



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

BILL ANALYSIS



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

Senate Bill 186 (Substitute S-1 as passed by the Senate)
Senate Bill 187 (Substitute S-1 as passed by the Senate)
Senate Bills 188 and 189 (as passed by the Senate)
Senate Bill 190 (Substitute S-1 as passed by the Senate)
Senate Bills 191 and 192 (as passed by the Senate)
Sponsor: Senator Darwin L. Booher (S.B. 186-188, 190-192)
 Senator Bert Johnson (S.B. 189)
Committee: Regulatory Reform

Date Completed: 7-18-17

RATIONALE

The Private Security Business and Security Alarm Act regulates private security guards, private security police, private security guard agencies, and private college security forces, as well as the installation, service, operation, and monitoring of security alarm systems. The Department of Licensing and Regulatory Affairs (LARA) and, in certain circumstances, the Department of State Police, enforce the Act, which provides for licensing and minimum qualifications of those engaged in the security business and alarm systems industry, among other things. Apparently, the Act is considered outdated in several ways. For example, it does not include certain requirements, such as weapon training or specific education in security procedures, for security guards. In the interest of increasing public safety, public trust, and the quality of security guard or security guard agency service, it has been suggested that the regulation of those individuals and entities be overhauled.

CONTENT

Senate Bill 186 (S-1) would add Article 14A to the Occupational Code to do the following:

- **Provide for the licensure of 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 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 and fingerprinting.**
- **Specify experience and training requirements for a licensee's employees who would provide security guard services directly to customers.**
- **Establish requirements for employees' uniforms.**

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 and the appropriate board to administer an alternative form of testing or conduct a personal interview with a petitioner, or both.**

Senate Bill 187 (S-1) 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 criminal background and fingerprinting requirements.
- Revise license renewal fees.
- Allow individuals employed full-time as certified police officers for at least four years for a township or village, in addition to a city, county, or state government or for the United States government, to satisfy criteria regarding application for a private security police force license.

Senate Bill 188 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".

Senate Bill 189 would amend the State License Fee Act to establish fees for a person licensed or seeking licensure as a security guard agency under Article 14A of the Occupational Code.

Senate Bills 190 (S-1), 191, and 192 would amend various statutes to allow personal information in a record maintained under those statutes to be disclosed for a permitted purpose to a security guard agency that was licensed under Article 14A of the Occupational Code or a system provider that was registered under the Security Alarm Systems Act.

Senate Bill 190 (S-1) would amend Part 801 (Marine Safety), Part 803 (Watercraft Transfer and Certificate of Title), Part 811 (Off-Road Recreation Vehicles), and Part 821 (Snowmobiles) of the Natural Resources and Environmental Protection Act. **Senate Bill 191** would amend Public Act 222 of 1972 (which provides for official State personal identification cards). **Senate Bill 192** would amend the Michigan Vehicle Code.

In addition, **Senate Bill 192** would allow a private motor vehicle of a security guard agency that was licensed under Article 14A of the Occupational Code or a system provider that was registered under the Security Alarm Systems Act to display flashing, rotating, or oscillating amber lights.

All of the bills would take effect on January 1, 2018. Senate Bills 186 (S-1) through 189 are tie-barred to each other. Senate Bill 189 also is tie-barred to House Bills 4273 and 4274. (House Bill 4273 would amend the Occupational Code to require a licensee under Article 14A that employed or engaged an individual to provide services as a security guard to ensure that certain training requirements were met. House Bill 4274 would amend the Code to specify subjects that the classroom training under Article 14A would have to include.)

Senate Bills 186 (S-1) through 189 are described in detail below.

Senate Bill 186 (S-1)

Scope of Article 14A

Article 14A would not apply to any of the following:

- A security alarm systems provider that had filed a registration statement under the Security Alarm Systems Act.

- A private college security force or private security police force that was subject to the Private Security Business and Security Alarm Act.
- A person licensed as a professional investigator under the Professional Investigator Licensure Act.

If a license to conduct business as a security guard agency were issued to a person under Article 14A, the licensee would not be required to obtain any other license from a municipality or political subdivision of the State to conduct business as a security guard agency.

