

**SUBSTITUTE FOR
SENATE BILL NO. 1291**

(As amended September 27, 2012)

<<A bill to register and regulate certain providers of premises security, monitoring, and control systems; to provide for the assessment of registration fees; and to prescribe the powers and duties of certain state departments, agencies, officers, and political subdivisions.>>

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "internet protocol-enabled premises security, monitoring, and
3 control act".

4 Sec. 2. As used in this act:

5 (a) "Alarm system" means any mechanical or electrical device,
6 including an electronic access control system, a video monitoring
7 system, a burglar alarm system, smoke detectors, or any other

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1 electronic system that is designed to emit an audible alarm or
2 transmit a signal or message to a central monitoring station if it
3 is activated and that is used to detect an unauthorized entry into
4 a protected premises or alert other persons of the occurrence of a
5 fire or medical emergency or the commission of an unlawful act
6 against a person or in a protected premises. The term includes, but
7 is not limited to, a silent, panic, holdup, robbery, duress,
8 burglary, medical alert, or proprietor alarm that signals a central
9 monitoring station.

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

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

14 (d) "Internet protocol" or "IP" means transmission control
15 protocol or a successor protocol or technology.

16 (e) "IP-enabled system" means <<a system that transmits signals
17 to a central monitoring station by means of wired or wireless
18 technologies capable of sending data using internet protocol or
19 other communications protocols over the public internet or other
20 networks and that provides security, monitoring, or control services
21 and functions>>, including, but not limited to, any of
22 the following:

23 (i) Remote monitoring of various alarm systems or alarm events,
24 which may include, but are not limited to, unauthorized entry,
25 fire, smoke, or carbon monoxide at the protected premises.

26 (ii) Remote monitoring and provision of premises management and
27 automation services, which may include, but are not limited to,

1 door locks and other premises access control, thermostats for
2 heating, ventilation and air conditioning and other environmental
3 controls, lighting, appliances, or moisture or water control,
4 including, but not limited to, water shutoff.

5 (iii) Remote monitoring of the protected premises through IP-
6 enabled devices and audio/video transmissions.

7 (iv) Remote monitoring of a person's health and welfare at the
8 protected premises through IP-enabled sensors and devices.

9 (v) Remote monitoring or tracking of personal property that is
10 or was located at the protected premises through IP-enabled sensors
11 and devices.

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

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

21 (h) "Person" means an individual, partnership, corporation,
22 limited liability company, or other legal entity.

23 (i) "Protected premises" means a location at or in which a
24 system user's IP-enabled system is installed and maintained.

25 (j) "Registrant" means a person that is registered by the
26 department as a system provider.

27 (k) "Registration" means a registration that is issued by the

1 department.

2 (l) "Remote monitoring" means the retransmission of information
3 received from an IP-enabled system to a central monitoring system.

4 (m) "System provider" means a person that engages in the
5 business of selling, leasing, renting, maintaining, repairing,
6 installing, or otherwise providing IP-enabled systems to the public
7 at the protected premises or by remote monitoring. The term does
8 not include any of the following:

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

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

14 (iii) An alarm system that is operated by this state, a
15 political subdivision of this state, an agency or department of
16 this state or a political subdivision of this state, or any other
17 governmental agency or department.

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

20 (v) A person that only manufactures or sells IP-enabled
21 systems, unless that person services, installs, monitors, or
22 responds to signals from IP-enabled systems at the protected
23 premises.

24 (vi) A person that sells IP-enabled systems that are designed
25 to be installed and monitored by any of the following:

26 (A) The customer, and not the person selling the IP-enabled
27 system.

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1 (B) An affiliate of or contractor to the person selling the
2 IP-enabled system if the affiliate or contractor that installs at
3 the protected premises or monitors the IP-enabled system is
4 registered under this act.

5 (vii) A security alarm system contractor, as defined in section
6 2 of the private security business and security alarm act, 1968 PA
7 330, MCL 338.1052, that is required to obtain a license under that
8 act.

9 (n) "System user" means a person that uses an IP-enabled
10 system at a protected premises or remotely.

