SUBSTITUTE FOR
SENATE BILL NO. 1291

(As amended September 27, 2012)

<<A bill to register and regulate certain providers of premises security, monitoring, and control systems; to provide for the assessment of registration fees; and to prescribe the powers and duties of certain state departments, agencies, officers, and political subdivisions.>>

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 1. This act shall be known and may be cited as the "internet protocol-enabled premises security, monitoring, and control act".

Sec. 2. As used in this act:
(a) "Alarm system" means any mechanical or electrical device, including an electronic access control system, a video monitoring system, a burglar alarm system, smoke detectors, or any other
electronic system that is designed to emit an audible alarm or transmit a signal or message to a central monitoring station if it is activated and that is used to detect an unauthorized entry into a protected premises or alert other persons of the occurrence of a fire or medical emergency or the commission of an unlawful act against a person or in a protected premises. The term includes, but is not limited to, a silent, panic, holdup, robbery, duress, burglary, medical alert, or proprietor alarm that signals a central monitoring station.

(b) "Applicant" means a person for which a registration statement is filed under section 3.

(c) "Department" means department of licensing and regulatory affairs.

(d) "Internet protocol" or "IP" means transmission control protocol or a successor protocol or technology.

(e) "IP-enabled system" means a system that transmits signals to a central monitoring station by means of wired or wireless technologies capable of sending data using internet protocol or other communications protocols over the public internet or other networks and that provides security, monitoring, or control services and functions, including, but not limited to, any of the following:

(i) Remote monitoring of various alarm systems or alarm events, which may include, but are not limited to, unauthorized entry, fire, smoke, or carbon monoxide at the protected premises.

(ii) Remote monitoring and provision of premises management and automation services, which may include, but are not limited to,
door locks and other premises access control, thermostats for heating, ventilation and air conditioning and other environmental controls, lighting, appliances, or moisture or water control, including, but not limited to, water shutoff.

(iii) Remote monitoring of the protected premises through IP-enabled devices and audio/video transmissions.

(iv) Remote monitoring of a person's health and welfare at the protected premises through IP-enabled sensors and devices.

(v) Remote monitoring or tracking of personal property that is or was located at the protected premises through IP-enabled sensors and devices.

(f) "Local unit of government" means a city, county, village, or township, or a special district designated by law that exercises limited government powers or powers in respect to limited government subjects.

(g) "Operator" means an employee or independent contractor who performs alarm operator, dispatcher, or monitor functions for an IP-enabled system at a central monitoring station. The term does not include a system user who receives signals or messages about his or her own IP-enabled system.

(h) "Person" means an individual, partnership, corporation, limited liability company, or other legal entity.

(i) "Protected premises" means a location at or in which a system user's IP-enabled system is installed and maintained.

(j) "Registrant" means a person that is registered by the department as a system provider.

(k) "Registration" means a registration that is issued by the
"Remote monitoring" means the retransmission of information received from an IP-enabled system to a central monitoring system. "System provider" means a person that engages in the business of selling, leasing, renting, maintaining, repairing, installing, or otherwise providing IP-enabled systems to the public at the protected premises or by remote monitoring. The term does not include any of the following:

(i) A person that purchases, rents, or uses an alarm system that is affixed to a motor vehicle.
(ii) A person that owns or conducts a business of selling, leasing, renting, installing, maintaining, or monitoring an alarm system that is affixed to a motor vehicle.
(iii) An alarm system that is operated by this state, a political subdivision of this state, an agency or department of this state or a political subdivision of this state, or any other governmental agency or department.
(iv) A person that installs a nonmonitored alarm system for a business that the person owns, is employed by, or manages.
(v) A person that only manufactures or sells IP-enabled systems, unless that person services, installs, monitors, or responds to signals from IP-enabled systems at the protected premises.
(vi) A person that sells IP-enabled systems that are designed to be installed and monitored by any of the following:
(A) The customer, and not the person selling the IP-enabled system.
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(B) An affiliate of or contractor to the person selling the IP-enabled system if the affiliate or contractor that installs at the protected premises or monitors the IP-enabled system is registered under this act.

(vii) A security alarm system contractor, as defined in section 2 of the private security business and security alarm act, 1968 PA 330, MCL 338.1052, that is required to obtain a license under that act.

