



Senate Fiscal Agency
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BILL



ANALYSIS

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House Bill 4591 (Substitute H-3 as passed by the House)
House Bills 4592 and 4737 (as passed by the House)
Sponsor: Representative Aric Nesbitt (H.B. 4591 & 4737)
Representative Bradford Jacobsen (H.B. 4592)
House Committee: Energy and Technology
Senate Committee: Energy and Technology

Date Completed: 6-4-13

CONTENT

House Bill 4591 (H-3) would amend the Electrical Administrative Act to prohibit a local ordinance regulating electricians from requiring a home monitoring system provider or a security alarm system provider to obtain a permit or license to do work associated with either of those systems.

House Bill 4592 would amend the Mechanical Contractors Act to do the following:

- Exempt a registered security system provider or licensed security alarm system contractor from a requirement to obtain a license to do work related to a thermostat for a heating, ventilation, and air conditioning system or a hydronic heating and cooling system.
- Prohibit a governmental subdivision from disallowing a registered system provider or licensed system contractor from engaging in work for which he or she is registered, with regard to a thermostat for the specified systems.

House Bill 4737 would amend the Single State Construction Code Act to provide that a permit would not be required under the Act or the State Construction Code for electrical work associated with a home monitoring system, if performed by a registered system provider or licensed system contractor.

A detailed description of each bill follows.

House Bill 4591 (H-3)

Generally, a person, firm, or corporation may not install any electric wiring, devices, appliances, or appurtenances for the generation, distribution, or use of electrical energy without being licensed under the Electrical Administrative Act or a city, village, or township ordinance that is at least as stringent as the Act.

The Act provides that it may not be construed as limiting a municipality's power to enact such an ordinance, subject to certain exceptions. The bill specifies that a local ordinance could not require either of the following:

- The procurement of a permit by a provider to install, maintain, replace, or service any electrical wiring, equipment, or devices associated with a home monitoring system that is not part of a security alarm system.
- The procurement of a license or permit by a provider to install, maintain, replace, or service any electrical wiring, equipment, or devices associated with a security alarm system.

"Provider" would mean a system provider that is registered under the Security Alarm Systems Act or a security alarm system contractor licensed under the Private Security Business and Security Alarm Act.

"Home monitoring system" would mean a device or an assembly of equipment and devices that allows individuals to remotely monitor their homes through audio, video, or sensor detection systems; and that may allow individuals to remotely control the home's environment, including controlling temperature, humidity, lighting, doors, or locks.

"Security alarm system" would mean that term as defined in the Security Alarm Systems Act or the Private Security Business and Security Alarm Act. (With regard to this term, those Acts refer to a detection device or an assembly of equipment and devices that transmits signals to a central monitoring station or system, and that signals the presence of a hazard that requires urgent attention or to which a law enforcement agency is expected to respond.)

House Bill 4592

Under the Mechanical Contractors Act, except as otherwise provided, an individual, partnership, association, corporation, governmental subdivision, college, or university may not perform installations, alterations, or servicing of work classifications under Section 6(3) that are regulated by the Single State Construction Code Act, unless the individual or an employee of the individual or entity has received a contractor's license from the Department of Licensing and Regulatory Affairs (LARA) that meets certain conditions, and has secured the appropriate permit from the applicable enforcing agency.

(Under Section 6(3), a contractor's license must be classified and limited as one or more of the following:

- Hydronic heating and cooling and process piping.
- Heating, venting, and air conditioning (HVAC) equipment.
- Ductwork.
- Refrigeration.
- Limited or unlimited service, heating or refrigeration.
- Fire suppression.
- Specialty.)

The bill provides that a person registered as a system provider under the Security Alarm Systems Act or licensed as a security alarm system contractor under the Private Security Business and Security Alarms Act would not have to obtain a license from LARA under the Mechanical Contractors Act, or obtain a license or permit from a governmental subdivision or enforcing agency, to perform work described above in connection with the installation, maintenance, replacement, or servicing of a thermostat for an HVAC system or a hydronic heating and cooling system.

The Mechanical Contractors Act prohibits a governmental subdivision from establishing or maintaining local licensing requirements for the work classifications set forth in Section 6(3). A governmental subdivision may not prohibit a licensed contractor from engaging in the work classification for which the contractor has a license, unless the contractor is in

violation of the mechanical code. Under the bill, these prohibitions also would apply with regard to work performed by a registered security alarm system provider or licensed security alarm system contractor in connection with a thermostat for an HVAC system or a hydronic heating and cooling system.

In addition, the bill would include references to a limited liability company in the requirement that an individual or entity obtain a contractor's license from LARA in order to perform work classified under Section 6(3), as well as a requirement that the individual or entity designate the licensee as the contractor of record and notify LARA of the designation.

House Bill 4737

Under the bill, notwithstanding any other provision of the Single State Construction Code Act or the State Construction Code, a permit would not be required for the installation, maintenance, replacement, or servicing of any electrical wiring, equipment, or devices related to or associated with a home monitoring system if performed by a system provider registered under the Security Alarm Systems Act or a security alarm system contractor licensed under the Private Security Business and Security Alarm Act.

"Home monitoring system" would have the same definition as proposed by House Bill 4591 (H-3).

MCL 338.886 & 338.887 (H.B. 4591)
338.977 & 338.979 (H.B. 4592)
Proposed MCL 125.1528a

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

House Bill 4591 (H-3)

The bill would have no fiscal impact on State or local government.

House Bill 4592

The bill would have no fiscal impact on the Department of Licensing and Regulatory Affairs and a minor, but negative, fiscal impact on local units of government. Under the bill, people licensed under the Private Security Business and Security Alarm Act or registered under the Security Alarm Systems Act would not be required to seek local permits for certain types of work. This would reduce the amount received by local units from fees associated with the issuance of these types of permits.

House Bill 4737

The bill would have no fiscal impact on State or local government.

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.