

# HOUSE BILL No. 4272

February 22, 1989, Introduced by Reps. Joe Young, Jr., Joe Young, Sr., Wallace and Saunders and referred to the Committee on State Affairs.

A bill to regulate the activities and require the registration of alarm system agencies; to prescribe powers and duties of the department of licensing and regulation and the department of state police; to assign and authorize the delegation of authority for permit issuance; to require notice from certain telephone companies; and to prescribe penalties.

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

1       Sec. 1. This act shall be known and may be cited as the  
2 "alarm systems act".

3       Sec. 3. For the purposes of this act, the words and phrases  
4 defined in sections 5 to 9 have the meanings ascribed to them in  
5 those sections.

6       Sec. 5. (1) "Alarm system" means an assembly of equipment  
7 or devices which emits a sound, or transmits a signal or message  
8 when activated, to which a law enforcement agency or other

1 service agency may be summoned to respond, and is designed,  
2 arranged, or used for 1 or both of the following:

3 (a) The detection of a hazardous condition or an unautho-  
4 rized entry or attempted entry into a building, structure, or  
5 facility.

6 (b) The alerting of persons to a hazardous condition or the  
7 commission of an unlawful act within a building, structure, or  
8 facility.

9 (2) "Alarm system agency" means a person engaged in the  
10 sale, lease as the lessor, installation, maintenance, alteration,  
11 or servicing of alarm systems. Alarm system agency does not  
12 include a business which only manufactures alarm systems or only  
13 sells alarm systems to retail outlets, or both, unless the person  
14 also services, installs, or monitors alarm systems.

15 (3) "Annunciation device" means a reporting device used with  
16 an alarm system, including a bell, siren, dialer, tone, or  
17 signal, which, upon activation either mechanically, electronical-  
18 ly, or by any other means, initiates automatic calling or dialing  
19 of, or makes a connection directly to a telephone assigned to, a  
20 public service, utility, or law enforcement agency or fire  
21 department for the purpose of delivering a recorded message or  
22 signal.

23 (4) "Audible alarm" means a device which is designed for the  
24 detection of unauthorized entry or attempted unauthorized entry,  
25 and which generates an audible sound on the protected premises  
26 when it is activated.

1       Sec. 7. (1) "Delegated agent" means an alarm system agency  
2 authorized to issue subscriber permits under the direction of the  
3 issuing authority.

4       (2) "Department" means the department of licensing and  
5 regulation.

6       (3) "False alarm" means the activation of an alarm system  
7 through mechanical failure, malfunction, improper installation,  
8 or through the negligence of the owner or user of the alarm  
9 system or of an employee or agent of the owner or user of the  
10 alarm system, which activation results in a response by a law  
11 enforcement agency. False alarm does not include an activation  
12 caused by violent weather conditions.

13       (4) "Issuing authority" means the law enforcement agency  
14 which has jurisdiction over the geographical area where the pro-  
15 tected premises are located as specified in section 37.

16       Sec. 9. (1) "Multiple alarm system subscriber permit" means  
17 a subscriber permit for protected premises which utilizes more  
18 than 1 alarm system.

19       (2) "Permit" means a subscriber permit or a multiple alarm  
20 system subscriber permit.

21       (3) "Person" means an individual, association, partnership,  
22 corporation, or other legal entity.

23       (4) "Primary law enforcement agency" means the law enforce-  
24 ment agency which has jurisdiction over the geographical area  
25 where the protected premises are located and which is chosen by  
26 the subscriber to respond to an alarm at the protected premises.

1 (5) "Registrant" means an alarm system agency registered  
2 with the department pursuant to this act.

3 (6) "Rural audible alarm" means a device which is designed  
4 for the detection of unauthorized entry or attempted unauthorized  
5 entry, which generates an audible sound at the protected  
6 premises, and which is located outside of the jurisdiction of a  
7 city which maintains its own law enforcement agency.

