

**TITLE 16. CEMETERY AND FUNERAL BUREAU
DEPARTMENT OF CONSUMER AFFAIRS**

INITIAL STATEMENT OF REASONS

Hearing Date: No public hearing is scheduled.

Subject Matter of Proposed Regulations: Licensure and Regulation of Alkaline Hydrolysis

Section(s) Affected: Amendment of sections 2310, 2311, 2326.1, 2339, and 2370, of Title 16, Division 23 of the California Code of Regulations (CCR). Addition of sections 2326.05 and 2329.1, to Title 16, Division 23 of the CCR.

Background and Statement of the Problem:

The Cemetery and Funeral Bureau (“Bureau” or “CFB”) licenses and regulates 13 different license categories in California, totaling approximately 13,500 licensees. These licensing categories include funeral establishments, funeral directors, embalmers, apprentice embalmers, cemetery brokers, cemetery broker branch, cemetery broker additional, cemetery salespersons, cremated remains disposers, crematories, crematory managers, cemetery managers, and private, nonreligious cemeteries.

The death care industry transacts business with consumers at a time when they are emotionally vulnerable. Protection of the public is mandated to be the highest priority for the CFB in exercising its licensing, regulatory, and disciplinary functions. CFB protects the public through the following primary methods: issuing and renewing licenses, investigating consumer complaints, conducting inspections, and disciplining licensees for violations of its laws and regulations under the Cemetery and Funeral Act (Act) and Title 16 of the CCR.

In 2017, the Legislature passed Assembly Bill (AB) 967 (Gloria, Chapter 846, Statutes of 2017), requiring CFB to license and regulate hydrolysis facilities, hydrolysis facility managers, and to enact requirements applicable to hydrolysis facilities substantially similar to those applicable to crematoria beginning July 1, 2020. BPC section 7606 authorizes the CFB to adopt, amend, or repeal rules and regulations as may be reasonably necessary to enable it to carry into effect the provisions of the Act. BPC section 7639.08 authorizes the Bureau to adopt rules and regulations prescribing standards for applicants of for hydrolysis licenses.

Alkaline hydrolysis is a process by which human remains are reduced to its essential organic components and bone fragments with the utilization of water and an alkaline solution, combined with heat and pressure. The resultant liquid, which is referred to as hydrolysate in this bill, is removed from the hydrolysis chamber. Similar to cremation,

the bone fragments are processed by mechanical means to a consistency appropriate for disposition.

In accordance with the statutory mandates implemented by AB 967, the purpose of this proposal is to implement, interpret, and make specific BPC sections 7639, 7639.04, 7639.06, 7639.08, 7639.10, 7653.35, 7712.11, and 7730.11, which govern the operation, licensing, standards, and management of hydrolysis facilities.

Accordingly, CFB proposes to amend existing regulatory sections 2310, 2311, 2326.1, 2339, and 2370, and to adopt sections 2326.05 and 2329.1 of the CCR to adhere to the mandates of AB 967. Section 2326.05 will establish the application requirements for a hydrolysis facility. Section 2329.1 will establish the regulatory requirements for abandoned applications.

Specific Purpose, Anticipated Benefits, and Rationale:

Amend Section 2310 of Division 23 of Title 16 of the CCR (Regulatory Charge)

Section 2310(a)

Purpose: Section 2310 governs the regulatory charges cemetery authorities are required to pay the CFB. The purpose of amending section 2310(a) is to provide that the quarterly regulatory charge of \$8.50 will also apply to a cemetery authority who performs a hydrolysis at a hydrolysis facility located on the grounds of the cemetery. The amendment also adds “and” between “dollars” and “fifty” to provide clarity and consistency within the subdivision and the remainder of the regulation.

Anticipated Benefit(s): The proposed revision to section 2310(a) provides transparency and clarity to licensees and the public that CFB will be assessing an \$8.50 fee for each burial, entombment, inurnment, cremation, and hydrolysis performed by a hydrolysis facility located on the grounds of the cemetery under specific common ownership. The assessment of the fee on each hydrolysis performed will benefit the CFB insofar as such fees are deposited as revenue into CFB’s fund, allowing CFB to remain financially solvent. This enables the Bureau to continue to carry out its highest priority of consumer protection.

