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## BILL ANALYSIS



Telephone: (517) 373-5383  
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Senate Bill 983 (Substitute S-3 as reported)  
Senate Bill 984 (Substitute S-2 as reported)  
Senate Bill 985 (as reported without amendment)  
Senate Bill 986 (Substitute S-2 as reported by the Committee of the Whole)  
Sponsor: Senator Darwin L. Booher (S.B. 983, 984, & 985)  
Senator Bert Johnson (S.B. 986)  
Committee: Regulatory Reform

**CONTENT**

Senate Bill 983 (S-3) would add Article 14A to the Occupational Code to do the following:

- Provide for the licensure of security guards and security guard agencies.
- Establish requirements for an applicant to be licensed to conduct business as a security guard agency.
- Require an applicant to have insurance, meeting specified requirements, in order to be licensed.
- Require each branch office of a licensee to have a license for that branch.
- Require a licensee that was not an individual to designate an individual as the licensee's principal license holder, who could act on the licensee's behalf for purposes of Article 14A.
- Establish requirements for a licensee's employees, including a criminal background check.
- Establish requirements for employees' uniforms.
- Specify experience and training requirements for a licensee's employees.
- Rescind R 28.4001 to R 28.4007 of the Michigan Administrative Code (rules that regulate private security guard and security alarm agencies).

The bill also would do the following:

- Require a person who violated the Code to be assessed costs related to the investigation and prosecution of the violation.
- Delete a provision of the Code that requires the Department of Licensing and Regulatory Affairs (LARA) and occupational boards to establish certain alternative forms of testing for occupational exams.
- Repeal Section 517 of the Code, which allows LARA and the appropriate board to administer an alternative form of testing or conduct a personal interview with a petitioner, or both.

Senate Bill 984 (S-2) would amend the Private Security Business and Security Alarm Act to remove the regulation of private security agencies and security guards from the Act.

The bill also would do the following:

- Require a licensee or applicant that was not an individual to designate an individual as the licensee's principal license holder.

- Require an applicant for licensure under the Act to have insurance, meeting specified requirements, in order to be licensed; and delete a requirement for a bond in the principal amount of \$25,000.
- Revise requirements that a licensee conduct a criminal background check on an applicant for employment.
- Repeal Section 19 of the Act, which establishes uniform and insignia requirements for a licensee and a licensee's employees.

In addition, the bill would revise certain fees for the issuance and renewal of a license under the Act. Currently, an applicant for a license must pay for each license \$200, if a sole proprietorship; \$300, if a private security guard firm company, partnership, limited liability company, or corporation; or \$500, if a security alarm system contractor.

Under the bill, instead, a license could not be issued unless the applicant paid a fee of \$500, if the applicant were a security alarm system contractor or, for any other applicant, one of the following fees as appropriate:

- \$200, if the applicant were an individual.
- \$300, if the applicant were not an individual.

In addition, a license granted under the Act may be renewed if the licensee pays a renewal fee of \$100, if a sole proprietorship; \$150, if a private security police organization, a private college police force, or a private security guard firm, company, partnership, limited liability company, or corporation; or \$250, if a security alarm system contractor.

Under the bill, a licensee instead would have to pay a renewal fee of \$250 for a license as security alarm system contractor or \$150 for any other license issued under the Act.

Senate Bill 985 would amend the Security Alarm Systems Act to exempt certain security guard agencies licensed under Article 14A of the Occupational Code from the Act's definition of "system provider".

The Act prohibits a person from acting as a system provider without filing a registration statement with LARA. The Act defines "system provider" as a person who engages in the business of selling, leasing, renting, maintaining, repairing, installing, or otherwise providing security alarm systems to the public at protected premises or by remote monitoring, subject to several exceptions.

The bill also would exclude from the term "system provider" a security guard agency licensed under Article 14A of the Occupational Code whose employees or agents used client-installed equipment or equipment installed by a system provider that was registered under the Act for the purpose of protecting the personnel and property of a client of the agency.

The term also would not include a security guard agency licensed under Article 14A whose employees or agents responded to burglar, fire, or supervisory alarms for the purpose of securing the property and ensuring the safety of individuals in or on that property.

Senate Bill 986 (S-2) would amend the State License Fee Act to establish fees for a person licensed or seeking licensure as a security guard agency or branch office under Article 14A of the Occupational Code, as shown in Table 1.

**Table 1**

<b>License Type</b>	<b>Fee Type</b>	<b>Fee Amount</b>
Security Guard Agencies	Application Processing	\$250
Security Guard Agencies	Annual License	\$500
Branch Office	Application Processing	\$150
Branch Office	Annual License	\$150

Each of the bills is tie-barred to all of the others, and all of them would take effect 90 days after their enactment.

MCL 339.103 et al. (S.B. 983)  
 338.1052 et al. (S.B. 984)  
 338.2182 (S.B. 985)  
 Proposed MCL 338.2233 (S.B. 986)

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The bills would have a positive fiscal impact on the Department of Licensing and Regulatory Affairs, and no fiscal impact on local units of government. Generally, the bills would not significantly change the responsibilities of LARA with regard to the regulation and licensure of security guard agencies, but the bills would make some changes in how fees are collected and the levels of those fees.

Senate Bill 986 (S-2) would create a new fee structure for the licensure of security guard agencies as would be established under Senate Bill 983 (S-3). Table 2 provides a comparison between the current fees for security guard agencies with those proposed by Senate Bill 986 (S-2).

**Table 2**

<b>Fee</b>	<b>Current Fee</b>	<b>Fee Under Bills</b>
New Application – Firm	\$300	\$250 Application Fee \$500 License Fee
New Application – Individual	\$200	\$250 Application Fee \$500 License Fee
Renewal – Firm	\$150	\$500
Renewal – Individual	\$100	\$500
New Branch Office	\$50	\$150
Annual Branch Office	Not Applicable	\$150

According to license data obtained from LARA, 305 agencies as well as 71 branch offices are licensed. Assuming all agencies are firms, rather than individuals, the revenue generated under the current fee structure is approximately \$45,750. Under the bills, the new fee structure would generate approximately \$163,150 annually. This revenue would be credited to the Licensing and Regulation Fund rather than the Security Business Fund. This change in the disposition of fee revenue would likely not have a significant effect on LARA's operations. While the change would reduce Security Business Fund revenue by about 50%, the costs charged to that Fund would be reduced significantly as well, as the costs of licensure of security guard agencies would be charged instead to the Licensing and Regulation Fund.

Date Completed: 12-3-14

Fiscal Analyst: Josh Sefton

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