

# SENATE BILL No. 618

October 15, 2013, Introduced by Senator HILDENBRAND and referred to the Committee on Economic Development.

A bill to amend 2012 PA 580, entitled "Security alarm systems act," by amending sections 2, 3, 4, and 5 (MCL 338.2182, 338.2183, 338.2184, and 338.2185).

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 2. As used in this act:

2           (a) "Alarm system" means any mechanical or electrical device,  
3 including an electronic access control system, a video monitoring  
4 system, a burglar alarm system, smoke detectors, or any other  
5 electronic system that is designed to emit an audible alarm or  
6 transmit a signal or message to a central monitoring station if it  
7 is activated and that is used to detect an unauthorized entry into  
8 a protected premises or alert other persons of the occurrence of a  
9 fire or medical emergency or the commission of an unlawful act

1 against a person or in a protected premises. The term includes, but  
2 is not limited to, a silent, panic, holdup, robbery, duress,  
3 burglary, medical alert, or proprietor alarm that signals a central  
4 monitoring station.

5 (b) "Applicant" means a person for which a registration  
6 statement is filed under section 3.

7 (c) "Background check" means a criminal history check  
8 administered by a public or private entity that examines federal  
9 and state government records in a manner that allows for the  
10 successful identification of the criminal offenses listed in  
11 section 4(3)(c).

12 (d) "Department" means department of licensing and regulatory  
13 affairs.

14 (e) "Local unit of government" means a city, county, village,  
15 or township, or a special district designated by law that exercises  
16 limited government powers or powers in respect to limited  
17 government subjects.

18 (f) "Operator" means an employee or independent contractor who  
19 performs alarm operator, dispatcher, or monitor functions for a  
20 security alarm system at a central monitoring station. The term  
21 does not include a system user who receives signals or messages  
22 about his or her own security alarm system.

23 (g) "Person" means an individual, partnership, corporation,  
24 limited liability company, or other legal entity.

25 (h) "Protected premises" means a location at or in which a  
26 system user's security alarm system is installed and maintained.

27 ~~(i) "Registrant" means a person that is registered by the~~

1 ~~department as a system provider.~~

2 (I) ~~(j)~~ "Registration **STATEMENT**" means a ~~registration that is~~  
3 ~~issued by the department.~~ **FORM SUBMITTED BY AN APPLICANT THAT IS**  
4 **REGISTERING WITH THE DEPARTMENT UNDER THIS ACT.**

5 (J) ~~(k)~~ "Remote monitoring" means the retransmission of  
6 information received from a security alarm system to a central  
7 monitoring system.

8 (K) ~~(l)~~ "Security alarm system" means a detection device or an  
9 assembly of equipment and devices that transmits signals to a  
10 central monitoring station and is arranged to signal the presence  
11 of a hazard that requires urgent attention or to which police are  
12 expected to respond. The term includes any electronic system that  
13 transmits signals to a central monitoring station and monitors or  
14 records various components designed to detect or prevent  
15 burglaries, intrusions, theft, or robbery of the protected  
16 premises, including, but not limited to, an intrusion detection  
17 system, video monitoring or recording system, access control  
18 system, and 1-way or 2-way audio monitoring systems. The term does  
19 not include a fire alarm system or an alarm system that monitors  
20 temperature, humidity, or other condition that is not directly  
21 related to the detection or prevention of burglaries, intrusions,  
22 theft, or robbery of the protected premises.

23 (L) ~~(m)~~ "System provider" means a person that engages in the  
24 business of selling, leasing, renting, maintaining, repairing,  
25 installing, or otherwise providing security alarm systems to the  
26 public at the protected premises or by remote monitoring. The term  
27 does not include any of the following:

1           (i) A person that purchases, rents, or uses an alarm system  
2 that is affixed to a motor vehicle.

3           (ii) A person that owns or conducts a business of selling,  
4 leasing, renting, installing, maintaining, or monitoring an alarm  
5 system that is affixed to a motor vehicle.

6           (iii) An alarm system that is operated by this state, a  
7 political subdivision of this state, an agency or department of  
8 this state or a political subdivision of this state, or any other  
9 governmental agency or department.

10          (iv) A person that installs a nonmonitored alarm system for a  
11 business that the person owns, is employed by, or manages.

12          (v) A person that only manufactures or sells security alarm  
13 systems, unless that person services, installs, monitors, or  
14 responds to signals from security alarm systems at the protected  
15 premises.

16          (vi) A person that sells security alarm systems that are  
17 designed to be installed and monitored by any of the following:

18           (A) The customer, and not the person selling the security  
19 alarm system.

20           (B) An affiliate of or contractor to the person selling the  
21 security alarm system if the affiliate or contractor that installs  
22 at the protected premises or monitors the security alarm system is  
23 registered under this act.

24 ~~(vii) A security alarm system contractor, as defined in section~~  
25 ~~2 of the private security business and security alarm act, 1968 PA~~  
26 ~~330, MCL 338.1052, that is required to obtain a license under that~~  
27 ~~act.~~

1           (M) ~~(n)~~—"System user" means a person that uses a security  
2 alarm system at a protected premises or remotely.

