

STATE AFFAIRS COMMITTEE

April 8, 1965

5:00 P.M.

The meeting was called to order and Mr. MC Cullough was introduced to speak in opposition to HR 524. He stated that although he lives in St. Louis now, he was born and reared in Kansas and considers himself a Kansan. He represented the St. Louis and San Francisco Railway Company which has filed application to discontinue passenger service on its entire system. He states that the railroad in Kansas pays an ad valorem tax of \$762,000 annually; that this will not be changed because the railroad will continue to operate, but by freight service only. He pointed out the amount of this tax that goes to the schools in the various counties. He cited the drop in ticket sales and stated that in 1963 they would have needed an additional 27,440 passengers to even break even, and on the other set of trains an additional 10,417 to break even. He states that this has resulted in a 17 million dollar passenger deficit, which the people shipping freight have absorbed; that it is unfair to the shippers. Mr. Ford inquired if passenger service hadn't built the railroad, and if the railroad didn't feel an obligation because of this fact that the traveling public had built the system. Mr. Unruh wondered if many concerns wouldn't enjoy having a tax write off like this.

Mr. Lawrence Gabel appeared in support of SCR 40, stating that the approximate 20 people present were from all over the state and supported the proposal. He pointed out that they were only asking for a study of the burial service industry because of the growing concern of certain individuals who come into the state to sell pre-need burial; that they would like to see this money placed in trust where it would be available when the need arose. He cited instances of unscrupulous operators who take the money and leave, and when the time comes to collect, money has gone for administration, etc. and it isn't adequate; that they (the legitimate funeral directors) want to protect the public from fraud. Mr. Bledsoe of Wichita appeared in opposition to this resolution, stating that he is associated with a cemetery in Wichita and that it appears to him that the State Board, occupying space in the office building and a state agency, is using its office for a lobbying headquarters at the taxpayers expense. Mr. Fribley pointed out that this is a fee agency, completely self-financed, with office space leased to them, and what they do with their fee money is their business; that no tax money is involved. He complains that this is a "monopoly business" and that the definition in the law makes it impossible for a cemetery association or allied businesses to operate. The Chairman pointed out that this is only a request for a study and he wondered if Mr. Bledsoe considered this wrong? Mr. Bledsoe stated that if the funeral directors want a study of the funeral directors it is okay but they ought to study the whole picture, finances, etc. The Chairman stated that it

appeared to him that this is a pretty general study request. Mr. Buchele asked if he was suggesting a study of the composition of the Board, and Mr. Bledsoe replied he wanted to study all their activities and finances.

Mr. Doyen discussed S.B. 236, stating that it dealt with prisoners at the Diagnostic Center where they stay 60 days and are sometimes referred to the State Hospital for additional study and therapy. He stated that Dr. Haines has suggested that their transfer should not be limited to the State Hospital but should be able to send them to any of the state hospitals, and moved the adoption of such an amendment. Motion was seconded by Mr. Fribley and carried without dissent. Mr. Griffith stated that he was concerned about the phrase "ultimate parol is indicated" stating that he couldn't see how this could be predetermined and it looked to him as if they would have to be released on parol at the end of a second 60 day period. Other members did not agree with this suggestion and pointed out that they could remain in the hospital as long as treatment was indicated. Mr. Griffith moved to amend the bill on Page 2, line 4 by striking parts of the line and parts of line 5. Motion died for a lack of a second.

The Chairman stated that SCR 6 dealt with a study regarding the feasibility of constructing a Hall of Justice. Mr. Ford moved that the resolution be recommended favorably. Motion was seconded by Mr. Fribley and carried unanimously.

Mr. Fribley moved that SCR 40 be recommended favorably. Motion was seconded by Mr. Buchele and carried unanimously.

Mr. Fribley moved that HR 524 be recommended favorably. Motion was seconded by Mr. Meckel and carried 10 yes to 5 no.

Mr. Buchele moved that SB 236 be recommended favorably as amended. Motion was seconded by Mr. Turner and carried 17 yes to 1 no.

S.B. 280 came up for consideration, and Mr. Unruh stated that he had given this proposal a great deal of thought; that when the legislators took office they took an oath to defend the Constitution; that he believes to pass a bill like this is against the Constitution, and moved that 280 be recommended adversely. Mr. Jelinek discussed the court cases now pending, and inquired if this bill is not passed, and the court rules the clubs in question in violation, if separate cases would have to be filed against each club in order to close them. It was the opinion that this would be necessary. Mr. Turner

said that open saloons are in operation now and that there should be some regulation. Mr. Rogers wondered if this is what we want or do we want regulation by proper enforcement. Mr. Turner stated that we are putting the state in a ridiculous position--that the open saloon is "forever barred" but that the way things are working now we have all the evils of liquor by the drink and no regulation. The Chairman inquired if a club is an open saloon and Mr. Turner stated that it is up to the Court to say, but he thinks so. The Chairman then inquired if he suggested that we can legalize these things when the Constitution says it is illegal? Mr. Turner stated that we don't know what an open saloon is until the court defines it. He further stated that everyone knows that organized crime just loves this kind of an arrangement. Mr. Buchele stated that this is correct; that there are private clubs in Kansas where you can buy anything.