Rationale: BPC section 7730.11 authorizes the CFB to assess a hydrolysis facility licensee an additional charge of not more than \$8.50 per hydrolysis made during the preceding quarter. The Bureau proposes to assess the same charge for hydrolyses and cremations to promote consistency in the charges assessed for both processes.

Section 2310(b)

Purpose: The Bureau proposes to add “and” between “eight dollars” and “fifty cents” for consistency with the remainder of the regulation.

Anticipated Benefit(s): The addition of this language will clarify the regulation to applicants and make it internally consistent.

Rationale: The addition of “and” between “eight dollars” and “fifty cents” is non-substantive and makes the regulation internally consistent.

Section 2310(c)

Purpose: The Bureau proposes to add subdivision (c) to expand the existing annual regulatory charge and additional quarterly charge to hydrolysis facilities. This section would establish the regulatory charge for every hydrolysis facility at nine hundred dollars (\$900). This proposal would establish the additional quarterly charge of \$8.50 to be paid to the CFB for each hydrolysis performed during the preceding quarter.

Subsection (c)(1) requires licensed hydrolysis facilities to submit the annual chamber maintenance records for the preceding year with renewal applications. Under BPC section 7639.06(d), applicants for hydrolysis facility licenses are required to present to the Bureau records of annual maintenance of the hydrolysis chamber when renewing the license.

Subsection (c)(2) requires the hydrolysis facility to submit the Department of Public Health evaluation (if applicable) for each annual renewal of its license. Under BPC section 7639.08(e), a licensee is required to include an evaluation of the hydrolysis chamber in its application to renew its license.

Anticipated Benefit(s): The proposed amendment to section 2310(c) provides transparency and clarity to license applicants and the public of the annual regulatory charge, quarterly regulatory charge paid to CFB to operate a hydrolysis facility, and the hydrolysis chamber maintenance records and evaluation (if applicable) of the hydrolysis chamber that must be presented to obtain license renewal. This proposal aligns with existing environmental and safety laws for the protection of the public and ensures that facilities meet such requirements before the Bureau renews a license. The assessment of these fees will benefit the CFB insofar as such fees are deposited as revenue into CFB’s fund, allowing CFB to remain financially solvent. This enables the Bureau to continue to carry out its highest priority of consumer protection.

Rationale: BPC section 7730.11(a) authorizes the CFB to establish a reasonable application fee to obtain or renew a hydrolysis facility license. The Bureau proposes a \$900 fee based on recommendations from a CFB fee study conducted in 2016, which

concluded that the current crematory license fee of \$400 was insufficient to cover the true cost of the license administration and recommended that the Bureau increase the license fee to \$900. Accordingly, CFB proposes to set the annual regulatory charge fee at \$900 to ensure the reasonable cost of license administration for a hydrolysis facility is sufficiently covered.

Section 7730.11(b) permits the Bureau to assess an additional charge of not more than \$8.50 per hydrolysis performed in a hydrolysis facility. CFB proposes to assess an \$8.50 per hydrolysis charge so it will be consistent with all forms of disposition.

Section 2310(d)

Purpose: The Bureau proposes to add subdivision (d) to inform the applicant and the public that the Bureau will not renew the license of any cemetery authority, crematory, or hydrolysis facility that has failed to pay the quarterly regulatory charge prescribed under this section.

Anticipated Benefit(s): Proposed subdivision (d) will provide clarity and transparency to all licensees that failure to pay the Bureau the quarterly regulatory charge on time will render the license ineligible for renewal.

Rationale: Current law authorizes the Bureau to charge a quarterly regulatory fee of \$8.50 per burial, entombment, inurnment, cremation, or hydrolysis made during the preceding quarter from every licensee operating a cemetery, crematory or hydrolysis facility. The adoption of subdivision (d) will ensure that cemetery authorities, crematory, and hydrolysis facilities submit the required quarterly regulatory fee on time. The Bureau uses a progressive disciplinary process to achieve compliance from licensees that have not submitted the quarterly payment to the Bureau. The progressive disciplinary process may include one or more of the following: a letter of warning, a citation without a fine, a citation with a minimum fine, a citation with an increased fine, a citation with a maximum fine, and finally, disciplinary action. However, the progressive disciplinary process is lengthy. Making the license ineligible for renewal compels compliance from the licensee sooner, which aligns with the CFB's mandate of consumer protection.

