

# HOUSE BILL No. 5893

May 12, 2004, Introduced by Reps. Drolet, Richardville, Shackleton, Palsrok, Stahl, Voorhees, Amos, Taub, LaJoy, Meyer, Garfield, Nitz, DeRoche, Milosch, Pumford, Hummel, Koetje, Steil, Bisbee, Hune, Tabor, Shaffer, DeRossett, Ehardt, Gaffney, Newell, Caswell, Walker, Moolenaar, Acciavatti, Kooiman, Huizenga, Hoogendyk, Caul, Nofs and Sheen and referred to the Committee on Commerce.

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 6 months after the applicant files  
3 a completed application. If the application is considered  
4 incomplete by the department, the department shall notify the  
5 applicant in writing within 10 days after receipt of the  
6 incomplete application, describing the deficiency and requesting  
7 the additional information. The 6-month period is tolled upon  
8 notification by the department of a deficiency until the date the  
9 requested information is received by the department.

10 (6) If the department fails to issue or deny a license within  
11 the time required by this section, the department shall return  
12 the license fee and shall reduce the license fee for the  
13 applicant's next renewal application, if any, by 15%. The  
14 department shall not discriminate against an applicant in the  
15 processing of the application based upon the fact that the  
16 application fee was refunded or discounted under this  
17 subsection.

18 (7) Beginning January 31, 2005, the director of the  
19 department shall submit a report by January 31 of each year to  
20 the standing committees and appropriations subcommittees of the  
21 senate and house of representatives concerned with occupational  
22 issues. The director shall include all of the following  
23 information in the report concerning the preceding calendar  
24 year:

25 (a) The number of initial and renewal applications the  
26 department received and completed within the 6-month time period  
27 described in subsection (5).

1       (b) The number of applications requiring a request for  
2 additional information.

3       (c) The average time for an applicant to respond to a request  
4 for additional information.

5       (d) The number of applications rejected, categorized by  
6 reason for rejection.

7       (e) The amount of money returned to licensees and registrants  
8 under subsection (6).

9       (f) The number of applications not issued within the 6-month  
10 period.

11       (g) The average processing time for initial and renewal  
12 applications granted after the 6-month period.

13       (8) ~~—(5)—~~ The fees collected by the department under this  
14 section shall be deposited into the security business fund  
15 created in subsection ~~—(6)—~~ (9).

16       (9) ~~—(6)—~~ The security business fund is created within the  
17 state treasury. The department shall deposit all license fees  
18 collected under this act into the fund. The state treasurer may  
19 receive money or other assets from any source for deposit into  
20 the fund. The state treasurer shall direct the investment of the  
21 fund. The state treasurer shall credit to the fund interest and  
22 earnings from fund investments. Money in the fund at the close  
23 of the fiscal year shall remain in the fund and be available for  
24 appropriation and expenditure by the department in subsequent  
25 fiscal years. The money in the fund shall not lapse to the  
26 general fund. The department shall expend money from the fund,  
27 upon appropriation, only for enforcement and administration of

1 this act.

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

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

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

14       (b) Beginning October 1, 2002 and until October 1, 2004, a  
15 renewal fee of \$1,000.00 if a sole proprietorship, \$1,500.00 if a  
16 private security guard firm, company, partnership, limited  
17 liability company, or corporation, or \$1,500.00 if a security  
18 alarm system contractor.

19       (2) A renewal license shall be dated as of the expiration  
20 date of the previously existing license. For the renewal of a  
21 license, the licensee shall submit an application in such form  
22 provided by the department. The department may defer the renewal  
23 of license if there is an uninvestigated outstanding criminal  
24 complaint pending against the licensee or a criminal case pending  
25 in any court against the licensee.

26       (3) A person who fails to renew a license on or before the  
27 expiration date shall not engage in activities regulated by this

1 act. A person who fails to renew a license on or before the  
2 expiration date may, within 30 days after the expiration date,  
3 renew the license by payment of the required license fee and a  
4 late renewal fee of \$25.00. An applicant who fails to renew  
5 within the 30-day period must reapply for a license under  
6 section 7.

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