8 (7) "Subscriber" means a person who purchases, leases as the  
9 lessee, contracts for, or otherwise obtains an alarm system, or  
10 the servicing, installing, or maintaining of an alarm system.

11 (8) "Subscriber permit" means the form prescribed by the  
12 department upon which information regarding the subscriber and  
13 the protected premises is recorded.

14 Sec. 11. (1) Except as provided in subsection (2), a person  
15 shall not engage in the business of an alarm system agency or an  
16 agency furnishing alarm system services, regardless of whether  
17 other functions and services are also performed, for fee, hire,  
18 or reward, nor shall a person advertise its business to be that  
19 of an alarm system agency without being registered with the  
20 department as required by this act.

21 (2) An alarm system agency in operation on the effective  
22 date of this act shall comply with the requirements of this act  
23 within 90 days after that effective date.

24 Sec. 13. (1) The department, upon application, shall issue  
25 a registration certificate to conduct business as an alarm system  
26 agency if the department is satisfied that the applicant, or if  
27 the applicant is not an individual, that the individual who is

1 the sole or principal registrant, meets all of the following  
2 qualifications:

3 (a) Is a resident of this state and has been a resident of  
4 this state for the 6 months immediately preceding the date of  
5 application.

6 (b) Has not been serving a sentence for the commission of a  
7 felony within the 5 years immediately preceding the date of  
8 application, including parole, probation, or actual  
9 incarceration.

10 (c) Has not been adjudged mentally ill, unless discharged by  
11 court order.

12 (d) Is not a sworn law enforcement officer of a city,  
13 county, village, township, state, or federal law enforcement  
14 agency.

15 (e) Complies with the bond or insurance requirements con-  
16 tained in section 17 and the requirements of fingerprints and a  
17 photograph contained in section 19.

18 (2) A person doing business, or seeking to do business, as  
19 an alarm system agency in this state on the effective date of  
20 this act shall comply with the requirements of this section.

21 Sec. 15. (1) The department shall prepare an application  
22 form for the registration of alarm system agencies.

23 (2) A registration fee of \$200.00 shall be submitted to the  
24 department with each application, of which \$50.00 shall be nonre-  
25 fundable if an applicant fails to qualify for registration.

26 (3) The registration shall be valid for 3 years.

1 (4) If the department is satisfied that an applicant meets  
2 the qualifications prescribed by section 7, the department shall  
3 issue a certificate of registration upon the applicant's execut-  
4 ing, delivering, and filing with the department a surety bond as  
5 provided in this subsection or an insurance policy as provided in  
6 subsection (3).

7 Sec. 17. (1) A bond shall meet all of the following  
8 requirements:

9 (a) Be issued concurrent with the registration period.

10 (b) Be in the sum of \$5,000.00 if an individual, or  
11 \$10,000.00 for a person that is not an individual.

12 (c) Be for the faithful and honest conduct of business by  
13 the applicant.

14 (d) Be approved by the department.

15 (2) Instead of a surety bond, an applicant may furnish a  
16 policy of insurance which shall meet all of the following  
17 requirements:

18 (a) Be issued by an insurer authorized to do business in  
19 this state.

20 (b) Be issued concurrent with the registration period.

21 (c) Name the registrant and the state as co-insureds in the  
22 amount of \$20,000.00 for property damage, \$100,000.00 for injury  
23 to, or death of, 1 person, and \$200,000.00 for any combination of  
24 injuries to, or deaths of, more than 1 person arising out of the  
25 operation of the applicant.

26 Sec. 19. (1) Fingerprints, on forms prescribed by the  
27 department of state police, shall accompany each application for

1 registration. The fingerprints shall be used by the department  
2 for determining the applicant's qualifications for registration  
3 under section 13.

4 (2) A recent passport-size photograph shall accompany each  
5 application and be retained with the applicant's file.

