

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas  
2 86th General Assembly  
3 Regular Session, 2007  
4

*As Engrossed: S3/1/07 S3/7/07*

# A Bill

SENATE BILL 637

5 By: Senator Brown  
6 *By: Representative W. Lewellen*  
7

## For An Act To Be Entitled

10 AN ACT TO PERMIT A CITY OR COUNTY AND THE STATE  
11 OF ARKANSAS TO CREATE A PARTNERSHIP TO MANAGE,  
12 OPERATE, MAINTAIN, AND PRESERVE INSOLVENT  
13 LICENSED PERPETUAL CARE CEMETERIES; AND FOR OTHER  
14 PURPOSES.

## Subtitle

17 AN ACT TO PERMIT A CITY OR COUNTY AND  
18 THE STATE OF ARKANSAS TO CREATE A  
19 PARTNERSHIP TO MANAGE, OPERATE,  
20 MAINTAIN, AND PRESERVE INSOLVENT  
21 LICENSED PERPETUAL CARE CEMETERIES.  
22  
23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
25

26 SECTION 1. NOT TO BE CODIFIED. Legislative intent.

27 (a) The General Assembly finds:

28 (1) Certain cemeteries in the state have been declared  
29 insolvent, fallen into neglect, and placed in court-ordered receivership at  
30 the request of state regulators and will remain in that condition if a buyer  
31 cannot be found;

32 (2) The State of Arkansas has an interest in the appearance and  
33 the viable operation of certain historically significant cemeteries in the  
34 state that are in receivership, as they are gathering points for persons  
35 interested in Arkansas history and a part of the cultural history of the  
36 state and the municipalities or counties where the cemeteries are located;



1 and

2 (3) The public would be better served in certain circumstances  
3 by taking a cemetery out of receivership and operating it as a public  
4 partnership between various governmental entities.

5 (b) It is the intent of this act to authorize contracts with local  
6 governing bodies for maintenance and operation of certain cemeteries and to  
7 preserve existing cemetery records.

8

9 SECTION 2. Arkansas Code § 20-17-1006 is amended to read as follows:  
10 20-17-1006. Arkansas Cemetery Board - Powers and duties.

11 The Arkansas Cemetery Board shall have the authority to:

12 (1) Conduct at any time and from time to time such reasonable  
13 periodic, special, or other examination of any cemetery or cemetery company,  
14 including, but not limited to, an examination of the physical condition or  
15 appearance of the cemetery, the financial condition of the company and any  
16 trust funds maintained by the company, and such other examinations as the  
17 board or Securities Commissioner deems necessary or appropriate in the public  
18 interest. The examinations shall be made by members or representatives of the  
19 board or by a certified public accountant or registered public accountant as  
20 authorized in § 20-17-1007;

21 (2) Issue or amend permits to operate a cemetery in accordance  
22 with this subchapter;

23 (3) Suspend or revoke permits to operate a cemetery when any  
24 cemetery fails to comply with this subchapter, rules promulgated pursuant to  
25 this subchapter, or any order of the board;

26 (4) Make rules, regulations, and forms to enforce this  
27 subchapter;

28 (5) Require every cemetery company to observe minimum accounting  
29 principles and practices and make and keep such books and records in  
30 accordance therewith for such period of time as the board may by rule  
31 prescribe;

32 (6)(A) Subpoena witnesses, books, and records in connection with  
33 alleged violations of this subchapter or rules or orders of the board. With  
34 the approval of the chair of the board or two (2) board members, the  
35 Securities Commissioner may issue subpoenas.

36 (B) In case of contumacy or refusal to obey a subpoena

1 issued to any person, the Pulaski County Circuit Court, upon application by  
2 the board, may issue to the person an order requiring him or her to appear  
3 before the board or the person designated by the board. Failure to obey the  
4 order of the court may be punished by the court as a contempt of court;

5 (7) Require additional contributions to the permanent  
6 maintenance fund of the cemetery where provided for in this subchapter,  
7 including, but not limited to, contributions not to exceed three thousand  
8 dollars (\$3,000) whenever any cemetery company fails to properly care for and  
9 maintain or preserve the cemetery;

10 (8)(A) Apply to the Pulaski County Circuit Court to enjoin any  
11 act or practice and to enforce compliance with this subchapter or any rule,  
12 regulation, or order pursuant to this subchapter whenever it appears to the  
13 board, upon sufficient grounds or evidence satisfactory to the board, that  
14 any person has engaged in or is about to engage in any act or practice  
15 constituting a violation of any provision of this subchapter or any rule or  
16 regulation pursuant to this subchapter.

17 (B) The court may not require the board to post a bond;

18 (9) Apply to the circuit court of the county in which the  
19 cemetery is located for appointment of a receiver or conservator of the  
20 cemetery corporation or its permanent maintenance fund when it appears to the  
21 board that a cemetery corporation is insolvent or that the cemetery  
22 corporation, its officers, directors, agents, or the trustees of its  
23 permanent maintenance fund have violated this subchapter and the rules  
24 promulgated under this subchapter or have failed to comply with any board  
25 order; ~~and~~

26 (10) Increase, in accordance with regulations adopted by the  
27 board, the percentage of the gross proceeds of the sale of any grave space,  
28 crypt, niche, or similar entombment required to be deposited into the  
29 permanent maintenance fund of the cemetery in accordance with § 20-17-1016  
30 whenever it is determined that the principal of the permanent maintenance  
31 fund is or will be insufficient to generate enough income to operate and  
32 maintain the cemetery; and

33 (11)(A) Purchase insolvent, licensed perpetual care cemeteries  
34 that have been in court-ordered receivership or conservatorship for at least  
35 five (5) years.