11 Sec. 3. (1) A person shall not act as a system provider in
12 this state without first filing a registration statement with the
13 department that meets the requirements of section 4. <<A person that
14 violates this subsection is guilty of a misdemeanor punishable by
15 imprisonment for not more than 180 days or a fine of not more than
16 \$1,000.00, or both, for each violation.>>

17 (2) A person that acts as a system provider in multiple
18 locations in this state is only required to file 1 registration
19 statement with the department.

20 Sec. 4. (1) A registration statement filed with the department
21 shall include a completed affidavit, submitted by the registrant or
22 applicant and signed by an officer or another individual who is
23 authorized to bind the registrant, that affirms all of the
24 following:

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

(b) The address and telephone number of the registrant's or
applicant's principal place of business and contact information for
the individual responsible for ongoing communications with the

1 department.

2 (c) A description of the geographic areas in this state the
3 registrant or applicant does or will serve.

4 (d) A description of the training the registrant will provide
5 to its employees or independent contractors who are involved in
6 installing or monitoring IP-enabled systems. The department may
7 refuse to accept a registration statement if it determines that the
8 training is not commercially reasonable considering the nature of
9 the IP-enabled systems installed or monitored by the registrant or
10 applicant.

11 (e) A description of the IP-enabled system services that the
12 registrant or applicant does or will provide.

13 (f) That the registrant or applicant will file an updated
14 registration statement annually, or sooner if a material change to
15 the information occurs.

16 (2) A registrant or applicant shall conduct a background check
17 of each employee or independent contractor of the registrant or
18 applicant who, in the normal course of employment, enters a
19 customer's premises to sell, lease, rent, maintain, repair,
20 install, or otherwise provide an IP-enabled system at a protected
21 premises.

22 (3) An applicant or registrant shall not employ or engage, or
23 continue to employ or engage, an individual for whom a background
24 check is required under subsection (2) if he or she meets any of
25 the following:

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

27 (b) Does not have a high school diploma or a general education

1 development (GED) certificate or its equivalent.

2 (c) His or her background check under subsection (2) discloses
3 any of the following:

4 (i) Within the 5-year period preceding the date of the
5 background check, he or she was under any sentence, including
6 parole, probation, or actual incarceration, for the commission of a
7 felony.

8 (ii) Within the 5-year period preceding the date of the
9 background check, he or she was convicted of a felony or a
10 misdemeanor involving any of the following:

11 (A) Dishonesty or fraud.

12 (B) Unauthorized divulging or selling of information or
13 evidence.

14 (C) Impersonation of a law enforcement officer or employee of
15 the United States, this state, or a political subdivision of this
16 state.

17 (D) Illegally using, carrying, or possessing a dangerous
18 weapon.

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

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

22 (G) An assault.

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

25 (iv) He or she has any outstanding warrants for his or her
26 arrest.

27 Sec. 5. (1) The department shall accept a registration

1 statement filed under section 3 if the requirements of this act are
2 met.

3 (2) The department's authority to administer this act is
4 limited to the powers and duties explicitly provided under this
5 act. The department does not have the authority to limit or expand
6 the obligations and requirements provided in this act or to
7 regulate or control a person to the extent that the person is
8 providing IP-enabled system services except as provided in this
9 act.

10 (3) The department may charge a fee for filing a registration
11 statement under this act in an amount determined by the department.
12 Any fee charged by the department may not exceed the department's
13 actual costs to process and review a registration statement.

14 Sec. 6. The provisions of this act supersede and preempt any
15 rule, regulation, code, or ordinance of any local unit of
16 government of this state relating to the authorization or
17 registration of system providers and their employees or independent
18 contractors. A local unit of government of this state shall not
19 require the issuance of a certificate, license, or permit or
20 otherwise regulate any person that provides any form of IP-enabled
21 security, monitoring, and control services or the installation and
22 maintenance of facilities associated with IP-enabled systems,
23 except that a local unit of government of this state may do any of
24 the following:

25 (a) By ordinance, establish decibel limits, length, or time
26 period of audible alarm sounding.

27 (b) By ordinance, regulate or prohibit automated calls,

1 automated signals, or other automated communications to local units
2 of government, including public safety access points.

3 (c) Require a permit for high-voltage electrical or plumbing
4 work to be performed by a system provider.

5 (d) Enforce any preexisting rights with respect to the use of
6 its rights-of-way.