

# SENATE BILL No. 1291

September 19, 2012, Introduced by Senator HILDENBRAND and referred to the Committee on Economic Development.

A bill to register and regulate providers of internet protocol-enabled 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:**

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

4       Sec. 2. As used in this act:

5       (a) "Alarm system" means any mechanical or electrical device,  
6 including an electronic access control system, a surveillance video  
7 system, a burglar alarm system, a fire alarm system, or any other

1 electronic system that activates an audible, visible, remote, or  
2 recorded signal, that is designed to emit an audible alarm or  
3 transmit a signal or message if activated and that is used to  
4 detect an unauthorized entry into a protected premises or alert  
5 other persons of the occurrence of a fire or medical emergency or  
6 the commission of an unlawful act against a person or in a  
7 protected premises. The term includes, but is not limited to, a  
8 silent, panic, holdup, robbery, duress, burglary, medical alert, or  
9 proprietor alarm that requires an operator to contact emergency  
10 personnel to respond.

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

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

15 (d) "False alarm" means an alarm that elicits a police or fire  
16 response when the situation does not require police or fire  
17 services. The term does not include an alarm triggered by severe  
18 atmospheric conditions or other circumstances that are not  
19 reasonably under the control of the alarm system user or system  
20 provider.

21 (e) "Internet protocol" or "IP" means transmission control  
22 protocol or a successor protocol or technology.

23 (f) "IP-enabled sensor or device" means any sensor or device  
24 that provides or enables access or interaction, in whole or in part  
25 by wireless frequency or wire, with an IP-enabled premises  
26 security, monitoring, and control system through the public  
27 internet or through a private interoperable packet switched data

1 network based on a secured infrastructure that allows secured  
2 transmission of information, using internet protocol, among or by  
3 the system user, the system provider, or the system. An IP-enabled  
4 sensor or device includes any web-enabled sensor or device that  
5 provides remote access using internet protocol.

6 (g) "IP-enabled premises security, monitoring, and control  
7 system" means an integrated system of IP-enabled devices, sensors,  
8 or controls, which may include, but is not limited to, door and  
9 window contacts, access control devices, motion detectors, smoke  
10 detectors, moisture detectors, cameras, and software installed at a  
11 customer's premises or on personal property, and connected in whole  
12 or in part by wireless frequency or wire, to do, solely or in  
13 combination, all of the following:

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

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

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

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

27 (v) Remote monitoring or tracking of personal property that is

1 or was located at the protected premises through IP-enabled sensors  
2 and devices.

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

7 (i) "Operator" means a system provider employee that performs  
8 alarm operator, dispatcher, or monitor functions of an IP-enabled  
9 premises security, monitoring, and control system.

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

12 (k) "Protected premises" means a location at or in which a  
13 system user's IP-enabled premises security, monitoring, and control  
14 system is installed and maintained.

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

17 (m) "Registration" means a registration that is issued by the  
18 department.

19 (n) "Remote monitoring" means the retransmission of  
20 information received from an IP-enabled premises security,  
21 monitoring, and control system to an operator or to a system user  
22 through an IP-enabled sensor or device.

23 (o) "System" means an IP-enabled premises security,  
24 monitoring, and control system.

25 (p) "System provider" means a person that engages in the  
26 business of selling, leasing, renting, maintaining, repairing,  
27 installing, or otherwise providing IP-enabled premises security,

1 monitoring, and control systems to the public at the protected  
2 premises or by remote monitoring. The term does not include any of  
3 the following:

4 (i) A person that purchases, rents, or uses an alarm system  
5 that is affixed to a motor vehicle.

6 (ii) A person that owns or conducts a business of selling,  
7 leasing, renting, installing, maintaining, or monitoring an alarm  
8 system that is affixed to a motor vehicle.

9 (iii) An alarm system that is operated by this state, a  
10 political subdivision of this state, an agency or department of  
11 this state or a political subdivision of this state, or any other  
12 governmental agency or department.

13 (iv) A person that installs a nonmonitored alarm system for a  
14 business that the person owns, is employed by, or manages.

15 (v) A business that only sells from a fixed location other  
16 than the location of the protected premises, including, but not  
17 limited to, a retail store, customer call center, telemarketing  
18 location, or an internet website, IP-enabled premises security,  
19 monitoring, and control systems and IP-enabled sensors or devices  
20 that are designed to be installed or monitored by either of the  
21 following:

22 (A) The customer, and not the business selling the IP-enabled  
23 premises security, monitoring, and control systems or IP-enabled  
24 sensor or device.

25 (B) An affiliate of or contractor to the business selling the  
26 IP-enabled premises security, monitoring, and control system or IP-  
27 enabled sensor or device, if the affiliate or contractor that

1 installs at the protected premises or monitors the IP-enabled  
2 premises security, monitoring, and control system or IP-enabled  
3 sensor or device is licensed under this act.

4 (vi) A security alarm system contractor, as defined in section  
5 2 of the private security business and security alarm act, 1968 PA  
6 330, MCL 338.1052, that is required to obtain a license under that  
7 act.

