

# SENATE BILL No. 1373

September 9, 2004, Introduced by Senator PRUSI and referred to the Committee on Economic Development, Small Business and Regulatory Reform.

A bill to amend 1968 PA 330, entitled "Private security business and security alarm act," by amending sections 2, 9, 11, and 25 (MCL 338.1052, 338.1059, 338.1061, and 338.1075), sections 2, 9, and 25 as amended by 2002 PA 473 and section 11 as amended by 2000 PA 411.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 2. (1) As used in this act:

2       (a) "Department" means the department of ~~consumer and~~  
3 ~~industry services~~ **labor and economic growth** except that in  
4 reference to the regulation of private security police,  
5 department means the department of state police.

6       (b) "Licensee" means a sole proprietorship, firm, company,  
7 partnership, limited liability company, or corporation licensed  
8 under this act.

9       (c) "Private security guard" means an individual or an

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1 employee of an employer who offers, for hire, to provide  
2 protection of property on the premises of another.

3 (d) "Private security police" means that part of a business  
4 organization or educational institution primarily responsible for  
5 the protection of property on the premises of the business  
6 organization.

7 (e) "Security alarm system" means a detection device or an  
8 assembly of equipment and devices arranged to signal the presence  
9 of a hazard requiring urgent attention or to which police are  
10 expected to respond. Security alarm system includes any system  
11 that can electronically cause an expected response by a law  
12 enforcement agency to a premises by means of the activation of an  
13 audible signal, visible signal, electronic notification, or video  
14 signal, or any combination of these signals, to a remote  
15 monitoring location on or off the premises. Security alarm  
16 system does not include a video signal that is not transmitted  
17 over a public communication system or a fire alarm system or an  
18 alarm system that monitors temperature, humidity, or other  
19 condition not directly related to the detection of an  
20 unauthorized intrusion into a premises or an attempted robbery at  
21 a premises.

22 (f) "Security alarm system agent" means a person employed by  
23 a security alarm system contractor whose duties include the  
24 altering, installing, maintaining, moving, repairing, replacing,  
25 selling, servicing, monitoring, responding to, or causing others  
26 to respond to a security alarm system.

27 (g) "Security alarm system contractor" means a sole

1 proprietorship, firm, company, partnership, limited liability  
2 company, or corporation engaged in the installation, maintenance,  
3 alteration, monitoring, or servicing of security alarm systems or  
4 who responds to a security alarm system. Security alarm system  
5 contractor does not include a business that only sells or  
6 manufactures security alarm systems unless the business services  
7 security alarm systems, installs security alarm systems, monitors  
8 or arranges for the monitoring of a security alarm system, or  
9 responds to security alarm systems at the protected premises.

10 (h) "Security business" means a person or business entity  
11 engaged in offering, arranging, or providing 1 or more of the  
12 following services:

13 (i) Security alarm system installation, service, maintenance,  
14 alteration, or monitoring.

15 (ii) Private security guard.

16 (iii) Private security police.

17 (2) **This act does not apply to the following:**

18 (a) All businesses furnishing security alarm systems for the  
19 protection of persons and property, whose employees and security  
20 technicians travel on public property and thoroughfares in the  
21 pursuit of their duties. ~~-, are subject to this act.~~

22 (b) ~~-(3)-~~ A communications common carrier providing  
23 communications channels under tariffs for the transmission of  
24 signals in connection with an alarm system. ~~is not subject to~~  
25 ~~this act.~~

26 (c) ~~-(4)-~~ Railroad policemen appointed and commissioned under  
27 the railroad code of 1993, 1993 PA 354, MCL 462.101 to 462.451.

1  ~~, are exempt from this act.~~

2       Sec. 9. (1) The department, when satisfied of the good  
3 character, competence, and integrity of the applicant, or if the  
4 applicant is a firm, company, partnership, limited liability  
5 company, or corporation, of its individual members or officers,  
6 shall issue to the applicant a license. ~~Beginning October 1,~~  
7 ~~2004, the issuance of the license is conditioned upon the~~  
8 ~~applicant's paying to the department for each license \$200.00 if~~  
9 ~~a sole proprietorship, or \$300.00 if a private security guard~~  
10 ~~firm, company, partnership, limited liability company, or~~  
11 ~~corporation, or \$500.00 if a security alarm system contractor,~~  
12 ~~and upon the applicant's executing, delivering, and filing with~~  
13 ~~the department a bond in the sum of \$25,000.00. Beginning~~  
14 ~~October 1, 2002 and until October 1, 2004, the~~ **The** issuance of  
15 the license is conditioned upon the applicant's paying to the  
16 department for each license \$1,000.00 if a sole proprietorship,  
17 or \$1,500.00 if a private security firm, company, partnership,  
18 limited liability company, or corporation, or \$1,500.00 if a  
19 security alarm system contractor, and upon the applicant's  
20 executing, delivering, and filing with the department a bond of  
21 \$25,000.00. The bond shall be conditioned upon the faithful and  
22 honest conduct of the business by the applicant and shall be  
23 approved by the department. In lieu of a bond, the applicant may  
24 furnish a policy of insurance issued by an insurer authorized to  
25 do business in this state naming the licensee and the state as  
26 coinsureds in the amount of \$25,000.00 for property damages,  
27 \$100,000.00 for injury to or death of 1 person, and \$200,000.00