6 Sec. 21. Upon registration, the registrant shall not be  
7 required to obtain any other license from a municipality or  
8 political subdivision of this state for the purpose of conducting  
9 business as an alarm system agency, nor shall the registrant be  
10 subject to any other penalties relating to the operation of an  
11 alarm system agency not specifically provided for in this act.

12 Sec. 23. (1) Upon the expiration of a registration, a  
13 person desiring to continue doing business as an alarm system  
14 agency shall renew his or her registration.

15 (2) A registration under this act may be renewed by the  
16 department upon application by the registrant, and payment of a  
17 renewal fee of \$200.00, together with the filing of the surety  
18 bond or policy of insurance required by section 17.

19 (3) The department may deny a renewal of registration for  
20 or more of the following reasons:

21 (a) The department determines that the applicant no longer  
22 qualifies for original registration under section 13.

23 (b) The department shows sufficient cause, after notice and  
24 hearing, to deny renewal because of unethical business practices,  
25 false or misleading advertising, or other similar conduct.

26 (c) The registrant is found to be in violation of the  
27 Michigan consumer protection act, Act No. 331 of the Public Acts

1 of 1976, being sections 445.901 to 445.922 of the Michigan  
2 Compiled Laws, which violation results in an injunction, order,  
3 decree, or judgment.

4       Sec. 25. (1) A registrant may employ as many persons as the  
5 registrant considers necessary to assist the registrant in the  
6 operation of the alarm system agency. The registrant shall be  
7 accountable for the business conduct of a person so employed.

8       (2) A person shall not be employed by a registrant unless  
9 that person meets the qualifications specified in  
10 section 13(1)(b) to (d), and is able to read and comprehend the  
11 English language relative to the performance of his or her  
12 duties.

13       (3) A registrant shall cause fingerprints to be taken, on  
14 forms prescribed by the department of state police, of the alarm  
15 system agency registrant's employees, which fingerprints shall be  
16 submitted to the department for processing. The department shall  
17 return to the registrant any criminal history information rela-  
18 tive to the employee known to the department, for the exclusive  
19 use of the registrant in determining a person's eligibility for  
20 employment under this act.

21       (4) If a registrant issues an identification card to an  
22 employee, the form and content of the identification card shall  
23 be approved by the department, and shall adequately identify the  
24 employee and registrant, but shall not mislead the public into  
25 believing that the holder is the representative of a law enforce-  
26 ment agency or any other authority of a political subdivision of  
27 this state.

1       Sec. 27. (1) A registrant shall not use a trade name, logo,  
2 or designation which has not been approved by the department, nor  
3 shall a registrant use a trade name, logo, or designation that  
4 implies an association with a law enforcement agency or other  
5 authority of a political subdivision of this state.

6       (2) Advertising performed by a registrant shall contain the  
7 registrant's business name and address as the business name and  
8 address appear in the records of the department.

9       (3) A registrant, after notice and hearing by the depart-  
10 ment, shall discontinue an advertisement which is determined by  
11 the department to mislead the public.

12       Sec. 29. (1) An alarm system agency shall not provide the  
13 service of responding to the source of an activated alarm unless  
14 the alarm system agency is licensed as a private security guard  
15 agency or has contracted with a licensed private security guard  
16 agency, and is acting in conformance with the requirements of the  
17 private security act, requiring the licensing of private security  
18 guard agencies.

19       (2) An alarm system agency employee responding to an acti-  
20 vated alarm shall be in the proper uniform, as prescribed in the  
21 private security act, requiring the licensing of private security  
22 guard agencies. The right breast patch may read "alarm  
23 technician" or "alarm agent", or may state the alarm system  
24 agency name.

25       (3) A vehicle used by an alarm system agency to respond to  
26 alarms shall be marked with the alarm system agency name. A

1 design, logo, or insignia on the vehicle shall not be used unless  
2 it has the approval of the department.

