



**House  
Legislative  
Analysis  
Section**

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**REGULATE ALARM SYSTEM AGENCIES**

**House Bill 4272**

**RECEIVED**

**APR 17 1989**

**Sponsor: Rep. Joseph Young, Jr.**

**Committee: State Affairs**

**Complete to 3-9-89**

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***A SUMMARY OF HOUSE BILL 4272 AS  
INTRODUCED 2-22-89***

House Bill 4272 would create the Alarm Systems Act to regulate the activities and require the registration of alarm system agencies. (The bill would not apply to automobile alarm systems, unless they were a part of a system also protecting a building.)

**Registration requirements.** The bill would require all individuals or companies engaged in the business of an alarm system agency (generally including retail sales, installation and maintenance of alarm systems) to register with the Department of Licensing and Regulation, regardless of whether other functions and services were also performed. The bill would also require alarm system agencies in operation on the bill's effective date to comply with the bill's requirements within 90 days after that effective date. Upon registration, an applicant would not be required to obtain any other license from a municipality or political subdivision for the purpose of conducting business as an alarm system agency, nor be subject to any other penalties. Registrations would be valid for three years; the fee would be \$200, of which \$50 would be nonrefundable if an applicant failed to qualify. Under the bill, the department would issue a registration certificate if it were satisfied that the applicant or the sole or principal registrant met all the following qualifications:

- a) Had been a resident of the state for the six months immediately preceding the date of application.
- b) Had not been serving a sentence for the commission of a felony within the five years immediately preceding the date of application, including parole, probation, or actual incarceration.
- c) Had not been adjudged mentally ill, unless discharged by court order.
- d) Was not a sworn law enforcement officer of a city, county, village, township, state, or federal law enforcement agency.
- e) Complied with the bond or insurance or with the fingerprinting and photograph requirements outlined below.

An applicant would also be required to file a surety bond or an insurance policy, the bond to be issued concurrent with the registration period in the sum of \$5,000 for an individual, or \$10,000 for an association, partnership, corporation, or other legal entity; and approved by the department. An insurance policy, if furnished instead of a surety bond, would have to be issued by an insurer authorized to do business in the state, be concurrent with the registration period, and would have to name the registrant and the state as co-insureds in the amount of \$20,000 for property damage, \$100,000 for injury to, or death of, one person, and \$200,000 for any combination of injuries to, or deaths of, more than one person arising out of the operation of the applicant. The bill would also

require that each application for registration be accompanied by fingerprints, on Department of State Police forms, and by a recent passport-size photograph, to be retained with the applicant's file. A surety bond or insurance policy, and a \$200 renewal fee, would be required to renew expired registrations. The department could deny a renewal if it determined that the applicant no longer qualified for the requirements of original registration; if it showed sufficient cause — after notice and hearing — to deny renewal because of unethical business practices, false or misleading advertising, or other similar conduct; or if the registrant was found to be in violation of the Michigan Consumer Protection Act that resulted in an injunction, order, decree, or judgment.

**Compliance standards for agencies.** An alarm system agency registered under the bill could employ as many persons as it considered necessary to assist in the operation of the business, and would be accountable for the business conduct of employees. Employees would be subject to the same qualification requirements as registration applicants and would be required to be able to read and comprehend the English language relative to the performance of their duties. The Department of State Police would process employee fingerprints, and any criminal history information relative to an employee would have to be forwarded to the registrant for the exclusive use of determining a person's employment eligibility. The bill would require department approval of the form and content of identification cards issued to an employee. The cards would provide adequate identification of the employee and registrant, so that the public could not be misled into believing that the holder was a representative of a law enforcement or state agency.