Amend Section 2311 of Division 23 of Title 16 of the CCR (Filing Fee)

Section 2311(a)

Purpose: The Bureau proposes to add "one hundred dollars" before "\$100" for consistency within the subdivision and the remainder of the regulation. The rest of the regulation spells out numbers before stating currency in numerical form.

Anticipated Benefit(s): The addition of this language will clarify the regulation to applicants and make it internally consistent.

Rationale: The addition of “one hundred dollars” is non-substantive and makes the regulation internally consistent.

Section 2311(c)

Purpose: The Bureau proposes to establish an initial filing fee of \$900 to accompany an original application for a hydrolysis facility. This proposal also establishes a supplemental application investigation filing fee for a hydrolysis facility license. CFB proposes to set the investigation filing fee at the rate of \$100 per day per person, to defray CFB’s expense of investigation. This is consistent with existing subsection (b) regarding a supplemental application filing fee for a crematory license, and CFB would require the hydrolysis applicant to provide any additional sums within the same five (5) day timeframe as a crematory applicant. This section also proposes setting the supplemental fee limit at \$1,400.

Anticipated Benefit(s): The proposed amendment to section 2311(c) will provide transparency and clarity to license applicants and the public of the initial filing fee of \$900 for a hydrolysis facility. This fee will compensate the CFB for the cost of license administration and investigation. If investigation time is needed, the Bureau proposes to place a fee limit of \$100 per day per person, and an overall investigation fee limit of \$1,400 (which includes the application fee of \$900, and \$500 for up to five days at a daily cost of \$100). This will defray CFB’s expense of investigation but limit the amount to \$1,400. This limit will provide applicants with certainty regarding their liability for additional investigation costs.

Rationale: BPC section 7730.11 authorizes CFB to establish a reasonable application fee to obtain a hydrolysis facility license. A fee study conducted in 2016 recommended a crematory license fee increase to \$900 as this fee is reasonable to the true cost of license administration. CFB relies upon this fee study to project the annual regulatory fee and renewal fee of \$900 for each hydrolysis facility applicant and licensee. CFB proposes to keep the standard application investigation cost of \$100 per day for consistency purposes, to defray the excessive investigative application cost.

Adopt Section 2326.05 of Division 23 of Title 16 of the CCR (Application for Hydrolysis Facility)

Section 2326.05

Purpose: The Bureau proposes to adopt section 2326.05 to provide that an application for a hydrolysis facility license must be made on an “Application for Hydrolysis Facility License,” form 23-HF (07/20). The regulation will incorporate the form by reference and list all the requirements and documents that must accompany the hydrolysis facility application.

Anticipated Benefit(s): Section 2326.05 will provide clarity to license applicants and the public of application requirements to operate a hydrolysis facility. The information collected on the form enables the CFB to determine how the business will be organized and to ensure all the permits required to operate a hydrolysis facility are obtained to properly evaluate the application. The section aligns with existing application requirement regulations for cemetery authorities and crematories.

Rationale: BPC section 7639.06 authorizes CFB to require proof of compliance to operate a hydrolysis facility, necessary to protect the public interest, human health, and environment quality. The section establishes the application requirements and the documents required for CFB to evaluate and qualify an applicant for a hydrolysis facility license.

CFB requests the following items of information on the application:

(1) Articles of Incorporation, if the applicant is a corporation, certified by the Secretary of State, or a partnership agreement, if the applicant is a partnership.

BPC section 7611.12 defines a “licensed hydrolysis facility” as a corporation, partnership, or natural person licensed pursuant to Article 2.7 of the BPC. This application question is necessary to determine whether the applicant has the required status of corporation or partnership. (See also, Bus, & Prof. Code, § 7639 [“A corporation, partnership, or natural person may operate, establish, or maintain a hydrolysis facility with a valid hydrolysis facility license issued by the bureau.”].)

(2) Land use or zoning permit certified by the city or county for the land proposed to be used by the applicant for the hydrolysis facility.

Under BPC section 7639.06(a), the Bureau must require an applicant for a hydrolysis facility license to prove compliance with all applicable laws, rules, regulations, ordinances, and orders, and shall not issue a hydrolysis facility license until the bureau is satisfied that the public interest, human health, and environmental quality will be served by the applicant. Consistent with this requirement, an applicant must submit proof of “[a]ny other state or locally required permit.” (Bus. & Prof. Code, § 7639.06, subd. (b)(4).) The application seeks land use or zoning permits to ensure that the applicant has the right to operate a hydrolysis facility on the land proposed to be used for it.