3       Sec. 31. A person or the employee of a person who is found  
4 to have violated section 11, 13, 17, 19, 23, 25, 27, or 29 is  
5 guilty of a misdemeanor, punishable by imprisonment for not more  
6 than 90 days, or a fine of not more than \$1,000.00, or both.

7       Sec. 33. (1) A subscriber shall not use an alarm system  
8 without first obtaining a subscriber permit.

9       (2) A person shall not operate or use an annunciation device  
10 unless that person has first received written permission to do so  
11 from the public service, utility, or law enforcement agency or  
12 the fire department. If an automatic dialer is used as the  
13 annunciation device for an alarm system, the annunciation device  
14 may terminate at or notify only 1 law enforcement agency, unless  
15 written permission is received from each law enforcement agency  
16 to be so notified, and each law enforcement agency is aware of  
17 the multiple notification.

18       (3) Within 90 days after the effective date of this act, a  
19 person who has an alarm system in use as of that date shall pro-  
20 cure the subscriber permit required from the issuing authority or  
21 its delegated agent. The fee for a permit under this subsection  
22 shall be waived by the issuing authority.

23       (4) Except as otherwise provided in subsection (3), an issu-  
24 ing authority or its delegated agent shall issue, upon the pay-  
25 ment to the issuing authority of a fee of \$15.00, a subscriber  
26 permit which shall be valid for 5 years from the date of

1 issuance. The permit shall not be transferable for alarm systems  
2 installed after the effective date of this act.

3 (5) Except as otherwise provided in subsection (3), where  
4 protected premises utilize more than 1 alarm system, a multiple  
5 alarm system subscriber permit shall be issued upon payment of a  
6 fee of \$20.00 for premises having 2 alarm systems or \$40.00 for  
7 premises having more than 2 alarm systems.

8 (6) A subscriber obtaining a permit for the installation of  
9 a rural audible alarm shall maintain the permit at the protected  
10 premises and shall activate the system to a law enforcement offi-  
11 cer upon request.

12 (7) A request for a subscriber permit renewal shall be sub-  
13 mitted to the issuing authority by the subscriber not less than  
14 30 days before the expiration date. The request shall inform the  
15 issuing authority of any changes in the permit information  
16 required by section 35.

17 Sec. 35. (1) A subscriber permit shall be prepared in trip-  
18 licate, the original copy to be maintained at the protected  
19 premises; 1 copy to be held by the issuing authority; and the  
20 third copy to be held by the alarm system agency which installed  
21 or services the alarm system. The following information shall be  
22 required on the permit:

23 (a) Identification of the subscriber or person in immediate  
24 charge of the protected premises and an emergency telephone  
25 number of that person.

26 (b) Identification of the protected premises and the  
27 specific areas within the premises being protected.

1 (c) Identification of the alarm system agency which is  
2 currently the installer or servicing agent of the alarm system.

3 (2) Notification of changes in the information required on  
4 the permit shall be made by the subscriber in writing to the  
5 issuing authority and the installer within 10 days after the  
6 change.

7 (3) The department shall revoke a subscriber permit if a  
8 subscriber does 1 or both of the following:

9 (a) Knowingly makes a false, misleading, or fraudulent  
10 statement of a material fact in the obtaining of a permit, or in  
11 a record or report required by this act.

12 (b) Fails to report information required by this act to be  
13 filed with the issuing authority.

14 (4) The subscriber and the alarm system agency shall notify  
15 the appropriate authority before performing any service, test,  
16 repair, maintenance, adjustments, alteration, or additional  
17 installation on an alarm system which terminates directly at a  
18 public service, utility, or law enforcement agency or fire  
19 department. A telephone company performing any work which may  
20 involve alarm system lines, before performing the work, shall  
21 give notice of the work to the authority at which the alarm line  
22 terminates and advise the authority of the specific lines which  
23 may be involved, when the work will be completed, and how verifi-  
24 cation can be made. If an alarm is activated after prior notice  
25 has been given pursuant to this subsection, the activation of the  
26 alarm is not a false alarm.

