

Department of Legislative Services

Maryland General Assembly

2002 Session

FISCAL NOTE**Revised**

House Bill 429 (Chairman, Commerce and Government Matters Committee)
(Departmental – State Police)

Commerce and Government Matters

Judicial Proceedings

**Private Detectives, Security Systems Technicians, and Security Guards - Licensing
- Regulation by the Department of State Police**

This departmental bill makes various changes to the Maryland Private Detectives Act, the Maryland Security Systems Technicians Act, and the Maryland Security Guards Act.

Fiscal Summary

State Effect: General fund revenues would increase by \$15,400 from the bill's changes to private detective licensure provisions in FY 2003. The out-years reflect annualization and staggered fee collections. Expenditures would not be affected.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
GF Revenue	\$15,400	(\$2,000)	(\$9,500)	\$16,100	\$2,100
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	\$15,400	(\$2,000)	(\$9,500)	\$16,100	\$2,100

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: The Department of State Police has determined that this bill has a meaningful impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary: This bill makes several changes to the laws governing private detectives, security systems technicians, and security guards, as regulated by the Department of State Police. In addition to placing all such licensing on three-year staggered terms, the bill:

- for private detectives, protects confidential information obtained from applicants, reduces the application fee, and establishes license renewals;
- for security systems technicians, alters the license and registration renewal processes; and
- for security guards, requires uniformed guards to display their ID cards.

Current Law: These three professions are regulated under the Business Occupations and Professions Article.

Private Detectives -- Under the Maryland Private Detectives Act (Title 13), the Secretary of State Police is responsible for the licensing of private detective agencies and the certification of individuals who provide private detective services in the State under separate subtitles.

The initial application fee for an agency license is \$200 if the applicant is an individual, and \$375 if the applicant is a firm, plus the costs of fingerprint cards for a fingerprint card record check. Agency licensees are also required to submit a surety bond with the license application in the amount of \$3,000 if the applicant is an individual and \$5,000 if the applicant is a firm, as well as obtain liability insurance of at least \$100,000. Applications must be accompanied by at least five written recommendations for the individual or each firm member. Agency license terms are staggered. Agency license renewals may occur every two years, at a cost of \$200 if the applicant is an individual, and \$400 if the applicant is a firm.

An individual must be certified as a private detective before providing any private detective services in the State. The secretary must certify each individual who meets the requirements of the subtitle. The initial application fee for certification is \$50, plus the cost of fingerprint card record checks. There are no provisions for certification renewals.

Security Systems Technicians -- Under the Maryland Security Systems Technicians Act (Title 18), the Secretary of State Police is responsible for the licensing of security system agencies and the registration of security systems technicians. The initial application fee for an applicant is \$150, which includes the cost of a State and national criminal history record check, but does not include the cost of fingerprint cards. Applications must be

accompanied by at least two written recommendations for the applicant. License renewals occur every two years.

Providing security systems services means providing, on the premises of a person's residential or commercial property, the service of: (1) surveying the property for purposes of installing a security system; (2) physically installing, maintaining, or repairing a security system for the customer; or (3) responding to a distress call or an alarm sounding from a security system.

Security Guards -- Under the Maryland Security Guards Act (Title 19), the Secretary of State Police is responsible for the licensing of security guard agencies and the certification of those persons who provide security guard services in the State. The initial application fee for an agency license is \$200 if the applicant is an individual, and \$375 if the applicant is a firm, plus the costs of fingerprint cards for a fingerprint card record check. Agency licensees are also required to submit a surety bond with the license application in the amount of \$3,000 if the applicant is an individual and \$5,000 if the applicant is a firm, as well as liability insurance of at least \$100,000. Applications must be accompanied by at least five written recommendations for the individual or each firm member. Agency license terms are staggered. Agency license renewals may occur every two years, at a cost of \$200 if the applicant is an individual, and \$400 if the applicant is a firm.

The offices of each security guard agency must be supervised by an individual who is a resident of the State.

Under all three acts, the Secretary may deny a license or certification to any applicant, reprimand any licensee or certificate holder, or suspend or revoke a license or certification if the person violates a provision of the Act. An aggrieved party is entitled a hearing under the Administrative Procedure Act. A person who violates any provision of the relevant Act is guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$1,000 or imprisonment not exceeding one year, or both.

In addition, Chapter 649 of 2001 provided the following additions to this statutory regulation:

- licensed security system agencies are required to submit license renewal applications, fees, and other required documents to the State Police 15 days prior to the license expiration date;
- the State Police are allowed to charge a late fee of \$10 per day if security system renewal fees are not paid (a failure to take such actions prior to the license expiration date requires that the business cease operations);

- the solicitation of business by a private detective, security system technician, or security guard business without a license or registration to operate that business is prohibited;
- violations of Maryland's criminal code are added to the reasons for which a private detective or security guard licensee may be sanctioned with a reprimand, fine, license suspension, or license revocation;
- the State Police are authorized to assess fines of up to \$5,000 per violation for violations of provisions regulating these three industries, and must establish a schedule of fines by regulation (a ten-day time period is established for such fines to be paid, and criminal code violations are added as valid reasons for imposing any sanctions);
- the dollar amount of fines imposed on private detectives and security are limited, and a fine may be assessed on a licensee or certified individual, but not both, for each violation; and
- required training for an "organized police agency" is allowed to be performed via a police officer training course recognized and approved by the Maryland Police Training Commission.

State Revenues: All licensure and certification relating to private detectives, security systems technicians and security guards are handled by the Licensing Division of the Department of State Police. All fees and penalties collected by the division under these provisions are deposited to the general fund.

The State Police estimates that:

- there are approximately 270 new individual private detective licenses currently issued annually;
- there are currently 5,000 existing individual private detective licenses with no expiration date attached; and
- under this bill an estimated 2,000 (40%) of the all individual private detective licensees will renew their licenses.

Accordingly, this bill will result in the following changes to private detective licensure revenues over the next five years. All fiscal 2003 calculations reflect the bill's October 1, 2002 effective date.

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Renewal of Current License Holders	\$22,500	\$7,500		\$22,500	\$7,500
Loss of Individual \$50 License Fees	(10,125)	(13,500)	(13,500)	(13,500)	(13,500)
New Individual \$15 License Fees	3,045	4,050	4,050	4,050	4,050
Renewals of New Licenses				3,045	4,050
Net Gain (Loss)	\$15,420	(\$1,950)	(\$9,450)	\$16,095	\$2,100

Source: Maryland State Police.

The bill's other changes will not measurably impact State operations or finances.

Small Business: Because the bill provides one time frame for license and certification renewals, a small business operating under more than one category of business (e.g., a private detective and security guard firm) may realize some measurable and meaningful management benefits.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of State Police, Department of Legislative Services

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