

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 1097 (Delegate McHale)
Commerce and Government Matters

**Regulation of Alarm Systems - Registration of Alarm System Contractors,
Monitors, and Users**

This bill provides for the registration and regulation of alarm system “contractors,” “monitors,” and “users” by local law enforcement agencies. Local law enforcement agencies are required to: (1) impose civil penalties and fines for false alarms and unregistered contractors, monitors, and users; (2) establish regulations for registration and fees; (3) provide exemptions from the issuance of civil citations and penalties for false alarms; and (4) establish an appeals process for contractors, monitors, and users. The bill also authorizes local law enforcement agencies to revoke a registration or assess a lien on an alarm user’s property for any unpaid fees.

Fiscal Summary

State Effect: The bill’s requirements could be handled with the existing budgeted resources of the Maryland State Police.

Local Effect: Minimal. It is assumed that jurisdictions would be able to cover any additional expenditures with the revenue raised from the registration fees and fines collected under the bill’s provisions. Jurisdictions with comparable programs in place would not be affected. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill creates uniform fines and penalties for failure to register an alarm system, false alarm calls, and any other violation of its provisions. Unregistered users will be assessed \$500 for each alarm call to the police, increasing to \$1,000 after

the third offense. Fines for false alarms are assessed against users on a graduated schedule beginning with a \$50 fine for the third offense (the first two offenses are not assessed). The fines increase in \$50 increments up to the eighth offense after which it increases by \$100 for each offense. A flat fine of \$1,000 is assessed for 14 or more offenses. Contractors or monitors who violate any part of the bill's provisions would be assessed a fine of \$500 for each offense, increasing to \$1,000 after the third offense. Users of alarm systems are required to register installed alarm systems with the appropriate law enforcement agency before they are activated for a police response.

Local law enforcement agencies must adopt regulations establishing an alarm reduction school for users who would have one false alarm fee waived upon completion. Users are also exempted if they have their alarm systems inspected by a registered contractor or monitor and it is certified to be functioning properly. Law enforcement agencies are authorized to petition for an injunction if a user has more than five false alarms in a one-year period. Law enforcement agencies are required to establish an appeals board procedure for contractors, monitors, and users who wish to appeal registration revocations, fine assessments, or other penalties.

The bill repeals provisions in current law authorizing Frederick and Calvert counties to implement local regulations regarding the use of alarm systems. However, the bill also provides that if a county or Baltimore City has a public local law or ordinance comparable in subject matter to these provisions, the local government's provisions supersede the provisions of this bill. The appropriate local law enforcement unit is required to adopt regulations if the provisions of this bill are enacted.

An alarm system contractor is defined as a person engaged in the business of installing, maintaining, altering, inspecting, administering, selling, or servicing alarm systems. An alarm system monitor is defined as a person engaged in monitoring alarm systems to report any alarm activations to the appropriate law enforcement agency.

Current Law: Alarm system contractors and monitors are required to obtain a certificate from the Maryland State Police before operating in the State. There are currently 475 licensed alarm system contractors and monitors in the State. Frederick and Calvert counties are authorized by State law to impose their own regulatory schemes for alarm system use in their jurisdictions.

Local Fiscal Effect: The bill requires law enforcement agencies to establish a registration fee for alarm system contractors, monitors, and users and impose a monetary penalty for repeated false alarms or other abusive uses of emergency services. Revenues could increase depending upon the number of registrants, the number of false alarms or abuses, and the amount of the fees and fines. The number of registrants and the amount of the license fees for each county cannot be reliably estimated at this time.

The cost of the appeals procedure for violators would be minimal and could be handled within most agencies' existing resources. Similarly, enforcement could be handled with existing personnel. It is assumed that any costs associated with registration of alarm system contractors, monitors, and users would be covered by the fees. If the imposition of fines decreases the number of false alarms in the counties, expenditures could decrease due to fewer responses by law enforcement agencies.

Prince George's County and Frederick County advise that the provisions of this bill would have no fiscal impact because the bill allows a comparable public local law or ordinance to supersede the requirements of this bill.

However, Montgomery County reports that this bill would require the county to completely change its existing practices relating to false alarms with a significant fiscal impact. The county believes that: (1) software modifications and enhancement to the existing false alarm tracking system would cost between \$500,000 and \$600,000 in fiscal 2003; (2) while the county has its own escalating fees/fines for false alarms, the bill's required waivers and other differing features would result in a net annual loss from the fees/fines of about \$44,000; (3) the bill's waivers of false alarms occurring within the first 60 days of a new installation and within 30 days of the original installation could cost the county as much as \$550,000 annually in unrecoverable costs associated with responses; (4) the creation of the required alarm reduction school would cost about \$10,000; (5) because the bill requires alarm users rather than alarm companies to handle the registration process with local authorities, the county would experience an increased workload costing about \$5,000 annually; (6) based on 2001 data, the county would lose at least \$104,600 when required to waive the false alarm response fee for users who have their alarm system inspected and receive certification from the contractor or monitor that the system is working properly; (7) the bill's provisions relating to alarm user registration revocations would require the county to develop an electronic tracking methodology for tax bill receipts and unpaid fees, and to hire additional staff at an annual cost of \$60,000; (8) presentation of cases involving the county seeking injunctive relief for any alarm user who has five or more false alarms in a 12-month period would cost the county police department about \$10,000 annually; and (9) because the county now handles appeals relating to false alarm enforcement informally, the bill's requirement for a formal appeals process would cost the county about \$91,000 annually.

Legislative Services is unable to verify all of the costs enumerated by Montgomery County. It seems likely that, since the county already administers an extensive false alarm enforcement program and the bill allows a comparable public local law or ordinance to supersede the bill's requirements, none of the cited costs or encumbrances would be realized.

Small Business Effect: Small businesses with security systems that report false alarms could experience an increase in costs. The increase would depend upon the amount of the fines and the frequency of false alarms. Alarm system contractors and monitors would experience a minimal increase in costs due to the registration fee.

Additional Information

Prior Introductions: A similar bill, HB 1369, was introduced during the 2001 session. That bill had a hearing before the Commerce and Government Matters Committee and was withdrawn.

Cross File: None.

Information Source(s): Department of State Police, Frederick County, Montgomery County, Prince George's County, Department of Legislative Services

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