

**SUBSTITUTE FOR
HOUSE BILL NO. 5893**

A bill to amend 1968 PA 330, entitled
"Private security business and security alarm act,"
by amending sections 9, 11, and 25 (MCL 338.1059, 338.1061, and
338.1075), sections 9 and 25 as amended by 2002 PA 473 and
section 11 as amended by 2000 PA 411.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9. (1) The department, when satisfied of the good
2 character, competence, and integrity of the applicant, or if the
3 applicant is a firm, company, partnership, limited liability
4 company, or corporation, of its individual members or officers,
5 shall issue to the applicant a license. Beginning October 1,
6 2004, the issuance of the license is conditioned upon the
7 applicant's paying to the department for each license \$200.00 if
8 a sole proprietorship, or \$300.00 if a private security guard
9 firm, company, partnership, limited liability company, or

1 corporation, or \$500.00 if a security alarm system contractor,
2 and upon the applicant's executing, delivering, and filing with
3 the department a bond in the sum of \$25,000.00. Beginning
4 October 1, 2002 and until October 1, 2004, the issuance of the
5 license is conditioned upon the applicant's paying to the
6 department for each license \$1,000.00 if a sole proprietorship,
7 or \$1,500.00 if a private security firm, company, partnership,
8 limited liability company, or corporation, or \$1,500.00 if a
9 security alarm system contractor, and upon the applicant's
10 executing, delivering, and filing with the department a bond of
11 \$25,000.00. The bond shall be conditioned upon the faithful and
12 honest conduct of the business by the applicant and shall be
13 approved by the department. In lieu of a bond, the applicant may
14 furnish a policy of insurance issued by an insurer authorized to
15 do business in this state naming the licensee and the state as
16 coinsureds in the amount of \$25,000.00 for property damages,
17 \$100,000.00 for injury to or death of 1 person, and \$200,000.00
18 for injuries to or deaths of more than 1 person arising out of
19 the operation of the licensed activity. The license is valid for
20 2 years but is revocable at all times by the department for cause
21 shown. The bonds shall be taken in the name of the people of the
22 state and a person injured by the willful, malicious, and
23 wrongful act of the licensee or any of his or her agents or
24 employees may bring an action on the bond or insurance policy in
25 his or her own name to recover damages suffered by reason of the
26 wrongful act. The license certificate shall be in a form to be
27 prescribed by the department. The fee changes effective

1 October 1, 2002 until October 1, 2004 in this section and section
2 25 are considered necessary to cover the actual costs of the
3 licensure program under this act and shall only be used for
4 administration of that licensure program. The department and the
5 department of state police shall each issue a report to the
6 appropriations subcommittees having jurisdiction over their
7 department not later than April 1, 2003, on whether the fee
8 changes in this section and section 25 are adequate to support
9 the licensure program under this act.

10 (2) If a licensee desires to open a branch office, he or she
11 may receive a license for that branch following approval as
12 required in section 7 and payment to the department of the
13 following:

14 (a) Beginning October 1, 2004, an additional fee of \$50.00
15 for each private security guard branch office license and \$100.00
16 for each security alarm system contractor branch office license.

17 (b) Beginning October 1, 2002 and until October 1, 2004, an
18 additional fee of \$250.00 for each private security branch office
19 license and \$500.00 for each security alarm system contractor
20 branch office license.

21 (3) The additional license issued under subsection (2) shall
22 be posted in a conspicuous place in the branch office and shall
23 expire on the same date as the initial license.

24 (4) ~~If~~ **Subject to subsection (5), if** the license is denied,
25 revoked, or suspended for cause, no refund shall be made of the
26 license fees or a part thereof.

27 (5) **Beginning the effective date of the amendatory act that**

1 added this subsection, the department shall issue an initial or
2 renewal license not later than 180 days after the applicant files
3 a completed application. Receipt of the application is
4 considered the date the application is received by any agency or
5 department of the state of Michigan. If the application is
6 considered incomplete by the department, the department shall
7 notify the applicant in writing, or make the information
8 electronically available, within 30 days after receipt of the
9 incomplete application, describing the deficiency and requesting
10 the additional information. The 180-day period is tolled upon
11 notification by the department of a deficiency until the date the
12 requested information is received by the department. The
13 determination of the completeness of an application does not
14 operate as an approval of the application for the license and
15 does not confer eligibility of an applicant determined otherwise
16 ineligible for issuance of a license.

