

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 672

A bill to amend 1968 PA 330, entitled
"Private security business and security alarm act,"
by amending sections 6 and 9 (MCL 338.1056 and 338.1059), section 6
as amended by 2012 PA 419 and section 9 as amended by 2010 PA 68.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 6. (1) The department shall issue a license to conduct
2 business as a security alarm system contractor or a private
3 security guard, private security police, or to a private security
4 guard business, if it is satisfied that the applicant, if the
5 applicant is an individual, or the individual who is the sole or
6 principal license holder of the applicant if the applicant is not
7 an individual, meets all of the following qualifications:

8 (a) Is not less than 21 years of age. However, this
9 subdivision does not apply to an applicant described in subdivision
10 (g) (v).

1 (b) Has a high school education or its equivalent.

2 (c) If the applicant's license is issued after March 28, 2001,
3 has not been convicted of a felony.

4 (d) If the applicant's license was issued on or before March
5 28, 2001, was not convicted of a felony in the 5-year period
6 preceding the date of application.

7 (e) Was not convicted of an offense listed in section 10(1)(c)
8 in the 5-year period preceding the date of application.

9 ~~(f) Has not been dishonorably discharged from a branch of the~~
10 ~~United States military service. IF HE OR SHE SERVED IN THE ARMED~~
11 ~~FORCES, WAS SEPARATED FROM THAT SERVICE, AND PROVIDES A FORM DD214,~~
12 ~~DD215, OR ANY OTHER FORM SATISFACTORY TO THE DEPARTMENT THAT~~
13 ~~DEMONSTRATES HE OR SHE WAS SEPARATED FROM THAT SERVICE, WITH AN~~
14 ~~HONORABLE CHARACTER OF SERVICE OR UNDER HONORABLE CONDITIONS~~
15 ~~(GENERAL) CHARACTER OF SERVICE.~~

16 (g) If the applicant is applying for a private security guard
17 or agency license, meets any of the following:

18 (i) Was engaged in the private security guard or agency
19 business on his or her own account in another state for a period of
20 at least 3 years.

21 (ii) Was engaged in the private security guard or agency
22 business for a period of at least 4 years as an employee of the
23 holder of a certificate of authority to conduct a private security
24 guard or agency business and has experience reasonably equivalent
25 to at least 4 years of full-time guard work in a supervisory
26 capacity with rank above that of patrolman.

27 (iii) Was employed in law enforcement as a certified police

1 officer on a full-time basis for at least 4 years for a city,
2 county, or state government or for the United States government.

3 (iv) Was engaged in the private security guard or agency
4 business as an employee or on his or her own account or as a
5 security administrator in private business for at least 2 years on
6 a full-time basis, and is a graduate with a baccalaureate degree or
7 its equivalent in the field of police administration or industrial
8 security from an accredited college or university.

9 (v) ~~While on active duty as a member of~~ **SERVED IN THE ARMED**
10 **FORCES; WHILE SERVING IN** the armed forces, ~~served~~ **ACTED** as a
11 military police officer or in an equivalent job classification for
12 at least 2 years; ~~was honorably discharged from that military~~
13 ~~service;~~ **WAS SEPARATED FROM THAT SERVICE, AND PROVIDES A FORM**
14 **DD214, DD215, OR ANY OTHER FORM SATISFACTORY TO THE DEPARTMENT THAT**
15 **DEMONSTRATES HE OR SHE WAS SEPARATED FROM THAT SERVICE, WITH AN**
16 **HONORABLE CHARACTER OF SERVICE OR UNDER HONORABLE CONDITIONS**
17 **(GENERAL) CHARACTER OF SERVICE;** and has, and provides with his or
18 her application an affidavit signed by a commanding officer,
19 supervisor, or military superior with direct knowledge of the
20 applicant's service that he or she has, entry-level experience in
21 or basic knowledge of each of the following:

22 (A) Enforcing rules, regulations, and guidelines.

23 (B) Providing security and physical protection.