1       Sec. 37. (1) A subscriber permit shall be issued as  
2 follows:

3       (a) The issuing authority for the permit for alarm systems  
4 located within a city which maintains its own law enforcement  
5 agency shall be the chief of police of that city, or the dele-  
6 gated agent.

7       (b) The issuing authority for the permit for an alarm  
8 system, excluding a rural audible alarm, located outside a city  
9 which maintains its own law enforcement agency, shall be the pri-  
10 mary law enforcement agency which would have jurisdiction to  
11 respond and which would be called to respond, or the primary law  
12 enforcement agency's delegated agent.

13       (c) The issuing authority for the permit for a rural audible  
14 alarm shall be the law enforcement agency which is nearest to the  
15 protected premises, or if not the nearest, the law enforcement  
16 agency which has jurisdiction and would be the most likely to  
17 respond, or the law enforcement agency's delegated agent.

18       (2) A law enforcement agency may delegate its responsibility  
19 for permit issuance to an alarm system agency. If the issuing  
20 authority delegates all or partial responsibility for permit  
21 issuance to an alarm system agency within the law enforcement  
22 agency's jurisdiction, all similar alarm system agencies within  
23 that jurisdiction shall be afforded an opportunity to issue per-  
24 mits to their prospective clients. Unless permission for an  
25 extended length of time is specifically granted by the issuing  
26 authority, within 2 working days after issuing a permit, the  
27 delegated agent shall forward to the issuing authority a copy of

1 the permit issued, the permit fee, which may be prepaid, and  
2 verification that the subscriber has received from the delegated  
3 agent the information specified in subsection (3)(a),  
4 (b), and (c).

5 (3) At the time of the permit issuance, the issuing author-  
6 ity shall provide the subscriber with all of the following:

7 (a) A notice of the performance required of all alarm sys-  
8 tems with respect to the generation of false alarms, and the con-  
9 sequences which may result from excessive false alarms.

10 (b) A written explanation of the revocation and hearing pro-  
11 cedures established in section 39.

12 (c) Written notice that if an alarm system uses or incor-  
13 porates an audible sound at the protected premises, the annuncia-  
14 tion device shall be connected to an automatic shut-off which  
15 will silence the audible signal after activation of not longer  
16 than 15 minutes, unless permission for an extended length of time  
17 is specifically granted by the issuing authority. The 15-minute  
18 limitation on activation time imposed by this subdivision applies  
19 only to alarm systems installed after the effective date of this  
20 act.

21 (d) Notice that if the sole responsibility for arming an  
22 alarm system is left with the subscriber or an employee or agent  
23 of the subscriber, the system shall have a meter or circuit light  
24 indicating the status of the protective circuitry before the  
25 arming of the alarm system.

26 Sec. 39. (1) Except as provided in subsection (3), if an  
27 alarm system has generated 6 false alarms, the issuing authority

1 shall notify the subscriber by mail that the subscriber's system  
2 is approaching the maximum allowable number of false alarms and  
3 that 3 additional false alarms may cause the revocation of the  
4 subscriber permit.

5 (2) The maximum permissible number of false alarms for the  
6 holder of a multiple alarm system subscriber permit within a  
7 12-month period is as follows:

8 (a) For a 2-alarm system, 11 false alarms.

9 (b) For a 3-alarm system, 15 false alarms.

10 (c) For a system having more than 3 alarms, 15 false alarms  
11 plus 2 additional false alarms for each additional alarm system.

12 (3) If a single alarm system within a multiple alarm system  
13 generates a fifth false alarm, the alarm system agency shall be  
14 notified in writing by the issuing authority of the false alarm  
15 status, and the issuing authority may require a written response  
16 as to what corrective action has been taken.

