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Senate Bill 672 (as introduced 11-7-13)
Sponsor: Senator Mike Green
Committee: Veterans, Military Affairs and Homeland Security

(enacted version)

Date Completed: 11-12-13

CONTENT

The bill would amend the Private Security Business and Security Alarm Act to do the following:

- Revise the description of a military veteran's honorable discharge status for purposes of qualifying for licensure under the Act.**
- 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.**

Veteran Status

The Act requires LARA to issue a license to conduct business as a security alarm system contractor or a private security guard, private security police, or a private security guard business, if it is satisfied that an individual applicant, or the principal license holder of an applicant who is not an individual, meets certain qualifications. One of those qualifications is that the applicant has not been dishonorably discharged from a branch of the U.S. military service. The bill would delete that qualification.

Under the bill, instead, if the applicant had served in the armed forces, he or she would have to have been separated from that service and provide a Form DD214, DD215, or any other form that demonstrated to LARA's satisfaction that the applicant was separated from that service with an honorable character of service or under honorable conditions (general) character or service.

In addition, LARA must issue a private security guard or agency license to an applicant who meets any of the experience requirements listed in the Act. One of them is that, while on active duty as a member of the armed forces, the applicant served as a military police officer or in an equivalent job classification for at least two years; was honorably discharged from that military service; and has, and provides with his or her application, an affidavit signed by a commanding officer, supervisor, or military superior with direct knowledge of the applicant's service that he or she has entry-level experience in or basic knowledge of certain aspects of security work.

The bill would delete the requirement of having been honorably discharged and instead would require that the applicant have been separated from that service and provide a Form DD214, DD215, or any other form that demonstrated to LARA's satisfaction that the applicant was separated from that service with an honorable character of service or under honorable conditions (general) character or service.

(Form DD214 is the U.S. Department of Defense form for a certificate of release or discharge from active duty. Form DD215 is the Department of Defense form for making a correction to a Form DD214.)

Waiver of Initial Fees

Before LARA issues a license under the Act, an applicant must 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 provided to LARA a Form DD214 or DD215, or any other form that demonstrated to LARA's satisfaction 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 units of government. Under the bill, veterans would be exempted from paying initial application or application processing fees established under the Act. According to the Department of Licensing and Regulatory Affairs, these fees 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, there are approximately 680,000 veterans living 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.

Fiscal Analyst: Josh Sefton

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.