1 for injuries to or deaths of more than 1 person arising out of  
 2 the operation of the licensed activity. The license is valid for  
 3 2 years but is revocable at all times by the department for cause  
 4 shown. The bonds shall be taken in the name of the people of the  
 5 state and a person injured by the willful, malicious, and  
 6 wrongful act of the licensee or any of his or her agents or  
 7 employees may bring an action on the bond or insurance policy in  
 8 his or her own name to recover damages suffered by reason of the  
 9 wrongful act. The license certificate shall be in a form to be  
 10 prescribed by the department. ~~The fee changes effective~~  
 11 ~~October 1, 2002 until October 1, 2004 in this section and section~~  
 12 ~~25 are considered necessary to cover the actual costs of the~~  
 13 ~~licensure program under this act and shall only be used for~~  
 14 ~~administration of that licensure program. The department and the~~  
 15 ~~department of state police shall each issue a report to the~~  
 16 ~~appropriations subcommittees having jurisdiction over their~~  
 17 ~~department not later than April 1, 2003, on whether the fee~~  
 18 ~~changes in this section and section 25 are adequate to support~~  
 19 ~~the licensure program under this act.~~

20 (2) If a licensee desires to open a branch office, he or she  
 21 may receive a license for that branch following approval as  
 22 required in section 7 and payment to the department of ~~the~~  
 23 ~~following:~~

24 ~~—— (a) Beginning October 1, 2004, an additional fee of \$50.00~~  
 25 ~~for each private security guard branch office license and \$100.00~~  
 26 ~~for each security alarm system contractor branch office license.~~

27 ~~—— (b) Beginning October 1, 2002 and until October 1, 2004, an~~

1 additional fee of \$250.00 for each private security branch office  
2 license and \$500.00 for each security alarm system contractor  
3 branch office license.

4 (3) The additional license issued under subsection (2) shall  
5 be posted in a conspicuous place in the branch office and shall  
6 expire on the same date as the initial license.

7 (4) If the license is ~~denied,~~ revoked ~~,~~ or suspended for  
8 cause, no refund shall be made of the license fees or a part  
9 thereof. **If the license is denied for cause, the department**  
10 **shall refund the license fee except for \$150.00 representing a**  
11 **fee for processing the application.**

12 (5) The fees collected by the department under this section  
13 shall be deposited into the security business fund created in  
14 subsection (6).

15 (6) The security business fund is created within the state  
16 treasury. The department shall deposit all license fees  
17 collected under this act into the fund. The state treasurer may  
18 receive money or other assets from any source for deposit into  
19 the fund. The state treasurer shall direct the investment of the  
20 fund. The state treasurer shall credit to the fund interest and  
21 earnings from fund investments. Money in the fund at the close  
22 of the fiscal year shall remain in the fund and be available for  
23 appropriation and expenditure by the department in subsequent  
24 fiscal years. The money in the fund shall not lapse to the  
25 general fund. The department shall expend money from the fund,  
26 upon appropriation, only for enforcement and administration of  
27 this act.

1           Sec. 11. The department shall ~~not~~ refund a license ~~or~~  
2 ~~application~~ fee ~~unless~~ **upon** a showing ~~is made~~ of mistake,  
3 inadvertence, or error in the collection of the fee, **subject to**  
4 **section 9(4)**.

5           Sec. 25. (1) A license granted under this act may be  
6 renewed by the department upon application by the licensee,  
7 filing a renewal surety bond in the amount specified in section  
8 9, and the payment of ~~the following~~:

9 ~~—— (a) Beginning October 1, 2004, a renewal fee of \$100.00 if a~~  
10 ~~sole proprietorship, \$150.00 if a private security guard firm,~~  
11 ~~company, partnership, limited liability company, or corporation,~~  
12 ~~or \$250.00 if a security alarm system contractor.~~

13 ~~—— (b) Beginning October 1, 2002 and until October 1, 2004, a~~  
14 ~~renewal fee of \$1,000.00 if a sole proprietorship, \$1,500.00 if a~~  
15 ~~private security guard firm, company, partnership, limited~~  
16 ~~liability company, or corporation, or \$1,500.00 if a security~~  
17 ~~alarm system contractor.~~

18           (2) A renewal license shall be dated as of the expiration  
19 date of the previously existing license. For the renewal of a  
20 license, the licensee shall submit an application in such form  
21 provided by the department. The department may defer the renewal  
22 of license if there is an uninvestigated outstanding criminal  
23 complaint pending against the licensee or a criminal case pending  
24 in any court against the licensee.

25           (3) A person who fails to renew a license on or before the  
26 expiration date shall not engage in activities regulated by this  
27 act. A person who fails to renew a license on or before the

1 expiration date may, within 30 days after the expiration date,  
2 renew the license by payment of the required license fee and a  
3 late renewal fee of \$25.00. An applicant who fails to renew  
4 within the 30-day period must reapply for a license under  
5 section 7.

6 (4) The fees collected by the department under this section  
7 shall be deposited into the security business fund created in  
8 section 9(6).