3           Sec. 3. (1) A person shall not act as a system provider in  
4 this state without first doing both of the following:

5           (a) Filing a **COMPLETED** registration statement with the  
6 department, **ON A FORM PRESCRIBED BY THE DEPARTMENT**, that meets the  
7 requirements of section 4 **ACCOMPANIED BY ANY APPLICABLE FEES UNDER**  
8 **SECTION 5**. A person that acts as a system provider in multiple  
9 locations in this state is only required to file 1 registration  
10 statement with the department.

11           (b) Meeting 1 of the following:

12           (i) Providing a bond to the department that is in the principal  
13 amount of \$25,000.00; is conditioned on the applicant's ~~or~~  
14 ~~registrant's~~ compliance with this act; is acceptable to the  
15 department; and is for the benefit of the residents of this state.

16           (ii) Providing a policy of insurance to the department, in the  
17 amount of \$25,000.00 for property damages, \$100,000.00 for injury  
18 to or death of 1 person, and \$200,000.00 for injuries to or deaths  
19 of more than 1 person arising out of the operation of the licensed  
20 activity, that is issued by an insurer authorized to do business in  
21 this state and names the applicant ~~or registrant~~ and the state as  
22 coinsureds.

23           (iii) Demonstrating to the department that the applicant, ~~or~~  
24 ~~registrant~~, or an affiliate of the applicant, ~~or registrant~~, is  
25 licensed as a basic local exchange provider under the Michigan  
26 telecommunications act, 1991 PA 179, MCL 484.2101 to 484.2603.

27           (iv) Demonstrating to the department that the applicant, ~~or~~

1 ~~registrant~~, or an affiliate of the applicant, ~~or registrant~~, has  
2 annual revenue of \$10,000,000.00 or more.

3 (2) An individual injured by the willful, malicious, and  
4 wrongful act of an applicant, ~~or registrant~~, or any agent or  
5 employee of an applicant, ~~or registrant~~, may bring an action on a  
6 bond or insurance policy provided under subsection (1)(b) in his or  
7 her own name to recover damages suffered by reason of the wrongful  
8 act.

9 Sec. 4. (1) A registration statement filed with the department  
10 shall include a completed affidavit, submitted by the ~~registrant or~~  
11 applicant and signed by an officer or another individual who is  
12 authorized to bind the ~~registrant~~, **APPLICANT**, that affirms all of  
13 the following:

14 (a) The ~~registrant's or applicant's~~ legal name and any name  
15 under which the ~~registrant or applicant~~ does or will do business in  
16 this state that is authorized by the department.

17 (b) The address and telephone number of the ~~registrant's or~~  
18 applicant's principal place of business and contact information for  
19 the individual responsible for ongoing communications with the  
20 department.

21 (c) A description of the geographic areas in this state the  
22 ~~registrant or applicant~~ does or will serve.

23 (d) A description of the training the ~~registrant~~ **APPLICANT**  
24 will provide to its employees or independent contractors who are  
25 involved in installing or monitoring security alarm systems. ~~The~~  
26 ~~department may refuse to accept a registration statement if it~~  
27 ~~determines that the training is not commercially reasonable~~

1 ~~considering the nature of the security alarm systems installed or~~  
2 ~~monitored by the registrant or applicant.~~

3 (e) A description of the security alarm system services that  
4 the ~~registrant or applicant does or will~~ provide.

5 (f) That the ~~registrant or applicant~~ will file an updated  
6 registration statement annually, or sooner if a material change to  
7 the information occurs, **ON A FORM PRESCRIBED BY AND IN A PROCESS**  
8 **ESTABLISHED BY THE DEPARTMENT.**

9 **(G) THAT THE APPLICANT HAS MET THE REQUIREMENTS OF SUBSECTIONS**  
10 **(2), (3), AND (4), AND WILL CONTINUE TO MEET THESE REQUIREMENTS**  
11 **DURING THE TIME PERIOD COVERED BY THE REGISTRATION STATEMENT. (2) A**  
12 ~~registrant, applicant,~~ **FOR THE PURPOSE OF MEETING THE REQUIREMENTS**  
13 **OF SUBSECTION (3) (C), A SYSTEM PROVIDER** or affiliate or contractor  
14 described in section ~~2 (m) (vi) (B)~~ **2 (l) (vi) (B)** shall conduct a  
15 background check of each employee or independent contractor of the  
16 ~~registrant, applicant,~~ **SYSTEM PROVIDER,** affiliate, or contractor  
17 who, in the normal course of his or her employment or engagement,  
18 enters a customer's premises to sell, lease, rent, maintain,  
19 repair, install, or otherwise provide a security alarm system at a  
20 protected premises. The background check required under this  
21 subsection shall include the taking of fingerprints of the employee  
22 or independent contractor and submission of those fingerprints to  
23 the department of state police or the federal bureau of  
24 investigation for the purpose of a criminal history record search.  
25 However, a ~~registrant, applicant,~~ **SYSTEM PROVIDER,** affiliate, or  
26 contractor is not required to submit the fingerprints of an  
27 employee or independent contractor under this subsection if the

1 employee's or independent contractor's fingerprints were previously  
2 submitted for the purpose of a criminal history record search for  
3 the purposes of meeting the requirements of a regulatory authority  
4 in another state and the ~~registrant, applicant,~~ **SYSTEM PROVIDER,**  
5 affiliate, or contractor has the results of that submission.

