



HOUSE BILL 1003: Board of Funeral Service Modifications.

2025-2026 General Assembly

Analysis of: S.L. 2025-76

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Prepared by: Legislative Analysis
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S.L. 2025-76 (House Bill 1003) makes various changes to the practice of funeral service.

Part I makes the following revisions to the North Carolina Crematory Act (Article 13F of Chapter 90 of the General Statutes):

- Repeals the Crematory Authority, which is an advisory committee within the Board of Funeral Services (Board) that suggests rules to the Board for carrying out and enforcing the Crematory Act.
- Allows crematory managers to manage multiple crematories within a 50-mile radius of each other.
- Authorizes a crematory to temporarily operate for 30 days without a crematory manager if certain conditions are met.
- Clarifies the conditions that would constitute a change of ownership of a crematory, which would necessitate the new owner having to apply for a new crematory license or permit.
- Revises certain provisions relating to when the Board may take disciplinary action against a crematory licensee.
- Provides that the rights of disposition of human remains are governed under G.S. 130A-420 in the Public Health Laws, and repeal provisions in Article 13F that provide separate requirements for disposition of human remains.
- Requires every crematory licensee and hydrolysis licensee to submit each month to the Board fees assessed per cremation or reduction.
- Provide that alkaline hydrolysis may only be performed by permitted funeral establishments and must be performed on the physical premises of a permitted funeral establishment.

Part II exempts transportation protection agreements from being regulated as a preneed funeral contract or as a life insurance policy. "Transportation protection agreement" is defined as "an agreement that primarily provides for the coordination and arranging of all professional services related to the preparation of human remains or cremated remains for the purpose of initial and subsequent transportation of those remains."

This Part also allows a licensed funeral director or an employee of a funeral establishment to request information from an insurance carrier related to a prospective beneficiary of a life insurance policy, if provided written authorization of the prospective policy beneficiary. The insurance carrier is required to provide the funeral provider this information within no later than one business day.

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Part III makes various revisions to the Practice of Funeral Service (Article 13A of Chapter 90 of the General Statutes).

This Part would add definitions for "branch establishment," "principal funeral establishment," "alkaline hydrolysis," "embalming facility," and "funeral merchandise or funeral supplies."

Funeral Establishments

- Allows a single funeral establishment manager to manage multiple funeral establishments within a 50-mile radius of the manager's principal funeral establishment.
- Allows a funeral establishment to temporarily operate for 30 days without a licensed manager, if certain conditions are met.
- Revises certain requirements related to funeral establishment preparation rooms.

Business Permit: Removal and Transportation

- Creates a new business permit for engaging in the removal and transportation of a dead human body.
- Establishes a maximum application fee of \$300 for the removal and transportation business permit.
- Increases the maximum application fee for an individual removal and transportation permit, from \$125 to \$200.
- Revises certain provisions pertaining to when the Board may take disciplinary action against a removal and transportation permit holder.

Board of Funeral Service

- Provides for an equal number of Board appointments from the North Carolina Funeral Directors Association and the Funeral Directors & Morticians Association of North Carolina, giving each trade association three appointments. Previously, the Funeral Directors Association had four appointments, and the Funeral Directors & Morticians Association had two appointments.
- Increases the maximum amount of attorney's fees and costs that the Board may recover associated with holding a disciplinary hearing, from \$2,500 to \$5,000.
- Revises certain provisions pertaining to when the Board may take disciplinary action against licensees.
- Sets the maximum cap that the Board can charge licensees to attend Board-sponsored continuing education courses at \$50.

License/Permit Holders

- Prohibits licensees from engaging in the practice of funeral directing or funeral service independently of a permitted funeral establishment, with an exception for licensees who submit an affidavit attesting to ownership or employment with a funeral establishment directly damaged by Hurricane Helene. This exception to the prohibition on independent practice for Helene-affected licensees expires July 1, 2030.
- Specifies that the recovery of human tissue is prohibited in any funeral establishment, crematory, hydrolysis facility, or other facility licensed by the Board.

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- Requires funeral establishments and crematories to identify (tag) decedent remains upon taking custody. Previously, these facilities identified the remains prior to the point of burial or following cremation.
- Clarifies the conditions that would constitute a change of ownership of a funeral establishment, which would necessitate the new owner having to apply for a new funeral establishment permit.

Applicants for Licensure

- Allows applicants for funeral director, embalmer, or funeral service licensee to have passed licensing exams within the past five years. Previously, applicants had to have passed these exams within the past three years.
- Eliminates the 60-day waiting period for applicants to retake the licensing examination after failing two consecutive times.
- Allows resident trainees to serve under the supervision of a licensee who has been licensed for at least one year. Previously, resident trainees had to serve under the supervision of a licensee who has been licensed for at least five years.
- Allows two resident trainees to train under the supervision of a registered resident trainee supervisor. Previously, only one resident trainee was allowed per supervisor.
- Mandates that all applicants consent to a criminal history record check.
- Authorizes the Board and an applicant to consent to the use of a criminal background check vendor other than the Department of Public Safety, provided that the cost of this background check is paid for by the applicant.
- Eases restrictions on out-of-State funeral directors, embalmers, or funeral service licensees to get licensed by reciprocity in North Carolina.
- Establishes immunity from civil liability for the Board and its officers and employees when acting in good faith and in compliance with law, for denying licensure to an applicant based on information provided in the applicant's criminal history record check.
- Revises a provision related to applicants for licensure who have criminal convictions for sexual offenses against a minor.

Part IV makes the following revisions to Preneed Funeral Funds (Article 13D of Chapter 90 of the General Statutes):

- Allows funds deposited in trust under a revocable or irrevocable preneed funeral contract to be withdrawn by the trustee and used to purchase a prearrangement insurance policy, with written permission of the preneed funeral contract purchaser.
- Requires a preneed licensee to observe any religious practices specified in writing by a preneed funeral contract purchaser, except to the extent that these practices interfere with the statutory requirements for cremation or related to documentation and recordkeeping.
- Specifies certain information that each preneed licensee must submit to the Board as part of its annual report on its preneed funeral contract sales.
- Clarifies that it is the responsibility of the performing funeral home to file a certificate of performance with the Board upon fulfilment of the preneed funeral contract, and to require

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financial institutions to provide funds to those establishments actually performing service, rather than the original contracting establishment.

- Strengthens language requiring insurance companies to provide policy status information for any preneed insurance policy to both the preneed funeral establishment and the Board.
- Grants the Board authority to freeze the preneed funeral funds of a preneed funeral establishment if necessary to protect the purchaser of the preneed funeral contracts.
- Revises certain provisions pertaining to when the Board may take disciplinary action against funeral licensees.

The provisions regarding the North Carolina Crematory Act became effective October 1, 2025. The remainder of the act became law July 9, 2025.