(3) Permit to operate a hydrolysis facility issued by the local department of public health.

Under BPC section 7639.06(a), the Bureau must require an applicant for a hydrolysis facility license to prove compliance with all applicable laws, rules, regulations,

ordinances, and orders, and shall not issue a hydrolysis facility license until the bureau is satisfied that the public interest, human health, and environmental quality will be served by the applicant. Consistent with this requirement, an applicant must submit proof of permits required by the local public health department. “[a]ny other state or locally required permit.” (Bus. & Prof. Code, § 7639.06, subd. (b)(1).) The application seeks these permits to ensure that the applicant has the right to operate a hydrolysis facility.

(4) Deed, lease or other written instrument providing the applicant with the right to possess and use the property where the business will be located.

Under BPC section 7639.06(a), the Bureau must require an applicant for a hydrolysis facility license to prove compliance with all applicable laws, rules, regulations, ordinances, and orders, and shall not issue a hydrolysis facility license until the bureau is satisfied that the public interest, human health, and environmental quality will be served by the applicant. Consistent with this requirement, the Bureau requests an applicant submit proof of the right to use any land proposed to be used for a hydrolysis facility, whether that right arises from ownership or a leasehold interest.

(5) Approval of hydrolysis chamber issued by the State Department of Public Health.

Under BPC section 7639.08(g), the Bureau may only grant hydrolysis licenses to applicants that will employ a hydrolysis chamber approved by the State Department of Public Health. The application seeks this approval from an applicant in order to comply with BPC section 7639.08(g).

(b) A signed and verified statement by the individual if the applicant is an individual, by the chief executive officer and one of the directors of the corporation if the applicant is a corporation, by both partners if the partnership has two partners, or the majority of partners, if the applicant is a partnership with two or more partners. Each statement shall set forth:

The Bureau’s application requires applicants to certify that they have read and met all requirements to help ensure that representations made by the applicant contain a truthful factual representation and are made in good faith. Certification under penalty of perjury helps to ensure that the documentation contains truthful, factual representations made in good faith. (See e.g., *In re Marriage of Reese & Guy* (1999) 73 Cal.App.4th 1214, 1223 [judicial explanation for the use of certifications].) The Bureau relies upon applicants’ self-reported information in evaluating license applications. The certification requirement protects consumers because it helps ensure that only applicants who meet licensure requirements, as demonstrated by their application materials, will be eligible for licensure, and that only qualified applicants receive licenses.

- (1) A complete and detailed financial statement showing assets, liabilities, and reserves.

The Bureau asks for this financial statement to ensure that the hydrolysis facility is solvent and able to operate once licensed.

- (2) A statement of proposed plan of operation which shall include the type of services proposed to be sold by the facility.

The Bureau requests this statement from an applicant to determine what services the facility intends to offer consumers. If the hydrolysis facility offers services directly to the public, the response to this question will determine whether the applicant needs to submit the standard agreement requested in (3) below.

- (3) A complete and accurate copy of the standard agreement the applicant proposes to use for funding of prearranged hydrolysis.

The Bureau requests the standard agreement the applicant proposes to use to determine whether the proposed agreement complies with the requirements of proposed section 2339.

- (c) Plans and specifications of the hydrolysis facility and building, which must be sufficient to allow the Bureau to determine, among other things:

- (1) Adequacy of storage for hydrolyzed and unhydrolyzed remains.

- (2) Such other matters as the Bureau may require by written notice to the applicant.

The Bureau requests the plans and specifications of the proposed hydrolysis facility and building to review the layout of the hydrolysis facility. The plans would show where the hydrolysis chambers are located and how many hydrolysis chambers the applicant proposes to use. The specifications would also identify if the hydrolysis facility has adequate cold storage for the refrigeration of unhydrolyzed human remains and identifies where the secure storage for hydrolyzed human remains will be located. Furthermore, if the applicant proposes to offer public viewing, the specifications would show whether there is a sufficiently sized area for this purpose.

