



**Senate Fiscal Agency**  
**P. O. Box 30036**  
**Lansing, Michigan 48909-7536**



**Telephone: (517) 373-5383**  
**Fax: (517) 373-1986**

Senate Bill 161 (Substitute S-1 as reported by the Committee of the Whole)  
Senate Bills 162, 163, and 164 (reported without amendment)  
Sponsor: Senator Darwin L. Booher (S.B. 161, 162, & 163)  
            Senator Bert Johnson (S.B. 164)  
Committee: Regulatory Reform

### **CONTENT**

Senate Bill 161 (S-1) would add Article 14A to the Occupational Code to do the following:

- Provide for the licensure of security guards and security guard agencies.
- Establish requirements for an applicant to be licensed to conduct business as a security guard agency.
- Require an applicant to have insurance meeting specified criteria.
- Require each branch office of a licensee to have a license.
- Require a licensee that was not an individual to designate an individual as the licensee's principal license holder, who could act on the licensee's behalf for purposes of Article 14A.
- Establish requirements for a licensee's employees, including a criminal background check.
- Specify experience and training requirements for a licensee's employees who would provide security guard services directly to customers.
- Establish requirements for employees' uniforms.
- Rescind R 28.4001 to R 28.4007 of the Michigan Administrative Code (rules that regulate private security guard and security alarm agencies).

The bill also would do the following:

- Delete certain requirements that apply to alternative forms of testing for occupational exams.
- Repeal Section 517 of the Code, which allows the Department of Licensing and Regulatory Affairs (LARA) and the appropriate board to administer an alternative form of testing or conduct a personal interview with a petitioner, or both.

Senate Bill 162 would amend the Private Security Business and Security Alarm Act to remove the regulation of private security agencies and security guards from the Act.

The bill also would do the following:

- Require a licensee or applicant that was not an individual to designate an individual as the licensee's principal license holder.
- Require an applicant for licensure under the Act to have insurance meeting specified criteria; and delete a requirement for a bond in the principal amount of \$25,000.
- Revise requirements that a licensee conduct a criminal background check on an applicant for employment.
- Revise certain fees for the renewal of a license.
- Repeal Section 19 of the Act, which establishes uniform and insignia requirements for a licensee and a licensee's employees.

Senate Bill 163 would amend the Security Alarm Systems Act to exempt certain security guard agencies licensed under Article 14A of the Occupational Code from the Act's definition of "system provider".

The Act prohibits a person from acting as a system provider without filing a registration statement with LARA. The Act defines "system provider" as a person who engages in the business of selling, leasing, renting, maintaining, repairing, installing, or otherwise providing security alarm systems to the public at protected premises or by remote monitoring. The Act specifies several exceptions to that definition.

The bill also would exclude from the term "system provider" a security guard agency licensed under Article 14A of the Occupational Code whose employees or agents do either of the following:

- Respond to burglar, fire, or supervisory alarms for the purpose of securing the property and ensuring the safety of individuals in or on that property.
- Use client-installed equipment or equipment installed by a system provider that was registered under the Act for the purpose of protecting the personnel and property of a client of the agency.

Senate Bill 164 would amend the State License Fee Act to establish fees for a person licensed or seeking licensure as a security guard agency or branch office under Article 14A of the Occupational Code. Table 1 provides a comparison between the current fees for security guard agencies and those proposed by Senate Bill 164.

<b>Table 1</b>		
<b>Fee</b>	<b>Current Fee</b>	<b>Proposed Fee</b>
New Application – Firm	\$300	\$250 Application Fee \$500 License Fee
New Application – Individual	\$200	\$250 Application Fee \$500 License Fee
Renewal – Firm	\$150	\$500
Renewal – Individual	\$100	\$500
New Branch Office	\$50	\$150
Annual Branch Office	Not Applicable	\$150

Each of the bills is tie-barred to all of the others, and each would take effect 90 days after its enactment.

MCL 339.103 et al. (S.B. 161)  
338.1052 et al. (S.B. 162)  
338.2182 (S.B. 163)  
Proposed MCL 338.2233 (S.B. 164)

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The bills would have a positive fiscal impact on the Department of Licensing and Regulatory Affairs, and no fiscal impact on local units of government. Generally, the bills would not significantly change the responsibilities of LARA with regard to the regulation and licensure of security guard agencies, but the bills would make some changes in how fees are collected and the levels of those fees.

As shown in Table 1 above, Senate Bill 164 would create a new fee structure for the licensure of security guard agencies as would be established under Senate Bill 161 (S-1).

According to license data obtained from LARA, 305 agencies as well as 71 branch offices are licensed. Assuming all agencies are firms, rather than individuals, the revenue generated under the current fee structure is approximately \$45,750. Under the bills, the new fee structure would generate approximately \$163,150 annually. This revenue would be credited to the Licensing and Regulation Fund rather than the Security Business Fund. This change in the disposition of fee revenue would likely not have a significant effect on LARA's operations. While the change would reduce Security Business Fund revenue by about 50%, the costs charged to that Fund would be reduced significantly as well, as the costs of licensure of security guard agencies would be charged instead to the Licensing and Regulation Fund.

Date Completed: 3-18-15

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.