Security Guard Agency License

Article 14A would require LARA to issue a license to conduct business as a security guard agency if the Department were satisfied that an individual applicant or a principal license holder met all of the following qualifications:

- Was at least 21 years of age.
- Graduated from high school or passed the General Educational Development (GED) test or another graduate equivalency exam approved by LARA.
- Was of good moral character.
- Had not been convicted of either a felony or, within the five years preceding the date of application, a disqualifying misdemeanor.
- Had not been adjudged insane, unless he or she had been adjudged restored to sanity by court order.

"Disqualifying misdemeanor" would mean a misdemeanor that involves any of the following:

- Dishonesty or fraud.
- Unauthorized divulging or selling of information or evidence.
- Impersonation of a law enforcement officer or employee of the United States, the State, or a political subdivision of the State.
- Illegally using, carrying, or possessing a dangerous weapon.
- Two or more alcohol-related offenses.
- A controlled substance.
- An assault.
- Criminal sexual conduct.

The Department also would have to be satisfied that the applicant met any of the following qualifications:

- Was lawfully engaged in business as a security guard agency in another state for at least three years.
- Was lawfully engaged as a security guard for a licensed security guard agency for at least four years and had at least four years of experience supervising security guards.
- Was lawfully engaged in law enforcement employment as a certified police officer on a full-time basis for at least four years for a city, county, township, village, or state government or for the U.S. government.
- Was a graduate with a baccalaureate degree or its equivalent in the field of police administration, criminal justice, or industrial security from an accredited college or university; and was a full-time employee of a security guard agency or was engaged as a security administrator or loss prevention manager in private business for two years.
- Served in the armed forces and, while serving, acted as a military police officer or in an equivalent job classification for at least two years.

Also, if the applicant had served in the armed forces, LARA would have to be satisfied that he or she was separated with an honorable discharge, and provided an affidavit signed by a commanding officer or other superior with direct knowledge of the applicant's service that he or she had entry-level experience in or basic knowledge of each of the following:

- Enforcing rules, regulations, and guidelines.
- Providing security and physical protection.
- Area and site security operations.
- Overseeing prisoners and correctional facilities.
- Reconnaissance and surveillance.

An application for a license as a security guard agency would have to contain at least all of the following:

- The applicant's name and the address of the applicant's principal place of business.
- If the applicant were not the security guard agency, the agency's name and the address of the agency's principal place of business.
- The address of each location in Michigan, including branch offices, at which the agency conducted or would conduct business.
- The name of the individual designated as the principal license holder of the security guard agency, if applicable.

The bill would prohibit LARA from issuing a license under Article 14A if the applicant did not give the Department proof, in the form of a certificate of insurance, that it had and maintained a policy of liability insurance that was issued by an authorized insurer under the Insurance Code; named the State as an additional insured; provided coverage in the amount of at least \$400,000 per occurrence; and required the insurer to give LARA notice of cancellation of the policy at least 30 days before the effective date of cancellation. The certificate of insurance would have to state that the policy met all of those requirements.

A person could bring an action on an insurance policy in that person's own name to recover damages suffered by reason of a wrongful act of the licensee or a licensee's agent or employee.

A license issued under Article 14A would be valid for four years. A licensee would have to post its license in a conspicuous place in the licensee's office. A licensee would have to notify LARA in writing of any name or address change within 30 days after the date of the change.

Principal License Holder

A licensee that was not an individual, or an applicant applying for a license on behalf of an agency, would have to designate an individual as the licensee's principal license holder. A licensee would have to continuously maintain a designated principal license holder. A principal license holder would be authorized to act on behalf of the licensee for purposes of Article 14A.

If the principal license holder were no longer authorized to act in that capacity, or no longer available to do so for any reason, the licensee would have to designate a different individual as its principal license holder. Within 10 days after making that designation, the licensee would have to notify LARA in writing and give LARA the name of that person and any other information about him or her that the Department reasonably required.

If the licensee did not comply with those requirements, or LARA did not approve of the new designation, the Department would have to notify the licensee of its disapproval. Within 30 days after receiving that notification, the licensee would have to designate another individual and meet the requirements for LARA's approval of that person as the principal license holder.

If a security guard agency were required to have a principal license holder, the agency's license would automatically be suspended during any period the licensee had not designated a principal license holder and notified LARA of that designation. On request, however, the Department could permit the license to stay in force for 60 days to allow the licensee to designate a principal license holder.