Additionally, upon receipt of an application for a hydrolysis facility, the Bureau may investigate the physical status, plans, specifications, and financing of the proposed hydrolysis facility. If the inspector determines the hydrolysis facility has not met the license requirements, the Bureau may require the applicant to furnish further information for the Bureau to evaluate the application.

The Application for Hydrolysis Facility License, form 23-HF (07/20), incorporated by reference, would be cumbersome, unduly expensive and otherwise impractical to publish in the CCR. The form will be available on the Bureau's website and hardcopies will be available from the Bureau upon request.

Amend Section 2326.1 of Division 23 of Title 16 of the CCR (Managers)

Section 2326.1(c)

Purpose: The Bureau proposes to add subdivision (c) to provide who may supervise the operation of a hydrolysis facility. This subsection allows each licensed hydrolysis facility to be operated under the supervision of a crematory manager designated by the applicant and certified by CFB. The Bureau will certify managers who evidence an understanding of the applicable provisions of law to perform the required duties. The subdivision allows an applicant to designate additional crematory managers who can succeed the crematory manager in the event the crematory manager is unable to perform his or her duties as required. To certify a crematory manager, the Bureau will require a written statement from the hydrolysis chamber manufacturer demonstrating that the crematory manager has received the proper training for the operation of the hydrolysis chamber and the proposed activities of the licensed hydrolysis facility. At present, the manufacturer is the only entity who could provide this training to a manager.

Anticipated Benefit(s): The proposed amendment will provide transparency and clarity to license applicants that each hydrolysis facility is required to designate a qualified and CFB-certified crematory manager to supervise the hydrolysis facility. Subdivision (c)(1) specifies the documentation that may be submitted to satisfy the requirement.

Rationale: BPC section 7712.11 requires a licensed hydrolysis facility to designate a qualified and CFB-certified licensed crematory manager to supervise the operations of a hydrolysis facility. The proposed amendment implements the statute by specifying the required certification documents to prove the crematory manager has knowledge and has received proper training for the operation of the hydrolysis chamber and the proposed activities of the licensed hydrolysis facility.

Adopt Section 2329.1 of Division 23 of Title 16 of the CCR (Abandonment of Application for Hydrolysis Facility)

Section 2329.1

Purpose: The Bureau proposes to adopt section 2329.1 to provide the applicant and the public notice that an application will be deemed abandoned and all fees previously paid will be deemed forfeited if the applicant refuses or fails to comply with the provisions of sections 2326.05 (requiring an application) and 2326.1(c) (requiring the designation and

certification of a crematory manager) within one year of written notification by CFB. Any applicant failing to submit documents or information to the Bureau as required by these regulatory sections will result in CFB deeming the application abandoned, after which the applicant will be required to submit a new application, fees, and documents.

Anticipated Benefit(s): The addition of section 2329.1 will provide transparency and clarity to applicants and the public of the abandoned application requirements. This will encourage applicants to submit timely documentation necessary for licensure to CFB.

Rationale: The addition of this section is necessary to apply the abandonment of application requirement to hydrolysis facilities, thereby maintaining consistency with CFB's existing crematory and cemetery regulations. In the Bureau's experience, deeming an application abandoned because the applicant fails to timely submit information encourages applicants to submit timely information.

Amend Section 2339 of Division 23 of Title 16 of the CCR (Form and Content of Crematory or Hydrolysis Contracts)

Section 2339

Purpose: The Bureau proposes to amend section 2339 to include requirements for the form and content of hydrolysis contracts. The proposal will retitle the section from "Form and Content of Crematory Contracts" to "Form and Content of Crematory and Hydrolysis Contracts," and amend the regulation so it applies to cremation and hydrolysis contracts. The proposal will add the words "or hydrolysis" to the existing regulatory language that itemizes all the charges and terms required in contracts to include hydrolysis contracts and crematory contracts. Subsection (b) adds the words "or hydrolysis or hydrolysis services" to existing regulatory language.

Anticipated Benefit(s): The amendment of section 2339 will provide transparency and clarity to licensees that a hydrolysis facility operates under the same contractual requirements as crematories and that licensees cannot conduct a hydrolysis unless a written contract with the person or persons entitled to the custody of the remains is obtained.