24 (C) Area and site security operations.

25 (D) Overseeing prisoners and correctional facilities.

26 (E) Reconnaissance and surveillance.

27 (h) If the applicant is applying for a security alarm system

1 contractor license, has been lawfully engaged in either or both of
2 the following:

3 (i) A security alarm system contractor business on his or her
4 own account for a period of not less than 3 years.

5 (ii) A security alarm system contractor business for a period
6 of not less than 4 years as an employee of the holder of a
7 certificate of authority to conduct a security alarm system
8 contractor business, and has experience reasonably equivalent to at
9 least 4 years of full-time work in a supervisory capacity or passes
10 a written exam administered by the department designed to measure
11 his or her knowledge and training in security alarm systems.

12 (i) Provided the department the bond or surety required under
13 section 9.

14 (j) Has not been adjudged insane, unless he or she has been
15 adjudged restored to sanity by court order.

16 (k) Is not subject to any outstanding warrants for his or her
17 arrest.

18 (2) If a person now doing or seeking to do business in this
19 state is applying for a license under this section, the resident
20 manager shall comply with the applicable qualifications of this
21 section.

22 (3) As used in this section **AND SECTION 9**, "armed forces"
23 means that term as defined in section 2 of the veteran right to
24 employment services act, 1994 PA 39, MCL 35.1092.

25 Sec. 9. (1) The department ~~when~~ **SHALL ISSUE A LICENSE TO AN**
26 **APPLICANT WHEN THE REQUIREMENTS OF THIS ACT ARE MET AND THE**
27 **DEPARTMENT IS** satisfied of the good character, competence, and

1 integrity of the applicant, **IF THE APPLICANT IS AN INDIVIDUAL**, or
 2 if the applicant is a ~~firm, company, partnership, limited liability~~
 3 ~~company, or corporation~~, **AN ENTITY OTHER THAN A PRIVATE COLLEGE OR**
 4 **UNIVERSITY**, of its individual members or officers, or, if the
 5 applicant is a private college or university, of its governing
 6 board. ~~, shall issue to the applicant a license. The issuance of~~
 7 ~~the license is conditioned upon the applicant's paying to the~~
 8 ~~department for each license \$200.00 if a sole proprietorship, or~~
 9 ~~\$300.00 if a private security guard firm, company, partnership,~~
 10 ~~limited liability company, or corporation, or \$500.00 if a security~~
 11 ~~alarm system contractor, and upon the applicant's executing,~~
 12 ~~delivering, and filing with~~

13 (2) A LICENSE ISSUED UNDER THIS ACT IS VALID FOR 2 YEARS, BUT
 14 THE DEPARTMENT MAY REVOKE A LICENSE AT ANY TIME FOR GOOD CAUSE
 15 SHOWN. THE DEPARTMENT SHALL PRESCRIBE THE FORM OF A LICENSE
 16 CERTIFICATE.

17 (3) THE DEPARTMENT SHALL NOT ISSUE A LICENSE UNDER THIS ACT
 18 UNLESS THE APPLICANT PAYS THE DEPARTMENT A FEE OF \$500.00 IF THE
 19 APPLICANT IS A SECURITY ALARM SYSTEM CONTRACTOR, OR FOR ANY OTHER
 20 APPLICANT, 1 OF THE FOLLOWING FEES, AS APPROPRIATE:

21 (A) IF THE APPLICANT IS AN INDIVIDUAL OR SOLE PROPRIETORSHIP,
 22 \$200.00.

23 (B) IF THE APPLICANT IS AN ENTITY, \$300.00.