Under the bill, a registrant would not be allowed to use a trade name, logo, or designation that had not been approved by the department or that implied an association with a law enforcement agency or other authority of a political subdivision of the state. Advertising performed by a registrant would contain the registrant's business name and address as they appeared in department records. Should the department determine, after notice and hearing, that an advertisement was misleading to the public, the registrant would be required to discontinue that advertisement. An alarm system agency could not respond to the source of an activated alarm unless the agency were licensed as a private security guard agency, or had contracted with one and was acting in conformance with the requirements of the Private Security Act (proposed in House Bill 4274). The bill would also require that agency employees responding to an activated alarm wear the uniform prescribed in the Private Security Act, with "alarm technician," "alarm agent," or the agency name on the right breast patch; and that agency vehicles responding to alarms be marked with the agency name. Designs, logos, or insignia on vehicles would require department approval. Violation of the registration requirements and compliance standards for agencies would be considered

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a misdemeanor, punishable by imprisonment for not more than 90 days or a fine of not more than \$1,000, or both.

Compliance standards for subscribers. Under the bill, a subscriber (a person who purchased, leased, or contracted for an alarm system or the servicing, installing, or maintenance of an alarm system) would be required to obtain a subscriber permit in order to use an alarm system. Permits, issued by an issuing authority (the law enforcement agency that had jurisdiction over the geographical area where the protected premises were located), or its delegated agent (an alarm system agency authorized to issue subscriber permits under the direction of the issuing authority), would cost \$15 and would be valid for five years from the date of issuance. A multiple alarm system subscriber permit for protected premises that utilized more than one alarm system would be issued upon payment of a fee of \$20 for premises having two alarm systems, or \$40 for premises having more than two. The above permit fees would be waived for those who had alarm systems in use as of the effective date of the bill and who applied within 90 days. Permits would not be transferable for alarm systems installed after the effective date of the bill. Subscriber permits would be prepared in triplicate; the original copy would be maintained at the protected premises; one copy would be held by the issuing authority; and the third copy would be held by the alarm system agency. The following information would be required on the permit:

- Identification of the subscriber or person in immediate charge of the protected premises and an emergency telephone number of that person.
- Identification of the protected premises and the specific areas within the premises being protected.
- Identification of the alarm system agency that was currently the installer or servicing agent of the system.

The subscriber would be required to notify the issuing authority and the installer in writing, within ten days, of changes in the permit information. The department would revoke the permit of a subscriber who knowingly made a false, misleading, or fraudulent statement of a material fact in obtaining a permit or in a record or report required by the bill, or who failed to report information to the issuing authority, as required by the bill. Subscribers would be required to submit requests for permit renewals to the issuing authority not less than 30 days before the expiration date, and to include changes in the permit information.

Subscriber permits would be issued by the following issuing authorities, or by their delegated agents:

- For alarm systems in a city that maintained its own law enforcement agency, the chief of police.
- For alarm systems, excluding rural audible alarms, located outside a city that maintained its own enforcement agency, the primary law enforcement agency that would have jurisdiction to respond and that would be called to respond.
- For rural audible alarms, the law enforcement agency that was nearest to the protected premises, or if not the nearest, the law enforcement agency that had jurisdiction and would be the most likely to respond.

Under the bill, a law enforcement agency could delegate its responsibility for permit issuance to an alarm system agency. Should the issuing authority delegate all or partial responsibility for permit issuance to an alarm system agency within the law enforcement agency's jurisdiction, all similar alarm system agencies within that jurisdiction would be afforded an opportunity to issue permits to their

prospective clients. Unless permission for an extended length of time were specifically granted by the issuing authority, within two working days after issuing a permit, the delegated agent would be required to forward to the issuing authority a copy of the permit issued, the permit fee (which could be prepaid) and verification that the subscriber had received from the delegated agent the following information:

- A notice of the performance required of all alarm systems with respect to the generation of false alarms, and the consequences that could result from excessive false alarms.
- A written explanation of the revocation and hearing procedures established for false alarms that exceed the maximum permissible number, as described below.
- Written notice that if an alarm system used or incorporated an audible sound at the protected premises, the annunciation device (a bell or siren which initiates automatic calling of a public emergency telephone number) would be connected to an automatic shut-off that would silence the audible signal after activation of not longer than 15 minutes, unless permission for an extended length of time were specifically granted by the issuing authority. The 15-minute limitation on activation time would apply only to alarm systems installed after the effective date of the bill.
- Notice that if the sole responsibility for arming an alarm system were left with the subscriber or an employee or agent of the subscriber, the system would have a meter or circuit light indicating the status of the protective circuitry before the arming of the system.