Employees

A licensee could employ an individual who met qualifying requirements of Article 14A, and who either was at least 18 years old and had graduated from high school or passed the GED or another equivalency exam, or was at least 21.

A licensee would have to maintain and keep in the State adequate and complete personnel information on all of the licensee's employees.

A licensee would be prohibited from falsely stating or representing that an individual was or had been in the licensee's employ. A licensee that violated this provision would be subject to penalties under Article 6 of the Code.

If a person were convicted of a felony or a disqualifying misdemeanor while in a licensee's employ as a security guard, the licensee could not allow the person to continue that employment.

A licensee would have to cause fingerprints to be taken of himself or herself, if the licensee were an individual, of the principal license holder if the licensee were not an individual, and of all prospective employees the licensee intended to hire as direct providers of the licensee's security services. The licensee would have to ensure that those fingerprints were submitted to the State Police and the Federal Bureau of Investigation for a State and national criminal history background check, accompanied by a fingerprint processing fee in the amount required under Public Act 120 of 1935, and any fees imposed by the FBI. The licensee would have to obtain a complete and signed employment application from each individual for whom a criminal history background check was requested and conducted. The application would have to include the individual's written consent to the criminal history background check and the submission of his or her fingerprints to, and inclusion of his or her fingerprints in, the State and Federal database described below. The licensee would have to retain each employment application and written consent for at least one year and provide a copy of it to LARA on request. The licensee would have to ensure that all completed fingerprint background check request forms were submitted to LARA after fingerprinting was completed. The Department would have to use the results of the State criminal history background check, and the national criminal history background check as returned by the FBI to the State Police, to make a fitness determination. A licensee could not employ an individual as a direct provider of security services before submitting that individual's fingerprints to the State Police.

(Public Act 120 of 1935 allows the State Police, until October 1, 2019, to charge a fee, not to exceed \$30, for taking and processing the fingerprints and completing a criminal record check of a State resident when the fingerprints are requested for employment-related or licensing-related purposes; and to charge a fee of \$10 for processing and completing a name-based criminal record check.)

If the taking of fingerprints were required, a law enforcement agency or any other person determined by the State Police to be qualified could take those fingerprints. If a licensee took the fingerprints, that licensee would have to first obtain training in taking fingerprints from the State Police or a law enforcement agency or other person that the State Police determined was qualified to take fingerprints.

The State Police would have to store and retain all fingerprints submitted to it in an automated fingerprint identification system database that provided for an automatic notification when a subsequent criminal arrest fingerprint card submitted into the system matched a set of fingerprints previously submitted under the bill. If there were a match, the State Police would have to notify LARA immediately.

The State Police would have to forward all fingerprints submitted to it under the bill to the Federal Bureau of Investigation for registration of those fingerprints in the FBI Rap Back system. If the State Police received notification of a match from the FBI, the State Police would have to forward

that notification to LARA. This provision would not apply until the State Police was a participant in the FBI Rap Back system.

("Rap Back system" would mean a system that will notify authorized entities of any subsequent criminal history reported on individuals whose fingerprints are registered in the system.)

A licensee could submit an electronic request to the State Police for a provisional background check of a prospective employee the licensee intended to hire as a direct provider of the licensee's security services based on a name check. The licensee would have to obtain a complete and signed employment application for each individual for whom a name check was requested and conducted. The licensee would have to retain each employment application for at least one year. The State Police would have to conduct the provisional background check within three days after receiving the electronic request from a licensee with a fee in the amount required under Public Act 120 of 1935. A licensee could employ an individual who received provisional clearance based on the name check as a security guard, for up to 90 days, pending final clearance based on the fingerprint check. If an approval were denied once, the licensee could not again employ that individual as a direct provider of security services unless the licensee received an approved fingerprint clearance for that individual. A licensee or employee of a licensee who used a provisional name check or results of a provisional name check for purposes other than prospective employment would be guilty of a misdemeanor punishable by imprisonment for up to 93 days, a maximum fine of \$1,000, or both.

The State Police could enter into an agreement with a licensee for the payment of fees imposed under these provisions.

Employee Experience & Training

A licensee that employed or engaged a person to provide services as a security guard directly to customers would have to ensure that the qualifications discussed below were met.

