

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

Senate Bill 425 (Substitute S-2 as reported)
Sponsor: Senator Philip E. Hoffman
Committee: Judiciary

CONTENT

The bill would amend the Private Security Business and Security Alarm Act to increase certain license fees required under the Act (as shown in the **FISCAL IMPACT**, below). (Some of those fees already have been increased for fiscal year 2001-02 pursuant to Executive Order 9 of 2001.) The bill also would do the following:

- Establish the "Security Business Fund" and require that fees collected under the Act be deposited into the Fund.
- Provide that licensees and their employees who were armed with a pistol would have to have a concealed pistol license.
- Require a licensee's employees to have at least a high school education, rather than at least an eighth grade education as currently required.
- Revise fingerprinting requirements for employees of a licensee.
- Require the Department of State Police, within one year of the bill's effective date, to prescribe training requirements for employees of private security guard licensees engaged in providing security guard duties.
- Increase the required size of shoulder identification patches or emblems on uniforms.
- Revise other licensure and application requirements pertaining to a license applicant's experience and references, a change in a security business's name or location, and a licensee's personnel records.

The bill is tie-barred to Senate Bill 420, which would create a "Security Provider Advisory Commission" within the Department of State Police; require it to establish minimum mandatory training standards for private security guards, private security police, and private detectives acting as private security guards or private security police; and require the Department to consider the training requirements recommended by the Commission, and to adopt training requirements.

MCL 338.1052 et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would generate approximately \$300,000 annually in license fee revenue, which would be used by the Department of State Police to regulate the contractual security guard and alarm industry in the State. Under the current fee structure, some of which is set by Executive Order 2001-9, license fee collections are estimated to reach \$250,000 for the 2001-02 fiscal year. Prior to the executive order, collections from these fees totaled approximately \$100,000 annually.

The bill would adjust existing fees as shown in the following table.

License - New	Current Law	SB 425 (S-2)
Sole proprietorship	\$200 (statute)	\$1,000
Firm, company, partnership	\$300 (statute)	\$1,500
Alarm contractor	\$500 (statute)	\$1,500
Branch office-security guard	\$50 (statute)	\$250
Branch office-alarm	\$100 (statute)	\$500
License - Renewal		
Sole Proprietorship	\$1,500 (E.O. 2001-9)	\$1,000
Firm, company, partnership	\$1,500 (E.O. 2001-9)	\$1,500
Alarm contractor	\$1,500 (E.O. 2001-9)	\$1,500
Branch office-security guard	\$50 (statute)	\$250
Branch office-alarm	\$100 (statute)	\$500

Provisions of the bill requiring regulatory activities not currently specified in statute could be met successfully by the funds generated under the bill's fee structure and by the regulatory office's current level of 6.0 FTEs.

Date Completed: 4-1-02

Fiscal Analyst: Bruce Baker

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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.