Under the bill, the following requirements would be made of subscribers and alarm system agencies:

- The subscriber and the alarm system agency would be required to notify the appropriate authority before performing any service, test, repair, maintenance adjustments, alteration, or additional installation on an alarm system that terminated directly at a public service, utility, law enforcement agency, or fire department. A telephone company performing any work that could involve alarm system lines would be required to give notice, before performing the work, to the authority at which the alarm line terminated and to advise the authority of the specific lines that could be involved, when the work would be completed, and how verification could be made. If an alarm were activated after prior notice had been given, then the activation would not be considered a false alarm.
- Annunciation devices could not be operated or used unless written permission were first received from the public services utility, law enforcement agency or fire department. If an automatic dialer were used as the annunciation device for an alarm system, the annunciation device could terminate at or notify only one law enforcement agency, unless written permission was received from each law enforcement agency to be so notified, and each law enforcement agency was aware of the multiple notification.
- Permits for the installation of rural audible alarms would be maintained at the protected premises and would activate the system to a law enforcement officer upon request.

Upon obtaining a permit, a subscriber would not be required to obtain any other license or permit from a municipality or political subdivision of the state for the purpose of operating, installing, or servicing an alarm

system, nor would a subscriber be subject to any other penalties imposed by a municipal ordinance or political subdivision of the state relating to the use of an alarm system not specifically provided for in the bill.

Revocation and hearing procedures. Under the bill, issuing authorities would be required to notify subscribers by mail when their alarm systems generated 6 false alarms, informing them that their system was approaching the maximum allowable number of false alarms and that 3 additional false alarms could cause their permit to be revoked. If a single alarm system within a multiple alarm system generated a fifth false alarm, the issuing authority would be required to notify the alarm system agency of the false alarm status in writing, and to require a written response as to what corrective action had been taken. The maximum permissible number of false alarms per year for the holder of a multiple alarm system subscriber permit would be 11 for a 2-alarm system, 15 for a 3-alarm system, and, for a system having more than 3 alarms, 15 plus 2 additional false alarms for each additional alarm system.

Should a system generate more than the above maximum permissible number of false alarms, the subscriber would receive a notice of the excessive false alarms and of the right to a hearing. If the subscriber did not request a hearing within 5 days, the permit would be revoked and the subscriber would be required to disconnect any annunciation device association with the system. If the subscriber did request a hearing, the issuing authority would be required to conduct one within 10 days after receipt of the request. The subscriber or the subscriber's agent and a representative of an alarm system agency would be present, and grounds for the revocation would be made available to them. If it could be shown that a false alarm was the result of telephone line malfunction between the protected premises and the receiving agency, it would not be counted in establishing grounds for revocation. Failure of the subscriber, the subscriber's agent, or the representative of the alarm system agency to appear at the hearing could result in immediate revocation, and the issuing authority could require a written statement from an agency indicating what corrective action had been taken before issuing a reinstated permit. Under the bill, permits would be revoked for a period of 30 days, with the following exceptions:

- The issuing authority could reinstate a subscriber permit, or a multiple alarm system permit, before the 30-day revocation period under the same terms as the original subscriber permit or multiple alarm system permit if good cause were shown and upon payment of a reinstatement fee of \$30 for the subscriber permit, \$40 for a multiple alarm system permit for a 2-alarm system, or \$80 for a multiple alarm system permit for an alarm system containing 3 or more alarms. ("Good cause," as used in the above context, would be determined by the issuing authority.)
- The issuing authority could reinstate a subscriber permit not later than 35 days following the date of revocation, upon request by the subscriber and after payment of the appropriate reinstatement fee, except if a written statement relative to the corrective action that had been taken to prevent excessive false alarms had been requested and had not been received.

A violation of the above strictures on subscriber permits, on delegation of responsibility for permit issuance by a law enforcement agency, and on revocation and hearing procedures, would be considered a misdemeanor, punishable by imprisonment for not more than 90 days, or a fine of not more than \$100, or both.

Tie-bar. House Bill 4272 is tie-barred to House Bill 4274, which would provide for the licensing and regulation of security agencies.