24 (4) THE DEPARTMENT SHALL NOT ISSUE A LICENSE UNDER THIS ACT
 25 UNLESS THE APPLICANT PROVIDES the department a bond in the ~~sum~~
 26 **PRINCIPAL AMOUNT** of \$25,000.00. The bond shall be conditioned ~~upon~~
 27 **ON** the faithful and honest conduct of the business by the applicant

1 and ~~shall be~~ approved by the department. In lieu of a bond, ~~the~~ **AN**
 2 applicant may furnish a policy of insurance issued by an insurer
 3 authorized to do business in this state ~~naming~~ **THAT NAMES** the
 4 licensee and the state as coinsureds in the amount of \$25,000.00
 5 for property damages, \$100,000.00 for injury to or death of 1
 6 person, and \$200,000.00 for injuries to or deaths of more than 1
 7 person arising out of the operation of the licensed activity. ~~The~~
 8 ~~license is valid for 2 years but is revocable at all times by the~~
 9 ~~department for cause shown. The bonds shall be taken in the name~~
 10 **THE BOND SHALL BE PAYABLE FOR THE BENEFIT** of the people of the
 11 state and a person injured by the willful, malicious, and wrongful
 12 act of the licensee or any ~~of his or her~~ agents or employees **OF A**
 13 **LICENSEE** may bring an action on the bond or insurance policy in his
 14 or her own name to recover damages suffered by reason of the
 15 wrongful act. ~~The license certificate shall be in a form to be~~
 16 ~~prescribed by the department.~~

17 (5) ~~(2)~~ If a licensee ~~desires~~ **INTENDS** to open a ~~1~~ **OR MORE**
 18 branch ~~office, he or she~~ **OFFICES, THE LICENSEES** may receive a
 19 license for ~~that~~ **EACH** branch ~~following approval as required in~~ **IF**
 20 **THE BRANCH LICENSE IS APPROVED UNDER** section 7 and ~~payment to~~ **THE**
 21 **LICENSEE PAYS** the department ~~of~~ an additional fee of \$50.00 for
 22 each private security guard branch office license and \$100.00 for
 23 each security alarm system contractor branch office license.

24 (6) ~~(3)~~ ~~The~~ **A LICENSEE SHALL POST AN** additional license issued
 25 under subsection ~~(2)~~ ~~shall be posted~~ **(5)** in a conspicuous place in
 26 the branch office, and ~~shall expire~~ **EACH ADDITIONAL LICENSE EXPIRES**
 27 on the same date as the initial license.

1 (7) ~~(4)~~ Subject to subsection ~~(5)~~, ~~(8)~~, if ~~the~~ ~~A~~ license is
2 denied, revoked, or suspended for cause, ~~no~~ ~~THE DEPARTMENT SHALL~~
3 ~~NOT~~ refund ~~shall be made of~~ the license fees or a ~~ANY~~ part of the
4 license fees.

5 (8) ~~(5)~~ Beginning July 23, 2004, the department shall issue ~~OR~~
6 ~~DENY AN APPLICATION FOR~~ an initial or renewal license ~~not later~~
7 ~~than~~ ~~WITHIN~~ 180 days after the applicant files a completed
8 application. ~~Receipt of the~~ ~~AN~~ application is considered ~~RECEIVED~~
9 ~~ON~~ the date the application is received by any agency or department
10 of ~~the~~ ~~THIS~~ state. ~~of Michigan.~~ If ~~the~~ ~~AN~~ application is considered
11 incomplete by the department, the department shall notify the
12 applicant in writing, or make the information electronically
13 available, within 30 days after ~~receipt of~~ ~~THE DEPARTMENT RECEIVES~~
14 the incomplete application, describing the deficiency and
15 requesting the additional information. ~~The~~ ~~A~~ 180-day period
16 ~~DESCRIBED IN THIS SUBSECTION~~ is tolled ~~upon notification by~~ ~~FROM~~
17 ~~THE DATE~~ the department ~~NOTIFIES THE APPLICANT~~ of a deficiency
18 until the date the requested information is received by the
19 department. The determination of the completeness of an application
20 does not operate as an approval of the application for the license
21 and does not confer eligibility of an applicant determined
22 otherwise ineligible for issuance of a license.