Mr. Unruh renewed his motion to report S.B. 280 adversely. Motion was seconded by Mr. Griffith and lost upon vote by secret ballot--8 yes and 11 no.

Mr. Brown of Pottawatomie presented an amendment which would exempt veterans service clubs and moved the adoption. Mr. Fribley seconded the motion which carried 11 yes to 5 no. Thereupon, Mr. Turner presented an amendment for page 8, line 18 to make the private clubs off limits to minors. He moved the adoption and the motion was seconded by Mr. Griffith, carrying by 15 yea votes and no opposition. Mr. Turner then presented another amendment for page 6, line 29, providing that no liquor shall be purchased from anyone other than a retailer. He moved the adoption which was seconded by Mr. Griffith and carried with no opposition. He then moved that on page 3, line 9 an amendment be made to define those having ownership, etc. Motion was seconded by Mr. Griffith and carried with 16 yea votes--no opposition.

Mr. Griffith requested a ballot vote and moved that S.B. 280 as amended be recommended favorably. Motion was seconded by Mr. Turner and carried 12 to 7.

Meeting was adjourned.

Mr. Turner

STATE OF KANSAS

HOUSE OF REPRESENTATIVES

MR. CHAIRMAN:

I move to amend Senate Bill No. 280 (Printed for the House)
 Page 8 , Line 18 , by striking the words "allow the";
~~after the word~~ by striking all of lines 19 and 20 and by inserting in
 lieu thereof the following: "or unknowingly permit the consumption
 of alcoholic liquor or cereal malt beverage on its premises by a
 minor and no minor shall consume or attempt to consume any alcoholic
 liquor or cereal ~~malt beverage~~ while in or upon the premises of a club
 licensed hereunder or as prohibited by K. S. A. 41-715 and any amend-
 ments thereto. The owner of any club, any officer or any employee
 thereof, who shall permit the consumption of alcoholic liquor or
 cereal malt beverage on the premises of the club by a minor shall
 be deemed guilty of a misdemeanor and upon conviction shall be sub-
 ject to the same penalty as prescribed by K. S. A. 41-715 for viola-
 tion of that section."

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your committee on State Affairs

Recommends that Senate Bill 280 (Printed for the House)

"AN ACT relating to alcoholic beverages; etc.

Be amended:

On page 3, in line 9, by striking the words "shall mean a direct financial interest in"; and in line 10, by striking all before the word "shall";

On page 6, following line 29, by inserting a new subsection (f) to read as follows: "(f) To purchase alcoholic liquor from any person except from a person holding a valid license to sell alcoholic liquor at retail.";

On page 7, in line 15, by striking the words "and display in the licensed premises"; also in line 19, by striking the words "and display in the licensed premises"; also in line 22, by striking the words "and display in the licensed premises";

On page 8, in line 18, after the word "knowingly" by inserting the following: "or unknowingly"; also in line 20, after the word "minor" by inserting the following: "or by a guest of a clubmember who is not accompanied by the clubmember or by a member of the immediate family of the clubmember whose guest he or she is";

On page 10, in line 23, after the word "no" by inserting the following: "class B"; in line 25, after the letter "(b)," by inserting the following: "(c), (d),";

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your committee on State Affairs

Recommends that Senate Bill 280

"AN ACT relating to alcoholic beverages; to regulate and license

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Be amended:

On page 4 by inserting a new subsection after line 3 which new subsection shall read as follows: "(e) in the post home of any congressionally chartered service organization."

And the bill be passed as amended.

FROM THE OFFICE OF
SENATE ANTITRUST AND MONOPOLY SUBCOMMITTEE

FOR IMMEDIATE RELEASE

REMARKS BY SENATOR PHILIP A. HART (D-Mich.) AT CLOSING
OF SENATE ANTITRUST AND MONOPOLY SUBCOMMITTEE HEARINGS
ON ANTITRUST ASPECTS OF FUNERAL INDUSTRY

One conclusion it seems to me stands above all others at the close of these hearings -- if the cost of dying were not high, it would be astounding.

The greatest factor operating in the free enterprise system to keep prices down is price competition. When that is dulled, restrained or eliminated, high prices usually follow. But here we have studied an industry where price competition as normally understood is deliberately hampered -- and in large forbidden.

Advertising prices by an individual funeral director is considered grounds for dismissal from the largest organization in the field -- an organization which most funeral directors obviously feel is beneficial to them. Furthermore, this dismissal is on grounds the practice is "unethical."

It appears that much of the thinking behind this ruling is based on a desire to maintain the good taste essential to the subject of death -- and, in part, the reason has been tradition.

