HOUSE SUBSTITUTE FOR

SENATE BILL NO. 1291

A bill to register and regulate certain providers of security alarm 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   "security alarm systems act".
3   Sec. 2. As used in this act:
4   (a) "Alarm system" means any mechanical or electrical device,
5   including an electronic access control system, a video monitoring
6   system, a burglar alarm system, smoke detectors, or any other
7   electronic system that is designed to emit an audible alarm or
8   transmit a signal or message to a central monitoring station if it

1 is activated and that is used to detect an unauthorized entry into

2 a protected premises or alert other persons of the occurrence of a

3 fire or medical emergency or the commission of an unlawful act

4 against a person or in a protected premises. The term includes, but

5 is not limited to, a silent, panic, holdup, robbery, duress,

6 burglary, medical alert, or proprietor alarm that signals a central

7 monitoring station.

8 (b) "Applicant" means a person for which a registration

9 statement is filed under section 3.

10 (c) "Background check" means a criminal history check

11 administered by a public or private entity that examines federal

12 and state government records in a manner that allows for the

13 successful identification of the criminal offenses listed in

14 section 4(3)(c).

15 (d) "Department" means department of licensing and regulatory

16 affairs.

17 (e) "Local unit of government" means a city, county, village,

18 or township, or a special district designated by law that exercises

19 limited government powers or powers in respect to limited

20 government subjects.

21 (f) "Operator" means an employee or independent contractor who

22 performs alarm operator, dispatcher, or monitor functions for a

23 security alarm system at a central monitoring station. The term

24 does not include a system user who receives signals or messages

25 about his or her own security alarm system.

26 (g) "Person" means an individual, partnership, corporation,

27 limited liability company, or other legal entity.

1   (h) "Protected premises" means a location at or in which a

2 system user's security alarm system is installed and maintained.

3   (i) "Registrant" means a person that is registered by the

4 department as a system provider.

5   (j) "Registration" means a registration that is issued by the

6 department.

7   (k) "Remote monitoring" means the retransmission of

8 information received from a security alarm system to a central

9 monitoring system.

10   (*l*) "Security alarm system" means a detection device or an

11 assembly of equipment and devices that transmits signals to a

12 central monitoring station and is arranged to signal the presence

13 of a hazard that requires urgent attention or to which police are

14 expected to respond. The term includes any electronic system that

15 transmits signals to a central monitoring station and monitors or

16 records various components designed to detect or prevent

17 burglaries, intrusions, theft, or robbery of the protected

18 premises, including, but not limited to, an intrusion detection

19 system, video monitoring or recording system, access control

20 system, and 1-way or 2-way audio monitoring systems. The term does

21 not include a fire alarm system or an alarm system that monitors

22 temperature, humidity, or other condition that is not directly

23 related to the detection or prevention of burglaries, intrusions,

24 theft, or robbery of the protected premises.

25   (m) "System provider" means a person that engages in the

26 business of selling, leasing, renting, maintaining, repairing,

27 installing, or otherwise providing security alarm systems to the

1 public at the protected premises or by remote monitoring. The term

2 does not include any of the following:

3   (*i*) A person that purchases, rents, or uses an alarm system

4 that is affixed to a motor vehicle.

5   (*ii*) A person that owns or conducts a business of selling,

6 leasing, renting, installing, maintaining, or monitoring an alarm

7 system that is affixed to a motor vehicle.

8   (*iii*) An alarm system that is operated by this state, a

9 political subdivision of this state, an agency or department of

10 this state or a political subdivision of this state, or any other

11 governmental agency or department.

12   (*iv*) A person that installs a nonmonitored alarm system for a

13 business that the person owns, is employed by, or manages.

14   (*v*) A person that only manufactures or sells security alarm

15 systems, unless that person services, installs, monitors, or

16 responds to signals from security alarm systems at the protected

17 premises.

18   (*vi*) A person that sells security alarm systems that are

19 designed to be installed and monitored by any of the following:

20   (A) The customer, and not the person selling the security

21 alarm system.

22   (B) An affiliate of or contractor to the person selling the

23 security alarm system if the affiliate or contractor that installs

24 at the protected premises or monitors the security alarm system is

25 registered under this act.

26   (*vii*) A security alarm system contractor, as defined in section

27 2 of the private security business and security alarm act, 1968 PA

1 330, MCL 338.1052, that is required to obtain a license under that

2 act.

3   (n) "System user" means a person that uses a security alarm

4 system at a protected premises or remotely.

5   Sec. 3. (1) A person shall not act as a system provider in

6 this state without first doing both of the following:

7   (a) Filing a registration statement with the department that

8 meets the requirements of section 4. A person that acts as a system

9 provider in multiple locations in this state is only required to

10 file 1 registration statement with the department.

11   (b) Meeting 1 of the following:

12   (*i*) Providing a bond to the department that is in the principal

13 amount of $25,000.00; is conditioned on the applicant's or

14 registrant's compliance with this act; is acceptable to the

15 department; and is for the benefit of the residents of this state.

16   (*ii*) Providing a policy of insurance to the department, in the

17 amount of $25,000.00 for property damages, $100,000.00 for injury

18 to or death of 1 person, and $200,000.00 for injuries to or deaths

19 of more than 1 person arising out of the operation of the licensed

20 activity, that is issued by an insurer authorized to do business in

21 this state and names the applicant or registrant and the state as

22 coinsureds.

23   (*iii*) Demonstrating to the department that the applicant or

24 registrant, or an affiliate of the applicant or registrant, is

25 licensed as a basic local exchange provider under the Michigan

26 telecommunications act, 1991 PA 179, MCL 484.2101 to 484.2603.

27   (*iv*) Demonstrating to the department that the applicant or

1 registrant, or an affiliate of the applicant or registrant, has

2 annual revenue of $10,000,000.00 or more.