6 (3) ~~An applicant, registrant,~~ **A SYSTEM PROVIDER** or affiliate  
7 or contractor described in section ~~2(m)(vi)(B)~~ **2(l)(vi)(B)** shall not  
8 employ or engage, or continue to employ or engage, an individual  
9 ~~for whom a background check is required under subsection (2)~~ if he  
10 or she meets any of the following:

11 (a) Is not at least 18 years old.

12 (b) Does not have a high school diploma or a general education  
13 development (GED) certificate or its equivalent.

14 (c) ~~His or her background check under subsection (2) discloses~~  
15 **MEETS** any of the following:

16 (i) He or she was convicted of a felony.

17 (ii) Within the 5-year period preceding the date of the  
18 background check, he or she was convicted of a misdemeanor  
19 involving any of the following:

20 (A) Dishonesty or fraud.

21 (B) Unauthorized divulging or selling of information or  
22 evidence.

23 (C) Impersonation of a law enforcement officer or employee of  
24 the United States, this state, or a political subdivision of this  
25 state.

26 (D) Illegally using, carrying, or possessing a dangerous  
27 weapon.



1 (E) Two or more alcohol-related offenses.

2 (F) Controlled substances under the public health code, 1978  
3 PA 368, MCL 333.1101 to 333.25211.

4 (G) An assault.

5 (H) Criminal sexual conduct in the fourth degree under section  
6 520e of the Michigan penal code, 1931 PA 328, MCL 750.520e.

7 (iii) He or she has been adjudged insane unless restored to  
8 sanity by court order.

9 (iv) He or she has any outstanding warrants for his or her  
10 arrest.

11 (4) A SYSTEM PROVIDER OR AFFILIATE OR CONTRACTOR DESCRIBED IN  
12 SECTION 2 (l) (vi) (B) SHALL REQUIRE THAT EACH OF ITS EMPLOYEES OR  
13 INDEPENDENT CONTRACTORS WHO ENTER A CUSTOMER'S PREMISES TO SELL,  
14 LEASE, RENT, MAINTAIN, REPAIR, INSTALL, OR OTHERWISE PROVIDE A  
15 SECURITY ALARM SYSTEM DISPLAY, AT ALL TIMES WHILE HE OR SHE IS IN  
16 OR ON THOSE PREMISES, AN IDENTIFICATION CARD THAT INCLUDES HIS OR  
17 HER NAME AND PHOTOGRAPH, THE NAME OF HIS OR HER EMPLOYER, AND  
18 CONTACT INFORMATION FOR THAT EMPLOYER.

19 Sec. 5. (1) The department shall accept a registration  
20 statement ~~filed~~ **SUBMITTED** under section 3 if the requirements of  
21 this act are met.

22 (2) The department's authority to administer this act is  
23 limited to the powers and duties explicitly provided under this  
24 act. The department does not have the authority to limit or expand  
25 the obligations and requirements provided in this act or to  
26 regulate or control a person to the extent that the person is  
27 providing security alarm system services except as provided in this

1 act.

2 (3) The department may charge a ~~fee for filing a registration~~  
3 ~~statement under this act in an amount determined by the department.~~

4 ~~Any fee~~ SUBMISSION FEE FOR PROCESSING A REGISTRATION STATEMENT AND  
5 A REGISTRATION FEE IF IT ACCEPTS THE REGISTRATION STATEMENT AND  
6 REGISTERS AN APPLICANT. ALL OF THE FOLLOWING APPLY TO THE FEES  
7 DESCRIBED IN THIS SUBSECTION:

8 (A) THE DEPARTMENT SHALL DETERMINE THE AMOUNT OF THE  
9 SUBMISSION FEE AND REGISTRATION FEE.

10 (B) THE FEES charged by the department may not exceed the  
11 department's actual costs to process and review a registration  
12 statement AND REGISTER AN APPLICANT.

13 (C) THE DEPARTMENT MAY COLLECT A PORTION OF THESE FEES AT THE  
14 TIME IT RECEIVES THE REGISTRATION STATEMENT AND SHALL APPLY THAT  
15 MONEY TO THE REMAINING COST ASSOCIATED WITH PROCESSING THE  
16 REGISTRATION STATEMENT IF IT IS ACCEPTED BY THE DEPARTMENT.

17 (D) THE SUBMISSION FEE AND REGISTRATION FEE ARE NONREFUNDABLE.  
18 HOWEVER, IF THE DEPARTMENT ACCEPTS A REGISTRATION STATEMENT AND  
19 REGISTERS AN APPLICANT, THE DEPARTMENT SHALL APPLY THE SUBMISSION  
20 FEE IT RECEIVED TO THE REGISTRATION FEE.

21 Enacting section 1. This amendatory act does not take effect  
22 unless Senate Bill No. 619

23 of the 97th Legislature is enacted into law.