However, I am of the opinion that no single group in this country -- funeral directors or otherwise -- has the right to agree among themselves to take any steps to eliminate price competition. And this is so whether "funeral directing" be called a business or profession.

As in all groups, it is the exception among funeral directors who is not highly ethical, honorable and constructively active in civic and charitable activities. Yet there seems to be some confusion in their minds between economics and ethics.

Not only does the code of ethics of this national association and of state affiliates forbid mention of price in any advertising, but also it forbids mentioning that a director will enter into an arrangement, in advance of death, whereby a person may plan his own funeral. As I see it, prearrangement plans provide the opportunity for careful consideration of various prices and services. And I predict in the future the public will accept and subscribe to pre-arrangements in a much more general way for just these reasons.

These practices, no matter how well intentioned, by their very nature have the effect of keeping prices up.

Another price factor in this industry disturbs me. To the extent we could determine methods of pricing, it seems that a major factor in most cases is the wholesale price of the casket.

Services rendered generally seemed to remain constant. But as the casket price rises, total cost of the funeral seems to rise in some multiple, of that increase. Certainly, this system presents a great temptation for the funeral director to push the higher priced caskets.

This form of pricing, other testimony here and data turned up by our staff during investigation for these hearings, indicate that this subcommittee would do well to look at the suppliers to funeral directors, and other elements of the industry as well, before making any final recommendations here.

To me, the most encouraging fact developed in these hearings is the trade practice rules proposed to the Federal Trade Commission. While they -- by not having the force of law -- would not solve all problems involved, at least they would provide funeral directors a guide that is more in keeping with the operation of our free enterprise system.

But, why blink the fact, some of the practices should be the subject -- not of rules -- but of orders to cease and desist. I feel confident that the FTC will take a hard look at the situation.

Meanwhile, members of the funeral industry should take a hard look at their own methods of pricing and advertising in light of the testimony developed in this hearing.

Admittedly, this subject is one of the highest sensitivity in our culture and tradition. Canon Johnson's testimony should remind each of us to be more disciplined in our response to death. It is this lack of discipline and of faith which permits exploitation where it does occur.

Senate Seeks Answer To High Cost of Dying

By United Press International

WASHINGTON.

The Senate Anti-Trust subcommittee raised a host of delicate religious, social and economic questions recently when it investigated the cost of funerals.

The predominant issue was this: Do undertakers prey on the bereaved in the first hours of numb heartache or do they offer a wide selection of funerals to be freely chosen as one's pocketbook and taste dictate?

The hearings apparently left the investigators with the impression that while most undertakers may well be honorable, their trade habits call for drastic changes. They were politely urged to effect the changes themselves, if not the government might do it for them.

The chairman, Sen. Philip A. Hart, D., Mich., set the tone of the three-day hearings when he said:

"Let's be honest, a person buying a funeral is just in no position to go shopping around . . . he is especially in need of straightforward information."

An alleged lack of this information was the main thrust of the hearings.

Two mortician associations gave their views—one in favor of advertising prices and one opposed.

Three individual undertakers told the subcommittee about their experiences. (Two said they were ousted from their trade associations because they persisted in telling the public how much funerals cost.)

Then there was Canon Howard A. Johnson of the Cathedral of St. John the Divine in New York, and Harry Haskel, also of New York, director of the death benefit department of the International Ladies' Garment Workers' Union.

"If Christians and Jews knew even the rudiments of Biblical teaching, no funeral director could have a field day, as now he has," Canon Johnson said.

"I have done it before in my ministry, but I will never do it again," he declared. "I will never stick into the ground or shove into a furnace a coffin the price of which might have put a young person through college or have paid for several surgical operations or have aided medical research into the cause of disease from which this person died."

The subcommittee rounded out the picture with a price chart obtained by questioning and undertaker in each of 13 states on what he paid for 12 types of caskets and the resulting cost of the funeral in each instance.

The point of the chart was that a given undertaker's services are the same for all, but the charge shoots up astronomically, depending on the cost of the casket.

The services include removal of the body to the funeral home, embalming, use of chapel and other facilities, arranging burial permits, obituary notices and other details.

One Pennsylvania mortician bought casket No. 1 for \$40 and sold the funeral for \$200. He paid \$432 for casket No. 12 and charged \$1,750 for the funeral. The operating spread in the first instance was \$160, in the second, \$1,318.

Another in California bought the cheapest casket for \$47.92 and charged \$469 for the funeral. He paid \$352 for the most expensive type and the funeral cost his customer \$1,445. Operating spreads were \$441.08 and \$1,093.

Two undertakers' associations obviously not friendly to each other—although their memberships overlap—are the National Selected Morticians of Evanston, Ill., and the National Funeral directors Association of Milwaukee.

Wilber M. Krieger, NSM managing director, criticized the NFDA for its policy of expelling members who advertise their prices.