

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

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5917 (Substitute S-2 as reported)
Sponsor: Representative Alan Sanborn
House Committee: Criminal Law and Corrections
Senate Committee: Economic Development, International Trade and Regulatory Affairs

CONTENT

The bill would amend the Private Security Guard Act to:

- Make it a felony, punishable by imprisonment for up to four years and/or a maximum fine of \$1,000, to engage in the security business without a license (which currently is a misdemeanor subject to 90 days and/or \$1,000).
- Specify penalties for current and proposed misdemeanor violations of the Act (which typically would be imprisonment for up to 93 days and/or a fine of up to \$500 or \$1,000).
- Continue to allow dual licensure as a security guard and a private detective, but delete a provision under which the license fee applies to both.
- Provide that someone licensed after the bill's effective date could not have been under any sentence for the commission of a felony (which currently applies only to the five years before licensure).
- Provide that a license applicant could not have been convicted of a felony or misdemeanor that is grounds for license revocation, within five years before applying for licensure.
- Provide for temporary licensure for up to 120 days.
- Require an applicant to furnish a bond of \$25,000 (instead of \$5,000 for a person or \$10,000 for a firm or contractor); and increase from \$20,000 to \$25,000 the property damage component of an insurance policy (which may be provided instead of a bond).
- Establish a late renewal fee of \$25, and provide that someone who failed to renew within 30 days after his or her license expired would have to reapply for a license.
- Allow the suspension of a license, and allow reinstatement for a \$100 fee.
- Provide that a license fee could not be refunded due to ineligibility.
- Delete requirements that alarm system equipment use particular standards.
- Repeal sections of the Act pertaining to false alarms and the licensure of pre-existing businesses (Sections 35 and 28).

The bill also would rename the law the "Private Security Business and Security Alarm Act".

MCL 338.1051 et al.

Legislative Analyst: S. Lowe

FISCAL IMPACT

The bill would result in an indeterminate, though relatively minor, fiscal impact on State and local government. To an indeterminate degree, the bill could increase license fee revenue to the Department of State Police due to the inclusion of out-of-State individuals and agencies among those who are able to obtain a license from the State. The provisions for a \$100 license reinstatement fee, a \$25 late-renewal fee, and the elimination of license fee refunds also would increase fee revenue to the Department.

Concerning the costs associated with the bill, the Department would be required to make additional administrative enforcement efforts in order to cover the licensing of out-of-State individuals and agencies.

In addition, the bill would establish or increase penalties for a number of criminal offenses. There are no

statewide data available to indicate how many offenders are convicted each year of engaging in the business practices regulated under the Act without a license or selling or providing a device that will automatically call a public service, utility, or police agency without permission. Therefore, the fiscal impact of changing these offenses from misdemeanors to felonies cannot be specifically determined. Assuming that two offenders a year would be convicted of these offenses and serve a minimum sentence of 32 months, given that the average annual cost of incarceration in a State facility is \$22,000, costs for the State could increase by \$117,000. Also, since there are no statewide data available on misdemeanor convictions, it is not possible to determine how many offenders are convicted each year for general violations of the Act, advertising an unlicensed business, or falsely representing oneself as licensed agent. These offenses, while remaining misdemeanors, would be given specific penalties.

Also, there are no data available to indicate how many offenders would be convicted of using the results of a name check for purposes other than prospective employment or displaying a badge or shield while not on duty. Local units of government would incur the costs of incarceration or receive the fine revenues for these misdemeanors.

Date Completed: 12-5-00

Fiscal Analyst: B. Baker
K. Firestone

Floor\hb5917

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.