17 (4) If an alarm system has generated more than the maximum  
18 permissible number of false alarms as set forth in subsection  
19 (2), the issuing authority may revoke the subscriber permit in  
20 effect for the alarm system if the subscriber is given an oppor-  
21 tunity to request a hearing with the issuing authority within  
22 5 days after receipt of the notice. Notice is given to the sub-  
23 scriber when written notification of the excessive false alarms  
24 and right to a hearing is personally delivered to the subscriber  
25 by the issuing authority or is sent to the subscriber by regis-  
26 tered mail. Five days after notice has been given as required by  
27 this subsection, the subscriber permit shall be revoked and the

1 subscriber shall disconnect any annunciation device associated  
2 with the alarm system, unless the subscriber has requested the  
3 hearing provided for in this subsection. If the subscriber has  
4 not requested a hearing, within the 5-day period, the  
5 subscriber's permit, except as provided in section 41, shall be  
6 revoked for a period of 30 days.

7 (6) The hearing provided for in subsection (4) shall be con-  
8 ducted by the issuing authority within 10 days after receipt of  
9 the request for the hearing by the subscriber. The subscriber or  
10 the subscriber's agent and a representative of an alarm system  
11 agency shall be present at the hearing. The grounds for revoca-  
12 tion shall be made available to the subscriber and the alarm  
13 system agency before the hearing. If it can be shown that a  
14 false alarm is the result of telephone line malfunction between  
15 the protected premises and the receiving agency, that false alarm  
16 shall not be counted in establishing grounds for revocation.  
17 Failure of the subscriber, the subscriber's agent, or the repre-  
18 sentative of the alarm system agency to appear at the hearing may  
19 result in immediate revocation. The issuing authority may  
20 require, before issuance of a reinstated permit, a written state-  
21 ment from an alarm system agency indicating what corrective  
22 action has been taken to prevent excessive false alarms. Except  
23 as provided in section 41, a subscriber permit revoked pursuant  
24 to this subsection shall be revoked for a period of 30 days.

25 Sec. 41. (1) The issuing authority may reinstate a sub-  
26 scriber permit or a multiple alarm system permit before the  
27 completion of the 30-day revocation period under the same terms

1 as the original subscriber permit or multiple alarm system permit  
2 if good cause is shown and upon payment by the subscriber of a  
3 reinstatement fee of \$30.00 for the subscriber permit, \$40.00 for  
4 a multiple alarm system permit for a 2-alarm system, or \$80.00  
5 for a multiple alarm system permit for an alarm system containing  
6 3 or more alarms. "Good cause" as used in this subsection shall  
7 be determined by the issuing authority.

8 (2) A reinstated permit shall be issued to a subscriber by  
9 the issuing authority not later than 35 days following the date  
10 of revocation, upon request by the subscriber and after payment  
11 of the appropriate reinstatement fee as set forth in this sec-  
12 tion, except if the issuing authority has requested and not  
13 received from the subscriber's alarm system agency a written  
14 statement relative to the corrective action which has been taken  
15 to prevent excessive false alarms.

16 Sec. 43. (1) A person who is found to have violated the  
17 strictures of section 33, 35, 37(2), or 39 is guilty of a misde-  
18 meanor, punishable by imprisonment for not more than 90 days, or  
19 a fine of not more than \$100.00, or both.

20 (2) Upon obtaining a permit, the subscriber shall not be  
21 required to obtain any other license or permit from a municipal-  
22 ity or political subdivision of this state for the purpose of  
23 operating, installing, or servicing an alarm system, nor shall  
24 the subscriber be subject to any other penalties imposed by an  
25 ordinance of a municipality or political subdivision of this  
26 state relating to the use of an alarm system not specifically  
27 provided for in this act.

1       Sec. 45. This act shall not apply to an audible alarm  
2 affixed to a motor vehicle, unless the alarm is part of a system  
3 also protecting a building structure or facility.

4       Sec. 47. This act shall not take effect unless Senate Bill  
5 No. \_\_\_\_\_ or House Bill No. 4274 (request no. 01047'89 a) of the  
6 85th Legislature is enacted into law.