3   (2) An individual injured by the willful, malicious, and

4 wrongful act of an applicant or registrant, or any agent or

5 employee of an applicant or registrant, may bring an action on a

6 bond or insurance policy provided under subsection (1)(b) in his or

7 her own name to recover damages suffered by reason of the wrongful

8 act.

9   Sec. 4. (1) A registration statement filed with the department

10 shall include a completed affidavit, submitted by the registrant or

11 applicant and signed by an officer or another individual who is

12 authorized to bind the registrant, that affirms all of the

13 following:

14   (a) The registrant's or applicant's legal name and any name

15 under which the registrant or applicant does or will do business in

16 this state that is authorized by the department.

17   (b) The address and telephone number of the registrant's or

18 applicant's principal place of business and contact information for

19 the individual responsible for ongoing communications with the

20 department.

21   (c) A description of the geographic areas in this state the

22 registrant or applicant does or will serve.

23   (d) A description of the training the registrant will provide

24 to its employees or independent contractors who are involved in

25 installing or monitoring security alarm systems. The department may

26 refuse to accept a registration statement if it determines that the

27 training is not commercially reasonable considering the nature of

1 the security alarm systems installed or monitored by the registrant

2 or applicant.

3   (e) A description of the security alarm system services that

4 the registrant or applicant does or will provide.

5   (f) That the registrant or applicant will file an updated

6 registration statement annually, or sooner if a material change to

7 the information occurs.

8   (2) A registrant, applicant, or affiliate [**or contractor described**

9 **in section 2(m)(*vi*)(B)**] shall conduct a background check of each
   employee or

10 independent contractor of the registrant, applicant, [**affiliate, or
   contractor**]

11 who, in the normal course of [**his or her employment or engagement**],
    enters a customer's

12 premises to sell, lease, rent, maintain, repair, install, or

13 otherwise provide a security alarm system at a protected premises.

14 The background check required under this subsection shall include

15 the taking of fingerprints of the employee [**or independent contractor**]
   and submission of those

16 fingerprints to the department of state police or the federal

17 bureau of investigation for the purpose of a criminal history

18 record search. However, a registrant[, **applicant, affiliate, or
   contractor**] is not required

19 to submit the fingerprints of an employee [**or independent contractor**]
   under this subsection if

20 the employee's [**or independent contractor's**] fingerprints were previously
    submitted for the

21 purpose of a criminal history record search for the purposes of

22 meeting the requirements of a regulatory authority in another state
23 and the registrant[, **applicant, affiliate, or contractor**] has the results
    of that submission.

24   (3) An applicant, registrant, or affiliate [**or contractor described**
25 **in section 2(m)(*vi*)(B)**] shall not employ or engage, or continue to employ
   or
26 engage, an individual for whom a background check is required under
27 subsection (2) if he or she meets any of the following:

1   (a) Is not at least 18 years old.

2   (b) Does not have a high school diploma or a general education

3 development (GED) certificate or its equivalent.

4   (c) His or her background check under subsection (2) discloses

5 any of the following:

6   (*i*) He or she was convicted of a felony.

7   (*ii*) Within the 5-year period preceding the date of the

8 background check, he or she was convicted of a misdemeanor

9 involving any of the following:

10   (A) Dishonesty or fraud.

11   (B) Unauthorized divulging or selling of information or

12 evidence.

13   (C) Impersonation of a law enforcement officer or employee of

14 the United States, this state, or a political subdivision of this

15 state.

16   (D) Illegally using, carrying, or possessing a dangerous

17 weapon.

18   (E) Two or more alcohol-related offenses.

19   (F) Controlled substances under the public health code, 1978

20 PA 368, MCL 333.1101 to 333.25211.

21   (G) An assault.

22   (H) Criminal sexual conduct in the fourth degree under section

23 520e of the Michigan penal code, 1931 PA 328, MCL 750.520e.

24   (*iii*) He or she has been adjudged insane unless restored to

25 sanity by court order.

26   (*iv*) He or she has any outstanding warrants for his or her

27 arrest.

1   Sec. 5. (1) The department shall accept a registration

2 statement filed under section 3 if the requirements of this act are

3 met.

4   (2) The department's authority to administer this act is

5 limited to the powers and duties explicitly provided under this

6 act. The department does not have the authority to limit or expand

7 the obligations and requirements provided in this act or to

8 regulate or control a person to the extent that the person is

9 providing security alarm system services except as provided in this

10 act.

11   (3) The department may charge a fee for filing a registration

12 statement under this act in an amount determined by the department.

13 Any fee charged by the department may not exceed the department's

14 actual costs to process and review a registration statement.

15   Sec. 6. The provisions of this act supersede and preempt any

16 rule, regulation, code, or ordinance of any local unit of

17 government of this state relating to the authorization or

18 registration of system providers and their employees or independent

19 contractors. A local unit of government of this state shall not

20 require the issuance of a certificate, license, or permit or

21 otherwise regulate any person that provides any form of security

22 alarm security, monitoring, and control services or the

23 installation and maintenance of facilities associated with security

24 alarm systems, except that a local unit of government of this state

25 may do any of the following:

26   (a) By ordinance, establish decibel limits, length, or time

27 period of audible alarm sounding.

1   (b) By ordinance, regulate or prohibit automated calls,

2 automated signals, or other automated communications to local units

3 of government, including public safety access points.

4   (c) Require a permit for high-voltage electrical or plumbing

5 work to be performed by a system provider.

6   (d) Enforce any preexisting rights with respect to the use of

7 its rights-of-way.

8   Sec. 7. A person that violates this act is guilty of a

9 misdemeanor punishable by imprisonment for not more than 180 days

10 or a fine of not more than $1,000.00, or both, for each violation.