Rationale: BPC section 7639.10 requires a hydrolysis facility obtain a written contract with the person(s) entitled to the custody of remains before performing a hydrolysis. Section 7639.10(a)(1) prescribes certain terms of the contract and states that the contract may contain "any other contractual provisions required by the Bureau." BPC section 7712.6 imposes the same requirements on crematory licensees before they can conduct cremations. The amendment to section 2339 incorporates "hydrolysis" in the existing crematory contract language to make the requirements for cremations and hydrolyses consistent.

Amend Section 2370 of Division 23 of Title 16 of the CCR (Special Trust)

Section 2370

Purpose: Pursuant to Health and Safety Code section 8775, cemetery authorities may establish an endowment care fund. Section 2370 provides that trusts established for burial purposes pursuant to section 8775 include cremation or other commodities or services furnished at the time of and in connection with cremation or interment. The Bureau proposes to amend section 2370 to add that trusts established for burial purposes include hydrolysis services in addition to cremations.

Anticipated Benefit(s): The proposed amendment to section 2370 will provide transparency and clarity to licensees that trusts established for burial purposes are now required to include hydrolysis. In addition, consumers who have selected hydrolysis as their method of disposition and have entered into a preneed contract with cemeteries will have the added protection of having their funds deposited and held in trust.

Rationale: HSC section 8775 requires a cemetery to establish a special trust for burial purposes. This amendment incorporates hydrolysis to the existing special trust regulation. This proposal will maintain consistency for all cemetery commodities or services the cemetery furnishes.

Underlying Data:

Technical, theoretical, or empirical studies, reports, or documents relied upon:

- AB 967 (Gloria, Chapter 846, Statutes of 2017)
- CFB's 2016 Fee Study
- The Cremationist of North America magazine, (Vol. 55, No. 2, published 2019), page 14

Business Impact:

The proposed regulations will have a minimal impact on businesses. The Bureau concludes that the economic impact, including the ability of California businesses to compete with businesses in other states will not be significant on the following facts or evidence/documents/testimony:

- The proposed regulations would impact businesses in California who want to operate hydrolysis facilities. The CFB estimates 15 applicants will apply for licensure within the first year of implementation and 2 annually thereafter. These applicants will be required to submit the initial application to CFB and pay the initial license fee of \$900. Licensees will be required to renew each year and pay annual license renewal fees of \$900.

- While the cost of the hydrolysis chamber (with installation) may vary by vendor, the cost to purchase the hydrolysis chamber ranges between \$140,000 to \$350,000. The cost of the hydrolysis chamber was obtained through a telephone survey with a manufacturer of the hydrolysis chamber in Minnesota. The cost for the hydrolysis chamber is likely to be significant but may be mitigated by the profit of the service.
- The CFB is unable to project the potential revenue that can be generated by a hydrolysis facility. The costs of direct cremation typically range from \$700 to \$1,300, and the costs of hydrolysis are anticipated to be similar.

However, because the hydrolysis process creates a new “green” technology method of disposition of human remains in California, actual market demand and costs are unknown at this time.

According to The Cremationist of North America magazine, (Vol. 55, No. 2, published 2019), California is ranked at 67.5 percent in cremations as of 2018, and it is projected to increase to 74.2 percent by 2023. CFB predicts hydrolysis will share a portion of cremation as the preferred method of disposition, as cemeteries are running out of space and burial costs continue to increase, over time.

- In accordance with AB 967, an applicant for a hydrolysis facility license shall present to CFB any state or locally required permits for business operations and shall prove that the hydrolysis chamber has the appropriate permit and contracts for the disposal of hydrolysate and employ a hydrolysis chamber. While the costs of local permit fees may be significant, the permits are statutorily required and currently there is insufficient evidence to calculate the costs that will impact business.
- The hydrolysis facility is required to annually submit proof of the chamber maintenance records to demonstrate that the chamber continues to operate as originally approved. In addition, every five years, the hydrolysis facility is required to submit the California Department of Public Health’s evaluation of the hydrolysis chamber.
- Existing law requires each hydrolysis facility to designate a crematory manager to supervise the hydrolysis facility. Depending on the number of designation changes each hydrolysis facility makes, each request shall be accompanied by the fee of \$50. Therefore, the anticipated cost of reporting the change of a crematory manager is subject to the number of changes of crematory managers the hydrolysis facility reports.