Before acting as a security guard without direct supervision, the person would have to complete at least 12 hours of on-the-job, site-specific training under the immediate supervision of an experienced supervisor. In the first 90 days of employment, the person would have complete at least 12 hours of classroom or online training that met the requirements described below. However, not more than 50% of the number of hours of training could consist of online training, and online training could not be used to meet any portion of the hours of classroom or other training required pertaining to weapon or restraint device training, firearm training, or the continuing classroom education in the subjects described below.

Before a person was authorized by a licensee to use a weapon or restraint device while on duty, he or she would have to complete the following training:

- For an aerosol spray or conducted energy device, any manufacturer-authorized certification in the use of the device for security or law enforcement personnel.
- For a tactical baton, four class hours of training selected by the licensee.
- For a restraint device, two class hours of training selected by the licensee.
- For a firearm, at least 24 hours of firearm range and classroom training that included at least 16 hours of firearm range training and at least four hours of firearm classroom training.

The firearm training would not apply to an individual who had completed equivalent training within the last two years and who had served in the armed forces or was a retired law enforcement officer.

A licensee would have to ensure that the individual annually completed at least four hours of firearms training if the licensee had authorized him or her to use a firearm while on duty.

Every two years, an employee would have to complete at least four hours of continuing classroom training in the subjects described above; in the use of a tactical baton, if the licensee had authorized the employee to use a baton while on duty; and in the use of a restraint device, if the licensee had authorized the employee to use a restraint device while on duty.

Before being authorized by the licensee to use a firearm while on duty, an employee would have to provide proof that was satisfactory to the licensee that he or she possessed a license to carry a concealed pistol.

The classroom or online training required in the first 90 days of employment would have to include a minimum of six hours of company and position orientation that included minimum uniform requirements and appearance; limits of authority and employment; legal aspects of the use of force and the power to arrest; people or authorities to be contacted in emergencies or unusual occurrences; licensee or parent company structure that affected guards' duties; guard courtesy and public demeanor; and report writing. A minimum of four hours would have to involve defensive tactics that included self-defense; pressure point training; detection of substance abuse and mental illness; and verbal and sensitivity training. At least two hours would have to be about emergency preparedness that included the general responsibilities pertaining to medical emergencies and response; first aid and cardiopulmonary resuscitation, and foreign body obstruction of the airway; crowd control; exposure to bodily fluid; fire prevention and safety; bomb threats; searches; weather emergencies; chemical spills, leaks, and related waste; and evacuation procedures.

A licensee would have to prepare and retain a record of an individual's completion of the training and make that record available to LARA on request.

Uniform

The bill would prohibit a licensee from wearing or allowing an employee to wear a particular type of uniform and insignia that deceived or confused the public, or that was identical to that of a law enforcement officer. Each uniform jacket, coat, or shirt would have to have on each shoulder an identification patch that included the licensee's name and met other requirements specified in the bill.

A licensee or employee could wear a badge or shield as part of a security guard uniform, but it could not be similar in shape to that of any law enforcement officer. A badge or shield could contain the U.S. flag or the scale of justice. A uniform could include designations of rank, emblems, or other garnishments of any color, but could not bear the seal of the State of Michigan.

A licensee could authorize certain alternative apparel to be worn if the licensee considered it to be more appropriate for a location or event than the uniform described in the bill. The bill also includes a description of a raincoat and hat or cap that could be worn in inclement weather.

A licensee could not wear or allow an employee to wear a uniform, badge, or insignia allowed under the bill, except in the performance of his or her duties as a security guard or while commuting directly to or from his or her place or places of employment.

Other Provisions of Article 14A

A licensee could not use any designation or trade name that implied any association with any municipal, county, or state government, the Federal government, or an agency of the Federal government.

Article 14A would not impair or affect any act done, offense committed, or right accruing, accrued, or acquired, or any penalty, forfeiture, or punishment incurred, before the bill's effective date.

A license issued under the Private Security Business and Security Alarm Act that was in effect on the bill's effective date would remain in effect for the period for which the license would have remained in effect if Article 14A had not been enacted. The licensee would not have to obtain a license under Article 14A to conduct business as a security guard agency during that period.

