has contracted for prearrangement funeral
18 service contracts, any person, corporation, or other legal entity
19 desiring to acquire such ownership or control must apply to the
20 director in accordance with RCW 18.39.145. Persons and business
21 entities selling or relinquishing, and persons and business entities
22 purchasing or acquiring ownership or control of such funeral
23 establishments must each verify and attest to a report showing the
24 status of the prearrangement funeral service trust or trusts on the
25 date of the sale. This report must be on a form prescribed by the
26 board and shall be considered part of the application for a funeral
27 establishment license. In the event of failure to comply with this
28 subsection, the funeral establishment is deemed to have gone out of
29 business and the provisions of subsection (8) of this section apply.

30 (10) Prearrangement funeral service trust moneys may not be used,
31 directly or indirectly, for the benefit of the funeral establishment
32 or any director, officer, agent, or employee of the funeral
33 establishment including, but not limited to, any encumbrance, pledge,
34 or other use of prearrangement funeral service trust moneys as
35 collateral or other security.

36 (11)(a) If, at the time of the signing of the prearrangement
37 funeral service contract, the beneficiary of the trust is a recipient
38 of public assistance as defined in RCW 74.04.005, or reasonably
39 anticipates being so defined, the contract may provide that the trust
40 will be irrevocable. If after the contract is entered into, the

1 beneficiary becomes eligible or seeks to become eligible for public
2 assistance under Title 74 RCW, the contract may provide for an
3 election by the beneficiary, or by the purchaser on behalf of the
4 beneficiary, to make the trust irrevocable thereafter in order to
5 become or remain eligible for such assistance.

6 (b) The department of social and health services must notify the
7 trustee of any prearrangement service trust that the department has a
8 claim on the estate of a beneficiary for long-term care services.
9 Such notice must be renewed at least every three years. The trustees
10 upon becoming aware of the death of a beneficiary must give notice to
11 the department of social and health services, office of financial
12 recovery, who shall file any claim there may be within thirty days of
13 the notice.

14 (12) Every prearrangement funeral service contract financed
15 through a prearrangement funeral service trust must contain language
16 which:

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

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

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

24 (d) Specifies that, in the case of cancellation by a purchaser or
25 beneficiary eligible to cancel under the contract or under this
26 chapter, up to ten percent of the contract amount may be retained by
27 the seller to cover the necessary expenses of selling and setting up
28 the contract;

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

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