



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

BILL ANALYSIS



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

Senate Bills 1291 and 1292 (as reported without amendment)
Sponsor: Senator Dave Hildenbrand
Committee: Economic Development

CONTENT

Senate Bill 1291 would create the "Internet Protocol-Enabled Premises Security, Monitoring, and Control Act" to do the following:

- Prohibit a person from acting as a provider of IP-enabled premises security, monitoring, and control systems without first filing a registration statement with the Department of Licensing and Regulatory Affairs (LARA).
- Require a registrant or applicant to affirm that it would conduct background checks and maintain fingerprint records of employees who entered customers' premises.
- Require LARA to review a registration statement and register a registrant or applicant if the statement met the bill's requirements.
- Allow LARA to charge a fee for filing a registration statement.
- Specify that the proposed Act would preempt any local rule, regulation, code, or ordinance relating to the authorization or registration of system providers and system agents.
- Allow local units to require a system user or owner of protected premises to pay an annual registration fee, if the IP-enabled service included direct notification of police or fire department personnel.
- Allow a local unit to assess a fine on a system user or the owner of protected premises for repeated signaling of false alarms.
- Allow a political subdivision to require a permit for high-voltage electrical or plumbing work, if a permit for that work were required by local ordinance in effect on the bill's effective date.

The bill would define "internet protocol" or "IP" as transmission control protocol or a successor protocol or technology. "IP-enabled premises security, monitoring, and control system" would mean an integrated system of IP-enabled devices, sensors, or controls, which may include door and window contacts, access control devices, motion detectors, smoke detectors, moisture detectors, cameras, and software installed at a customer's premises or on personal property, and connected in whole or in part by wireless frequency or wire, to perform various remote monitoring functions specified in the bill.

"System provider" would mean a person that engages in the business of selling, leasing, renting, maintaining, repairing, installing, or otherwise providing IP-enabled premises security, monitoring, and control systems to the public at the protected premises or by remote monitoring. The term would not include any of the following:

- A person who purchases, rents, or uses an alarm system that is affixed to a motor vehicle.
- A person who owns or conducts a business of selling, leasing, renting, installing, maintaining, or monitoring an alarm system that is affixed to a motor vehicle.

- An alarm system that is operated by the State, a political subdivision of the State, an agency or department of the State or a political subdivision, or any other governmental agency or department.
- A person that installs a nonmonitored alarm system for a business that the person owns, is employed by, or manages.
- A security alarm system contractor, as defined in the Private Security Business and Security Alarm Act, that is required to obtain a license under that Act.

"System provider" also would not include a business that only sells from a fixed location other than the location of the protected premises, including a retail store, customer call center, telemarketing location, or an internet website, IP-enabled premises security, monitoring, and control systems and IP-enabled sensors or devices that are designed to be installed or monitored by either of the following:

- The customer, and not the business selling the IP-enabled premises security, monitoring, and control systems or IP-enabled sensor or device.
- An affiliate of or contractor to the business selling the IP-enabled system or IP-enabled sensor or device, if the affiliate or contractor installing at the protected premises or monitoring the IP-enabled system or IP-enabled sensor or device were licensed under the proposed Act.

Senate Bill 1292 would amend the Private Security Business and Security Alarm Act to exclude from regulation under the Act a system provider registered under the Act proposed by Senate Bill 1291.

Senate Bill 1292 is tie-barred to Senate Bill 1291.

MCL 338.1052 (S.B. 1292)

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

Senate Bill 1291

The bill would have an unknown, but likely negative, fiscal impact on the Department of Licensing and Regulatory Affairs. Providers of IP-enabled premises security would have to pay a registration fee as set by the Department. The fee could not exceed the Department's actual costs to review and process a registration, so the bill would likely not introduce any additional uncompensated marginal costs to LARA, but could introduce some new uncompensated fixed costs in the short-term. These costs could include the preparation of forms and the creation of a registrant database. At this time, a cost estimate for these fixed costs is not available, but it is likely the costs would be relatively small.

The bill would have an indeterminate fiscal impact on local units of government. Local units would be allowed to charge annual registration fees for IP-enabled security systems of up to \$50 for residential premises and \$75 for businesses. Additionally, local units could prescribe fines ranging from up to \$50 to \$100 for false alarms produced by IP-enabled security systems. It is unknown whether the revenue collected from registration fees and false alarm fines would be sufficient to cover the costs associated with false alarms, so the local fiscal impact is indeterminate.

Senate Bill 1292

The bill would have no fiscal impact on State or local government.

Date Completed: 9-21-12

Fiscal Analyst: Josh Sefton

floor\sb1291

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.