Occupational Exam

Under Article 3 (Boards) of the Code, an occupational board and LARA must develop an exam or test required by Article 3. The board and Department may adopt an exam or test prepared by another agency if they determine that it serves as a basis for determining whether a person has the knowledge and skills to perform an occupation with competence.

In determining the form the recommended exam or test must take, a board and LARA must give special emphasis to an alternative form of testing that permits a person to demonstrate a special qualification he or she may have that is not evident under written examination but is related to an occupation. The alternative form of testing must be flexible enough to enable a person with a mental or physical disability to demonstrate that he or she has the requisite knowledge and skills. The bill would delete these requirements.

Senate Bill 187 (S-1)

Regulation of Security Guards & Agencies

Unless licensed under the Private Security Business and Security Alarm Act, a sole proprietorship, firm, company, partnership, limited liability company, or corporation may not engage in the business of a security alarm system contractor, private security guard, private security police, private college security force, patrol service, or an agency furnishing those services. A person, firm, company, partnership, limited liability company, or corporation may not advertise its business to be that of a security alarm system contractor, security alarm system agent, private security guard agency, or an agency furnishing those services without having first obtained a license to do so for each branch office to be owned, conducted, managed, or maintained for the conduct of that business.

The bill would delete the regulation of private security guards and private security guard agencies under the Act. Under the bill, unless licensed under the Act, a person could not engage in the business of a security alarm system contractor, or of providing a private security police force or private college security force. A person could not advertise its business to be that of a security alarm system contractor, a security alarm system agent, or an agency furnishing those services without first obtaining a license for each office and branch office.

Principal License Holder

Under the bill, a licensee that was not an individual, or an applicant who applied for a license on behalf of a person that was not an individual, would have to designate an individual as the licensee's principal license holder. The designated individual would be authorized to act on behalf of the licensee for purposes of the Act.

If the principal license holder were no longer authorized to act in that capacity, or no longer available to do so for any reason, the license would be automatically suspended. Upon request, however, LARA could permit the license to stay in force for 90 days from the date the principal license holder was no longer authorized or available to act on the licensee's behalf, to allow the licensee to designate a different individual as its principal license holder. The licensee would have to do both of the following within 10 days after making that designation:

- Give written notice to LARA that it had designated a different individual as its principal license holder.

- Give LARA the name of that person and any other information about the individual that the Department reasonably required.

If a licensee designating a different principal license holder did not comply with those requirements, or LARA did not approve of the new designation, the Department would have to notify the licensee of its disapproval. Within 30 days after receiving that notification, the licensee would have to designate another individual and meet the requirements for LARA's approval of that person as the principal license holder.

If a licensee were required to have a principal license holder, the agency's license would automatically be suspended during any period the licensee had not designated a principal license holder and notified LARA of that designation. On request, however, the Department could permit the license to stay in force for 60 days to allow the licensee to designate a principal license holder.

The Act specifies that a license issued under it is not assignable, and is personal to the licensee. The bill specifies that a designation of an individual as a licensee's principal license holder would not be an assignment of the license.

Renewal Fees

Under the Act, LARA may not issue a license unless the applicant pays a fee of \$500, if the applicant is a security alarm system contractor or, for any other applicant, one of the following fees as appropriate:

- \$200, if the applicant is an individual.
- \$300, if the applicant is an entity.

In addition, a license granted under the Act may be renewed if the licensee pays a renewal fee of \$100, if a sole proprietorship; \$150, if a private security police organization, a private college police force, or a private security guard firm, company, partnership, limited liability company, or corporation; or \$250, if a security alarm system contractor. The bill would delete this requirement.

Under the bill, a licensee would have to pay a renewal fee of \$250 for a license as security alarm system contractor and \$150 for any other license issued under the Act.

Criminal History Check

The Act requires a licensee to have fingerprints taken of all prospective employees who are direct providers of the security business; requires the fingerprints to be submitted to the State Police and the FBI for a State and national criminal history background check; and requires the fingerprints to be accompanied by a fee prescribed by Public Act 120 of 1935.

The bill would retain these requirements but require a licensee to have fingerprints taken of himself or herself, if the licensee were an individual; of the principal license holder, if the licensee were not an individual; and of all prospective employees it intended to hire as direct providers of the licensee's security services.