36 (B) If the taking of legal possession of the cemetery

1 requires the payment of consideration, any payment made by the board shall  
2 not exceed one thousand dollars (\$1,000).

3  
4 SECTION 3. Arkansas Code Title 20, Chapter 17, Subchapter 10 is  
5 amended to add additional sections to read as follows:

6 20-17-1028. Contracts with municipality or county where a cemetery is  
7 located.

8 (a)(1) The Arkansas Cemetery Board may contract with the municipality  
9 or county where a cemetery is located for the care and maintenance and the  
10 operation of the cemetery.

11 (2) Services relating to the care and maintenance and the  
12 operation of the cemetery include without limitation:

13 (A) The sale and conveyance of lots;

14 (B) The opening and closing of graves;

15 (C) The preparation of financial reports and legal  
16 documents;

17 (D) The maintenance of driveways;

18 (E) The removal of trash and debris;

19 (F) The cutting of grass;

20 (G) The planting and care of trees, shrubs, and flowers;

21 and

22 (H) Necessary improvements to streets, avenues, walks, or  
23 other public grounds of the cemetery.

24 (3) The municipal or county government may subcontract with qualified  
25 persons to provide services under this section.

26 (b)(1) If the Arkansas Cemetery Board contracts with a municipality or  
27 county under this section, the municipality or county, in addition to  
28 complying with any applicable statute, shall file with the Arkansas Cemetery  
29 Board in March of each year a financial report showing all moneys received  
30 and expended during the preceding year, including without limitation:

31 (A) The date of receipt of all moneys;

32 (B) The source from which the moneys were received;

33 (C) All moneys paid out;

34 (D) The date the moneys were paid out;

35 (E) The person to whom the moneys were paid out; and

36 (F) The purpose of the payment.

1       (2) At the end of each calendar year, the municipality or county shall  
2 review the fiscal position of the cemetery and direct any excess moneys to  
3 the permanent maintenance fund.

4       (c) For the purposes of this section, a municipality or county may  
5 accept funds from public and private entities and direct the funds to:

6           (1) General maintenance and improvement; or

7           (2) The permanent maintenance fund.

8       (d) The state, a city, or a county shall be immune from liability in  
9 contract or in tort for actions taken to implement this section.

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11       20-17-1029. Cemetery advisory boards – Membership – Organization –  
12 Authority.

13       (a) The Governor may create a cemetery advisory board for any cemetery  
14 purchased under § 20-17-1006 to assist the state and the municipality or  
15 county where the cemetery is located in achieving the efficient management,  
16 operation, maintenance, and preservation of the cemetery.

17       (b)(1) A cemetery advisory board shall be composed of seven (7)  
18 members appointed by the Governor as follows:

19           (A) Three (3) members shall be owners of lots in the  
20 cemetery or have demonstrated an interest in the preservation of the  
21 cemetery;

22           (B) Three (3) members shall be owners or operators of a  
23 licensed cemetery or funeral home in this state; and

24           (C) One (1) member shall be a person actively engaged, by  
25 profession or as a volunteer, in activities promoting the historic  
26 preservation of cemeteries in the local community.

27           (2)(A) The terms of the members shall be for three (3) years.

28           (B) Members shall serve until their successors are  
29 appointed and qualified.

30           (C) The initial members shall draw lots so that three (3)  
31 members serve a term of one (1) year, two (2) members serve a term of two (2)  
32 years, and two (2) members serve a term of three (3) years.

33           (D)(i) Vacancies for any unexpired term of a member shall  
34 be filled in the same manner as the original appointment of the vacating  
35 member.

36           (ii) An appointee to fill a vacancy shall serve for

1 the unexpired term and is eligible for reappointment.

2 (3) Members shall biannually elect a chair, vice chair, and a  
3 secretary from the membership, whose duties shall be those customarily  
4 exercised by the officers or specifically designated by the cemetery advisory  
5 board.

6 (4) No member shall be liable for any damages unless it is made  
7 to appear that he or she has acted with corrupt and malicious intent.

8 (5) Members shall serve without compensation.

9 (6) A cemetery advisory board shall meet as often as it deems  
10 necessary for the purpose of carrying out its duties under this section.

11 (c) A cemetery advisory board may:

12 (1) Establish itself as a section 501(c)(3) corporation under the  
13 Internal Revenue Code of 1986, as it existed on January 1, 2007;

14 (2) Raise private funds for the benefit of the cemetery general  
15 fund and the permanent maintenance fund;

16 (3) Recruit volunteers; and

17 (4)(A) Advise the Arkansas Cemetery Board and the municipality  
18 or county where the cemetery is located concerning long-term goals and plans  
19 for efficient cemetery operation and beautification.

20 (B) No policy of a cemetery advisory board relating to  
21 long-term goals and plans for efficient cemetery operation and beatification  
22 shall be adopted unless the municipality or county where the cemetery is  
23 located approves the policy.

24  
25 SECTION 4. EMERGENCY CLAUSE. It is found and determined by the  
26 General Assembly of the State of Arkansas that this act provides an  
27 efficient, cost-effective solution for cemeteries that have been declared  
28 insolvent and been placed in court-ordered receivership; that a partnership  
29 between the cemetery and local government will permit long-term progress in  
30 cemetery maintenance and preservation; and that cemeteries continuing in  
31 receivership for more than five (5) years adversely impact the state and  
32 local communities where the cemeteries are located and are a burden upon the  
33 courts. Therefore, an emergency is declared to exist and this act being  
34 immediately necessary for the preservation of the public peace, health, and  
35 safety shall become effective on:

36 (1) The date of its approval by the Governor;