17 (6) If the department fails to issue or deny a license within
18 the time required by this section, the department shall return
19 the license fee and shall reduce the license fee for the
20 applicant's next renewal application, if any, by 15%. The
21 failure to issue a license within the time required under this
22 section does not allow the department to otherwise delay the
23 processing of the application, and that application, upon
24 completion, shall be placed in sequence with other completed
25 applications received at that same time. The department shall
26 not discriminate against an applicant in the processing of the
27 application based upon the fact that the license fee was refunded

1 or discounted under this subsection.

2 (7) Beginning October 1, 2005, the director of the department
3 shall submit a report by December 1 of each year to the standing
4 committees and appropriations subcommittees of the senate and
5 house of representatives concerned with occupational issues. The
6 director shall include all of the following information in the
7 report concerning the preceding fiscal year:

8 (a) The number of initial and renewal applications the
9 department received and completed within the 180-day time period
10 described in subsection (5).

11 (b) The number of applications denied.

12 (c) The number of applicants not issued a license within the
13 180-day time period and the amount of money returned to licensees
14 and registrants under subsection (6).

15 (8) ~~—(5)—~~ The fees collected by the department under this
16 section shall be deposited into the security business fund
17 created in subsection ~~—(6)—~~ (9).

18 (9) ~~—(6)—~~ The security business fund is created within the
19 state treasury. The department shall deposit all license fees
20 collected under this act into the fund. The state treasurer may
21 receive money or other assets from any source for deposit into
22 the fund. The state treasurer shall direct the investment of the
23 fund. The state treasurer shall credit to the fund interest and
24 earnings from fund investments. Money in the fund at the close
25 of the fiscal year shall remain in the fund and be available for
26 appropriation and expenditure by the department in subsequent
27 fiscal years. The money in the fund shall not lapse to the

1 general fund. The department shall expend money from the fund,
2 upon appropriation, only for enforcement and administration of
3 this act.

4 (10) As used in this section, "completed application" means
5 an application complete on its face and submitted with any
6 applicable licensing fees as well as any other information,
7 records, approval, security, or similar item required by law or
8 rule from a local unit of government, a federal agency, or a
9 private entity but not from another department or agency of the
10 state of Michigan.

11 Sec. 11. The department shall not refund a license or
12 application fee unless a showing is made of mistake,
13 inadvertence, ~~or~~ error in the collection of the fee, or
14 noncompliance with the time periods described in section 9(5).

15 Sec. 25. (1) ~~A~~ Subject to section 9(5), a license granted
16 under this act may be renewed by the department upon application
17 by the licensee, filing a renewal surety bond in the amount
18 specified in section 9, and the payment of the following:

19 (a) Beginning October 1, 2004, a renewal fee of \$100.00 if a
20 sole proprietorship, \$150.00 if a private security guard firm,
21 company, partnership, limited liability company, or corporation,
22 or \$250.00 if a security alarm system contractor.

23 (b) Beginning October 1, 2002 and until October 1, 2004, a
24 renewal fee of \$1,000.00 if a sole proprietorship, \$1,500.00 if a
25 private security guard firm, company, partnership, limited
26 liability company, or corporation, or \$1,500.00 if a security
27 alarm system contractor.

1 (2) A renewal license shall be dated as of the expiration
2 date of the previously existing license. For the renewal of a
3 license, the licensee shall submit an application in such form
4 provided by the department. The department may defer the renewal
5 of license if there is an uninvestigated outstanding criminal
6 complaint pending against the licensee or a criminal case pending
7 in any court against the licensee.

8 (3) A person who fails to renew a license on or before the
9 expiration date shall not engage in activities regulated by this
10 act. A person who fails to renew a license on or before the
11 expiration date may, within 30 days after the expiration date,
12 renew the license by payment of the required license fee and a
13 late renewal fee of \$25.00. An applicant who fails to renew
14 within the 30-day period must reapply for a license under
15 section 7.

16 (4) The fees collected by the department under this section
17 shall be deposited into the security business fund created in
18 section ~~9(6)~~ **9(9)**.