Economic Impact Assessment

CFB License Costs:

The CFB estimates 15 applicants will apply for licensure within the first year of implementation and 2 applicants annually thereafter. These applicants will be required to submit the initial application to CFB and pay the initial license fee of \$900.

Licensees will be required to renew their license each year and pay the hydrolysis facility fee of \$900.

The total economic impact is estimated to be up to approximately \$29,700 per year and \$216,000 over a ten-year period as follows:

Registration and License Type	Applicants Per Year	Fee Costs Per Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10 Years Total
Hydrolysis Facility Initial (Year One)	15	\$900	\$13,500	-	-	-	-	-	-	-	-	-	\$13,500
Hydrolysis Facility Initial (Ongoing)	2	\$900	-	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$16,200
Hydrolysis Facility Annual Renewal	Various	\$900	-	\$13,500	\$15,300	\$17,100	\$18,900	\$20,700	\$22,500	\$24,300	\$26,100	\$27,900	\$186,300
Total Costs:			\$13,500	\$15,300	\$17,100	\$18,900	\$20,700	\$22,500	\$24,300	\$26,100	\$27,900	\$29,700	\$216,000

Fiscal Impact Assessment:

Any workload and costs to process the initial and renewal applications are anticipated to be minor and absorbable within existing resources.

The CFB will ensure compliance with the proposed regulations through its inspection program and anticipates any enforcement-related workload and costs to be minor and absorbable within existing resources.

Other Business Costs:

Hydrolysis facilities will also incur start up costs to procure and install equipment estimated to be from \$140,000 to \$350,000 per chamber.

Currently, crematory licensees and holders of a certificate of authority to operate a crematory are required to maintain records of all remains cremated, as specified. The proposed regulations expand these record maintenance requirements to the hydrolysis facilities. Because these facilities already have data retention systems any additional costs are anticipated to be minimal.

Hydrolysis facilities will also be required to obtain local permits and to comply with CDPH oversight, which may increase costs. The costs of local permitting and CDPH compliance are unknown at this time.

The Bureau has determined that this regulatory proposal will have the following effects:

- It will not create or eliminate jobs in the State of California because this proposed regulation applies to the cemetery industry, specifically the licensed hydrolysis facility. If any jobs are impacted, the types of jobs that may be impacted are those held by persons licensed by CFB to provide cemetery and funeral related services.
- It will not eliminate existing but create new businesses within the State of California because the proposed regulations allow hydrolysis facilities to file an application for hydrolysis license in California. The proposed regulation does not negatively impact the cemetery or funeral industry.
- It will expand but not eliminate existing business because this regulation applies to the cemetery industry in California. CFB projects fifteen (15) hydrolysis facilities would apply for licensure the first year.
- This regulatory proposal will not affect the health and welfare of California residents because the regulations are aimed toward reducing hydrolysis that is performed by an unlicensed facility and aligns with the Bureau's mandate of consumer protection. Additionally, hydrolysis promotes a more environmentally friendly approach to the disposition of human remains for California's residents.
- This regulatory proposal will positively affect worker safety because it establishes licensure and hydrolysis facility criteria, based upon recent statutory mandates.
- This regulatory proposal will positively affect the state's environment because hydrolysis is considered an environmentally friendly choice because there are no direct emissions of harmful greenhouse gasses or mercury released to the atmosphere.

Specific Technologies or Equipment

These regulations do not require the use of any specific technologies or equipment but does require that equipment used (hydrolysis chamber) meet the approval of the Department of Public Health. In addition, a hydrolysis facility intending to discharge their hydrolysate to the regional sewer system would be subject to the rules and regulations of their local sanitation district.

Consideration of Alternatives

No reasonable alternative to the regulatory proposal would be either more effective in carrying out the purpose for which the regulation is proposed or would be as effective or less burdensome to affected private persons than the proposed regulation, or equally

effective in achieving the purposes of the regulation in a manner that ensures full compliance with the law being implemented or made specific.

Set forth below are the alternatives that were considered and the reason the alternative was rejected or adopted:

Alternative 1: Maintain the status quo. This alternative was rejected because it would make the Bureau non-compliant with the statutory mandates of AB 967.

Alternative 2: Adopt new regulations and amend the existing regulations. This alternative was accepted as the most efficient option for the Bureau to license and regulate hydrolysis facilities, and hydrolysis facility managers.