23 (9) ~~(6)~~ If the department fails to issue or deny a license
24 ~~within~~ ~~IN~~ the time required ~~by~~ ~~UNDER~~ this section, the department
25 shall return the license fee and shall reduce the license fee for
26 the applicant's next renewal application, if any, by 15%. The
27 failure to issue a license ~~within~~ ~~IN~~ the time required under this

1 section does not allow the department to otherwise delay the
2 processing of ~~the~~**AN** application, and ~~that application, upon~~**ON**
3 completion, ~~shall be placed~~**THE DEPARTMENT SHALL PLACE THE**
4 **APPLICATION** in sequence with **ANY** other completed applications
5 received at that same time. The department shall not discriminate
6 against an applicant in ~~the processing of the~~**AN** application based
7 ~~upon~~**ON** the fact that the license fee was refunded or discounted
8 under this subsection.

9 (10) ~~(7)~~ Beginning October 1, 2005, the director of the
10 department shall submit a report by December 1 of each year to the
11 standing committees and appropriations subcommittees of the senate
12 and house of representatives concerned with occupational issues.
13 The director shall include all of the following information in the
14 report concerning the preceding fiscal year:

15 (a) The number of initial and renewal applications the
16 department received and completed within the 180-day time period
17 described in subsection ~~(5)~~**(8)**.

18 (b) The number of applications denied.

19 (c) The number of applicants not issued a license within the
20 180-day time period and the amount of money returned to licensees
21 and registrants under subsection ~~(6)~~**(8)**.

22 (11) ~~(8)~~ The fees collected by the department under this
23 section shall be deposited into the security business fund created
24 in subsection ~~(9)~~**(12)**.

25 (12) ~~(9)~~ The security business fund is created ~~within~~**IN** the
26 state treasury. The department shall deposit all license fees
27 collected under this act into the fund. The state treasurer may

1 receive money or other assets from any source for deposit into the
2 fund. The state treasurer shall direct the investment of the fund.
3 The state treasurer shall credit to the fund interest and earnings
4 from fund investments. Money in the fund at the close of the fiscal
5 year shall remain in the fund and be available for appropriation
6 and expenditure by the department in subsequent fiscal years. The
7 money in the fund shall not lapse to the general fund. The
8 department shall expend money from the fund, ~~upon~~ **ON** appropriation,
9 only for enforcement and administration of this act. **THE DEPARTMENT**
10 **IS THE ADMINISTRATOR OF THE FUND FOR AUDITING PURPOSES.**

11 (13) **THE DEPARTMENT, OR THE DEPARTMENT OF STATE POLICE IF**
12 **SECTION 29 APPLIES, SHALL WAIVE AN INITIAL LICENSE FEE REQUIRED**
13 **UNDER THIS SECTION, OR ANY APPLICATION PROCESSING FEE CHARGED BY**
14 **THE DEPARTMENT FOR AN INITIAL LICENSE, IF THE APPLICANT IS AN**
15 **INDIVIDUAL WHO SERVED IN THE ARMED FORCES AND HE OR SHE PROVIDES TO**
16 **THE DEPARTMENT A FORM DD214, FORM DD215, OR ANY OTHER FORM THAT IS**
17 **SATISFACTORY TO THE DEPARTMENT THAT DEMONSTRATES HE OR SHE WAS**
18 **SEPARATED FROM THAT SERVICE WITH AN HONORABLE CHARACTER OF SERVICE**
19 **OR UNDER HONORABLE CONDITIONS (GENERAL) CHARACTER OF SERVICE.**

20 (14) ~~(10)~~ As used in this section, "completed application"
21 means an application **THAT IS** complete on its face and submitted
22 with any applicable licensing fees ~~as well as~~ **AND** any other
23 information, records, approval, security, or similar item required
24 by law or rule from a local unit of government, a federal agency,
25 or a private ~~entity~~ **PERSON** but not from another department or
26 agency of ~~the~~ **THIS** state. ~~of Michigan.~~

27 Enacting section 1. This amendatory act takes effect 90 days

1 after the date it is enacted into law.