JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF CONSUMER & INDUSTRY SERVICES
LANSING

DAVID C. HOLLISTER
DIRECTOR

April 11, 2003

The Honorable Marc Shulman, Chair
House Appropriations Subcommittee
Michigan House of Representatives
351 Capitol Building
P.O. Box 30014
Lansing, MI 48909

Dear Representative Shulman:

In compliance with Section 9 of P.A. 330 of 1968, the Department of Consumer and Industry Services (CIS) is reporting that FY 2002/2003 revenue collected as of 3/31/03 from license fees for Alarm System Contractors is $74,070.00 and for Security Guard Agencies is $64,291.00.

CIS became responsible for these occupations on October 1, 2002. Because of this I am requesting an extension until November 7, 2003 to report to the Appropriations Committee regarding the adequacy of license fees collected to support regulation of these professions. At that time we will have completed close out efforts of fiscal year 2003. Please let me know if this is approved.

This report may also be viewed on our web site under "Inside CIS" at the following address: http://www.michigan.gov/cis/. If you have any questions regarding this information please feel free to contact me at 335-1976.

Sincerely,

Allan R. Pohl

Allan R. Pohl, Acting Director
Finance and Administrative Services

cc: House Consumer & Industry Services Subcommittee
David C. Hollister
Bob Swanson
Steve Stauff, House Fiscal Analyst
Brian Keisling

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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF CONSUMER & INDUSTRY SERVICES
LANSING

DAVID C. HOLLISTER
DIRECTOR

April 11, 2003

The Honorable Valde Garcia, Chair
Senate Appropriations Subcommittee
Michigan State Senate
324 Capitol Building, S132
P.O. Box 30036
Lansing, MI 48909

Dear Senator Garcia:

In compliance with Section 9 of P.A. 330 of 1968, the Department of Consumer and Industry Services (CIS) is reporting that FY 2002/2003 revenue collected as of 3/31/03 from license fees for Alarm System Contractors is $74,070.00 and for Security Guard Agencies is $64,291.00.

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Sincerely,

Allan R. Pohl

Allan R. Pohl, Acting Director
Finance and Administrative Services

cc: Senate Consumer & Industry Services Subcommittee
David C. Hollister
Bob Swanson
Maria Tyszkiewicz
Brian Keisling

PRIVATE SECURITY BUSINESS AND SECURITY ALARM ACT (EXCERPT)

Act 330 of 1968

338.1059 License; issuance; fees; bond; insurance; term; form; additional license for branch office; refunds; security business fund.

Sec. 9.

(1) The department, when satisfied of the good character, competence, and integrity of the applicant, or if the applicant is a firm, company, partnership, limited liability company, or corporation, of its individual members or officers, shall issue to the applicant a license. Beginning October 1, 2004, the issuance of the license is conditioned upon the applicant's paying to the department for each license $200.00 if a sole proprietorship, or $300.00 if a private security guard firm, company, partnership, limited liability company, or corporation, or $500.00 if a security alarm system contractor, and upon the applicant's executing, delivering, and filing with the department a bond in the sum of $25,000.00. Beginning October 1, 2002 and until October 1, 2004, the issuance of the license is conditioned upon the applicant's paying to the department for each license $1,000.00 if a sole proprietorship, or $1,500.00 if a private security firm, company, partnership, limited liability company, or corporation, or $1,500.00 if a security alarm system contractor, and upon the applicant's executing, delivering, and filing with the department a bond of $25,000.00. The bond shall be conditioned upon the faithful and honest conduct of the business by the applicant and shall be approved by the department. In lieu of a bond, the applicant may furnish a policy of insurance issued by an insurer authorized to do business in this state naming the licensee and the state as coinsureds in the amount of $25,000.00 for property damages, $100,000.00 for injury to or death of 1 person, and $200,000.00 for injuries to or deaths of more than 1 person arising out of the operation of the licensed activity. The license is valid for 2 years but is revocable at all times by the department for cause shown. The bonds shall be taken in the name of the people of the state and a person injured by the willful, malicious, and wrongful act of the licensee or any of his or her agents or employees may bring an action on the bond or insurance policy in his or her own name to recover damages suffered by reason of the wrongful act. The license certificate shall be in a form to be prescribed by the department. The fee changes effective October 1, 2002 until October 1, 2004 in this section and section 25 are considered necessary to cover the actual costs of the licensure program under this act and shall only be used for administration of that licensure program. The department and the department of state police shall each issue a report to the appropriations subcommittees having jurisdiction over their department not later than April 1, 2003, on whether the fee changes in this section and section 25 are adequate to support the licensure program under this act.

(2) If a licensee desires to open a branch office, he or she may receive a license for that branch following approval as required in section 7 and payment to the department of the following:

(a) Beginning October 1, 2004, an additional fee of $50.00 for each private security guard branch office license and $100.00 for each security alarm system contractor branch office license.

(b) Beginning October 1, 2002 and until October 1, 2004, an additional fee of $250.00 for

each private security branch office license and $500.00 for each security alarm system contractor branch office license.

(3) The additional license issued under subsection (2) shall be posted in a conspicuous place in the branch office and shall expire on the same date as the initial license.

(4) If the license is denied, revoked, or suspended for cause, no refund shall be made of the license fees or a part thereof.

(5) The fees collected by the department under this section shall be deposited into the security business fund created in subsection (6).

(6) The security business fund is created within the state treasury. The department shall deposit all license fees collected under this act into the fund. The state treasurer may receive money or other assets from any source for deposit into the fund. The state treasurer shall direct the investment of the fund. The state treasurer shall credit to the fund interest and earnings from fund investments. Money in the fund at the close of the fiscal year shall remain in the fund and be available for appropriation and expenditure by the department in subsequent fiscal years. The money in the fund shall not lapse to the general fund. The department shall expend money from the fund, upon appropriation, only for enforcement and administration of this act.

History: 1968, Act 330, Imd. Eff. July 12, 1968 ;--Am. 1975, Act 190, Imd. Eff. Aug. 5, 1975 ;--Am. 2000, Act 411, Eff. Mar. 28, 2001 ;--Am. 2002, Act 473, Eff. Oct. 1, 2002 .

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