The bill also would require the licensee to obtain a complete and signed employment application from each individual for whom a criminal history background check was requested and conducted, which would have to include the individual's written consent to the criminal history background check and the submission of his or her fingerprints to, and the inclusion of his or her fingerprints in, State and Federal database systems; to retain each employment application and written consent for at least one year, and provide a copy to LARA upon request; and to ensure that all completed fingerprint background check request forms were submitted to the Department after fingerprinting was completed.

In addition, the bill contains the same requirements as in Senate Bill 186 (S-1) for the State Police to store and retain fingerprints in an automated fingerprint identification system database, and to forward all fingerprints submitted to the FBI for registration of those fingerprints in the FBI Rap Back system.

Senate Bill 188

The Security Alarm System 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 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. The bill specifies that "respond" could include reviewing alarm history, resetting the alarm, and, if authorized, performing other normal end-user tasks including bypassing a protected zone if necessary to reset the alarm system.

In addition, under the bill, the term "system provider" would not include a security guard agency licensed under Article 14A of the Occupational Code whose employees or agents used 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.

As used in that provision, "equipment" would include access control equipment; video surveillance and recording equipment; audio communication equipment; intrusion detection and prevention equipment; and automated barriers. "Use" would mean only normal end user functions and capability that is installed or provided by a system provider to a client.

"Normal end user functions" would include video and alarm monitoring; retrieving video history for use by a client, security, or law enforcement; allowing or denying entry to individuals or vehicles by controlled access equipment; maintaining databases; or audio communication. Normal end user functions could be performed on-site or from a remote facility.

Senate Bill 189

The bill would establish a \$250 application processing fee and a \$500 annual license fee for a person licensed or seeking licensure as a security guard under Article 14A of the Occupational Code.

MCL 339.103 et al. (S.B. 186)
338.1052 et al. (S.B. 187)
338.2182 (S.B. 188)
Proposed MCL 338.2233 (S.B. 189)
MCL 324.80130a et al. (S.B. 190)
28.298 (S.B. 191)
257.208c & 257.698 (S.B. 192)

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The regulation of the private security industry under the Private Security Business and Security Alarm Act is inadequate and outdated in many ways. For example, the current requirements for

an individual working as a security guard for a licensee under the Act are neither strict enough nor explicit enough. Specific training or education, such as annual weapon or firearm training, should be mandatory. The bills would address the lack of specificity regarding the training needed to meet the demands of the private security industry. In addition, some requirements, such as the current uniform standards, are too restrictive. In this case, the bills would increase private security effectiveness by allowing security personnel to wear more appropriate clothing depending on the event or location being secured, and remove the potential for confusion between law enforcement and a licensee or a licensee's employee by requiring that the licensee's or the employee's uniform not suggest any relation to law enforcement.

By making all the proposed changes, including the fee restructuring to fund enhanced regulatory oversight, the bills would improve security guard and security guard agency services, recognize modern security practices, and enhance public trust and safety.

Opposing Argument

The proposed fee structure under Senate Bill 189 represents drastic fee increases. There is no guarantee that the new fees would produce improved regulatory oversight.

Response: The current fees have not been updated in many years and are not enough to provide adequate services. The Department of Licensing and Regulatory Affairs plans to offer more services to licensees, and the proposed changes under the bills, such as background checks, would create additional burdens on the Department that the fees would cover. The proposed fees are set appropriately and apparently are agreeable to the industry.

Legislative Analyst: Drew Krogulecki

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 described above, Senate Bill 189 would create a new fee structure for the licensure of security guard agencies as they would be established under the bills.

According to license data obtained from LARA, 305 agencies 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 \$152,500 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 licensing security guard agencies would be charged instead to the Licensing and Regulation Fund.

Finally, under Senate Bill 186 (S-1), a licensee or employee of a licensee who used a provisional name check or results of a provisional name check for purposes other than prospective employment would be guilty of a misdemeanor punishable by imprisonment for up to 93 days, a fine of up to \$1,000, or both. Any increase in misdemeanor arrests and convictions could increase resource demands on law enforcement, court systems, community supervision, and jails. Any associated increase in fine revenue would increase funding to public libraries.

Fiscal Analyst: Josh Sefton

SAS\A1718\186a

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.