8 (q) "System user" means a person that uses a wireless premises  
9 security, monitoring, and control system at a protected premises or  
10 remotely through an web-enabled device.

11 Sec. 3. (1) A person shall not act as a system provider in  
12 this state without first filing a registration statement with the  
13 department that meets the requirements of section 4.

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

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

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

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

1 department.

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

4 (d) A description of the IP-enabled premises security,  
5 monitoring, and control system services that the registrant or  
6 applicant does or will provide.

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

10 (2) A registrant or applicant shall conduct background checks  
11 and maintain a record of fingerprints, such as a fingerprint card,  
12 for each employee of the registrant or applicant who, in the normal  
13 course of employment, enters a customer's premises to sell, lease,  
14 rent, maintain, repair, install, or otherwise provide IP-enabled  
15 security, monitoring, and control systems at a protected premises.

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

19 (2) The department shall conduct a review of a registration  
20 statement filed under section 3 and, if the registration statement  
21 meets the requirements of section 4, register and provide a  
22 registration certificate to the registrant or applicant. The  
23 department shall complete its determination within 15 business days  
24 after the filing of the registration statement. If the registration  
25 statement and affidavit are not complete, the department shall  
26 state in its determination all of the reasons the registration  
27 statement or affidavit are incomplete, and the registrant or

1 applicant may resubmit a complete application. The department shall  
2 have an additional 15 days after submission by the registrant of a  
3 complete registration statement and affidavit. If the department  
4 does not notify the registrant regarding the completeness of the  
5 registration statement and affidavit or issue the certification  
6 within the time periods required under this section, the  
7 registration statement and affidavit are considered complete and  
8 the certification is considered issued on the day following  
9 expiration of that time period.

10 (3) The department's authority to administer this act is  
11 limited to the powers and duties explicitly provided under this  
12 act. The department does not have the authority to limit or expand  
13 the obligations and requirements provided in this act or to  
14 regulate or control a person to the extent that the person is  
15 providing IP-enabled premises security, monitoring, and control  
16 services except as provided in this act.

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

21 Sec. 6. (1) The provisions of this act supersede and preempt  
22 any rule, regulation, code, or ordinance of any political  
23 subdivision of this state relating to the authorization or  
24 registration of system providers and system agents and their  
25 employees. A political subdivision of this state shall not require  
26 the issuance of a certificate, license, or permit or otherwise  
27 regulate any person that provides any form of IP-enabled premises



1 security, monitoring, and control services or the installation and  
2 maintenance of facilities associated with IP-enabled premises  
3 security, monitoring, and control services, except as provided in  
4 this section.

5 (2) To the extent that IP-enabled premises security,  
6 monitoring, and control services include direct notification of  
7 emergency dispatch of police or fire department personnel, a  
8 political subdivision of this state may enact ordinances as  
9 follows:

10 (a) An ordinance that requires a system user or the owner of  
11 the protected premises to register and pay an annual registration  
12 fee to the local unit of government within a reasonable period of  
13 time after installation of the system. If a local unit of  
14 government adopts an ordinance described in this subdivision, the  
15 annual registration fee shall not exceed the lesser of the  
16 following:

17 (i) \$50.00 per year for a residential protected premises and  
18 \$75.00 per year for a business protected premises.

19 (ii) The amount reasonably necessary to cover the costs  
20 associated with the registration of IP-enabled premises security,  
21 monitoring, and control system systems.

22 (b) An ordinance that is designed to discourage false alarm  
23 dispatches by establishing regulatory criteria that require the  
24 assessment of fines to system users or the owners of protected  
25 premises in order to prevent excessive false alarm dispatches. An  
26 ordinance described in this subdivision shall be limited to the  
27 tracking of false alarms and the administration of a system of

1 fines related to false alarms. If a local unit of government adopts  
2 an ordinance under this subdivision, the ordinance may impose a  
3 fine on a system user or the owner of a protected premises for the  
4 signaling of a false alarm if at least 3 other false alarms have  
5 occurred during the immediately preceding 12-month period at that  
6 protected premises. The amount of the fine for the signaling of a  
7 false alarm may not exceed the following:

8 (i) \$50.00, if the protected premises has had more than 3 but  
9 fewer than 6 other false alarms in the immediately preceding 12-  
10 month period.

11 (ii) \$75.00, if the protected premises has had more than 5 but  
12 fewer than 8 other false alarms in the immediately preceding 12-  
13 month period.

14 (iii) \$100.00, if the protected premises has had 8 or more other  
15 false alarms in the immediately preceding 12-month period.

16 (3) A political subdivision of this state may require a permit  
17 for high-voltage electrical or plumbing work to be performed by a  
18 system provider or system agent if a permit for that high-voltage  
19 electrical or plumbing work was required by local ordinance in  
20 effect as of the effective date of this act and is limited to the  
21 high-voltage electrical or plumbing activities performed or offered  
22 and does not apply to other activities or functions performed or  
23 offered by a system provider.