(n) "System user" means a person that uses an IP-enabled system at a protected premises or remotely.

Sec. 3. (1) A person shall not act as a system provider in this state without first filing a registration statement with the department that meets the requirements of section 4. <<A person that violates this subsection is guilty of a misdemeanor punishable by imprisonment for not more than 180 days or a fine of not more than $1,000.00, or both, for each violation.>>

(2) A person that acts as a system provider in multiple locations in this state is only required to file 1 registration statement with the department.

Sec. 4. (1) A registration statement filed with the department shall include a completed affidavit, submitted by the registrant or applicant and signed by an officer or another individual who is authorized to bind the registrant, that affirms all of the following:

(a) The registrant's or applicant's legal name and any name under which the registrant or applicant does or will do business in this state that is authorized by the department.

(b) The address and telephone number of the registrant's or applicant's principal place of business and contact information for the individual responsible for ongoing communications with the
department.

(c) A description of the geographic areas in this state the registrant or applicant does or will serve.

(d) A description of the training the registrant will provide to its employees or independent contractors who are involved in installing or monitoring IP-enabled systems. The department may refuse to accept a registration statement if it determines that the training is not commercially reasonable considering the nature of the IP-enabled systems installed or monitored by the registrant or applicant.

(e) A description of the IP-enabled system services that the registrant or applicant does or will provide.

(f) That the registrant or applicant will file an updated registration statement annually, or sooner if a material change to the information occurs.

(2) A registrant or applicant shall conduct a background check of each employee or independent contractor of the registrant or applicant who, in the normal course of employment, enters a customer's premises to sell, lease, rent, maintain, repair, install, or otherwise provide an IP-enabled system at a protected premises.

(3) An applicant or registrant shall not employ or engage, or continue to employ or engage, an individual for whom a background check is required under subsection (2) if he or she meets any of the following:

(a) Is not at least 18 years old.

(b) Does not have a high school diploma or a general education
development (GED) certificate or its equivalent.

(c) His or her background check under subsection (2) discloses any of the following:

(i) Within the 5-year period preceding the date of the background check, he or she was under any sentence, including parole, probation, or actual incarceration, for the commission of a felony.

(ii) Within the 5-year period preceding the date of the background check, he or she was convicted of a felony or a misdemeanor involving any of the following:

(A) Dishonesty or fraud.

(B) Unauthorized divulging or selling of information or evidence.

(C) Impersonation of a law enforcement officer or employee of the United States, this state, or a political subdivision of this state.

(D) Illegally using, carrying, or possessing a dangerous weapon.

(E) Two or more alcohol-related offenses.

(F) Controlled substances under the public health code, 1978 PA 368, MCL 333.1101 to 333.25211.

(G) An assault.

(iii) He or she has been adjudged insane unless restored to sanity by court order.

(iv) He or she has any outstanding warrants for his or her arrest.

Sec. 5. (1) The department shall accept a registration
statement filed under section 3 if the requirements of this act are met.

(2) The department's authority to administer this act is limited to the powers and duties explicitly provided under this act. The department does not have the authority to limit or expand the obligations and requirements provided in this act or to regulate or control a person to the extent that the person is providing IP-enabled system services except as provided in this act.

(3) The department may charge a fee for filing a registration statement under this act in an amount determined by the department. Any fee charged by the department may not exceed the department's actual costs to process and review a registration statement.

Sec. 6. The provisions of this act supersede and preempt any rule, regulation, code, or ordinance of any local unit of government of this state relating to the authorization or registration of system providers and their employees or independent contractors. A local unit of government of this state shall not require the issuance of a certificate, license, or permit or otherwise regulate any person that provides any form of IP-enabled security, monitoring, and control services or the installation and maintenance of facilities associated with IP-enabled systems, except that a local unit of government of this state may do any of the following:

(a) By ordinance, establish decibel limits, length, or time period of audible alarm sounding.

(b) By ordinance, regulate or prohibit automated calls,
automated signals, or other automated communications to local units of government, including public safety access points.

(c) Require a permit for high-voltage electrical or plumbing work to be performed by a system provider.

(d) Enforce any preexisting rights with respect to the use of its rights-of-way.