Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 672 (as reported without amendment)
Sponsor: Senator Mike Green
Committee: Veterans, Military Affairs and Homeland Security

CONTENT

The bill would amend the Private Security Business and Security Alarm Act to require the Department of Licensing and Regulatory Affairs (LARA) or the Michigan Department of State Police (MSP) to waive initial licensing fees for an applicant who was an honorably discharged military veteran.

The Act requires a license applicant to pay a fee of $500, if it is a security alarm system contractor; $200, if the applicant is a sole proprietorship; or $300 if it is a private security guard firm, company, partnership, limited liability company, or corporation. Under the bill, the $200 fee would be required if an applicant were an individual or sole proprietorship, and the $300 fee would be required if the applicant were an entity.

The bill would require LARA to waive an initial license fee, or any application processing fee for an initial license, if the applicant had served in the armed forces and gave LARA a form demonstrating that the applicant was separated from that service with an honorable character of service or under honorable conditions (general) character or service. The fee waiver requirement would apply to the MSP, if Section 29 of the Act applied. (Section 29 requires the MSP to administer the licensure of private security police and private college security forces.)

MCL 338.1056 & 338.1059 Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have a negligible fiscal impact on the Department of Licensing and Regulatory Affairs and no fiscal impact on local government. According to LARA, initial application or application processing fees under the Act generate approximately $96,000 annually.

Since the bill would waive the fees for veterans only for their initial license, it is difficult to determine how much revenue LARA would lose each year. According to the U.S. Department of Veterans Affairs, approximately 680,000 veterans live in Michigan, representing approximately 6.9% of the State's population. If it is assumed that a veteran will enter a 30-year career after discharge from the military, then it would seem reasonable to assume that 1/30th of the revenue from each veteran's career-long fee payments would be lost under the bill. Multiplying the amount of revenue generated annually by 1/30th and then by 6.9% yields a loss of revenue each year of about $220. This figure would increase if the average career length is actually shorter than the assumed 30 years and would decrease if it is longer. The figure also would increase if the percentage of veterans in the workforce is actually greater than their percentage of the population in general.

Date Completed: 11-13-13 Fiscal Analyst: Josh Sefton