

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 206

(The President)(By Request - Department of Legislative Services)

Education, Health, and Environmental Affairs

Economic Matters

**Security Systems Technicians and Agencies - Fees and Repeal of Sunset Provision
and Program Evaluation**

This bill makes permanent (by repealing the termination date) the licensing and regulation of security systems agencies and technicians; it also eliminates the requirement for periodic evaluation of that regulatory activity under the Maryland Program Evaluation Act. The bill modifies the initial application fee for a security systems agency license – from \$150, including the cost of the State and national criminal records check, to \$100, plus the cost of the State and national criminal records check (at a cost of \$52.75 each). The processing fee for a security systems agency license – paid by an applicant licensed in another state who meets specified conditions – is reduced from \$150 to \$100.

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: General fund revenues and expenditures for the Department of State Police (DSP) for this purpose are generally maintained beyond FY 2016, although general fund revenues may increase by a negligible amount beginning in FY 2017 due to the restructuring of some licensing fees. All licensing and regulatory activities relating to security systems technicians are performed by the Licensing Division of DSP and are handled with the existing budgeted resources of the department.

Local Effect: None.

Small Business Effect: None; the fee increase for a new security systems agency license equates to less than \$1 per year.

Analysis

Current Law: Chapter 362 of 1994 established licensing of security systems agencies, and Chapter 520 of 1997 established registration of technicians. The licensing and regulation of the business of providing security systems services is the responsibility of DSP. “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. A person may not engage, attempt to engage, offer to engage, or solicit to engage in the business of providing security systems services in the State unless licensed by the Secretary. Unless authorized to engage in the business of providing security systems services, a person may not represent to the public, by use of the title “security systems agency” or “security systems technician” or by description of services, methods, or procedures, or otherwise, that the person is authorized to engage in the business of providing security systems services in the State. In addition, an individual registered as a security systems technician must work for a licensed security systems agency.

Each applicant for a license or a registration must undergo a criminal history records check, be age 18 or older, and be of good moral character. An applicant for an agency license must also carry a fidelity bond or maintain general liability insurance for at least \$50,000. The Secretary has the ability to deny, suspend, or revoke a license or registration or reprimand or fine a licensee or registrant if an individual fraudulently obtains or uses a license, pleads guilty or is convicted of a felony, or engages in or advertises as providing security system services while not licensed.

Background: DSP advises that, as of January 2016, there are 707 security systems agencies licensed in the State and approximately 5,000 security systems technicians registered. Licenses and registrations are valid for three years.

The licensing and regulation of security systems agencies and technicians is 1 of approximately 70 regulatory entities and activities currently subject to periodic evaluation under the Maryland Program Evaluation Act (§ 8-401 *et. seq.* of the State Government Article). The Act establishes a process better known as “sunset review” as most entities and activities evaluated are also subject to termination, including the licensing and regulation of security systems agencies and technicians, which is scheduled to terminate July 1, 2016.

The sunset review process traditionally begins with a preliminary evaluation conducted by the Department of Legislative Services (DLS) on behalf of the Legislative Policy Committee (LPC), although a few entities are subject to direct full evaluation. LPC decides whether to waive an agency from further (or full) evaluation. If waived, legislation to

reauthorize the agency or activity typically is enacted. Otherwise, a full evaluation usually is undertaken the following year.

DLS conducted a [preliminary evaluation](#) of the licensing and regulation of security systems agencies and technicians in 2013. DLS deferred making a recommendation on whether to waive or require a full evaluation, pending receipt of a follow-up report from DSP addressing (1) the database of licensed and registered security systems agencies and technicians; (2) the processing of complaints; (3) the number and reasons for denial of licenses and registrations; and (4) the establishment and implementation of a time code to track expenditures relating to the licensing and regulation of security systems agencies and technicians.

DSP completed and submitted the follow-up report in September 2014, and DLS determined that the report fully addressed the issues noted in the 2013 preliminary evaluation. Thus, DLS subsequently recommended that LPC waive the licensing and regulation of security systems agencies and technicians from full evaluation and that the termination date be extended by five years to July 1, 2021. In addition, DLS recommended (1) a fee increase to \$250 for an initial agency license, that does not include the cost of the Maryland and national criminal records check, and \$175 for renewal of an agency license and (2) an increase in the minimum registration fee for technicians to \$25, along with a further recommendation that the Secretary consider exercising discretion to establish a higher fee to fully recoup costs associated with processing registration applications.

Absent reauthorization during the 2016 legislative session, the licensing and regulation of security systems agencies and technicians terminates July 1, 2016.

State Fiscal Effect: General fund revenues increase by \$233.75 beginning in fiscal 2017. The regulation of security systems agencies and technicians is budgeted with general funds; therefore, the alteration of fees in the bill results in a negligible general fund revenue increase.

The number of security systems agencies receiving new licenses has remained fairly stable over the most recent three-year licensing cycle. Therefore, this analysis uses a three-year average of 85 new licensees in estimating the bill's fiscal effect. Based on these assumptions, the fee alteration for new licensees – from \$150, *including* the cost of the State and national criminal records check, to \$100, plus the cost of the State and national criminal records check at a cost of \$52.75 each (see **Exhibit 1**) – results in a general fund revenue increase of \$233.75 (which reflects an increase of \$2.75 for each of 85 new licensees each year). This increase may be offset somewhat by the reduction in the processing fee for an applicant for a security systems agency license who is already licensed in another state, but DSP advises that such applications are rare.

Exhibit 1
State and National Criminal History Record Information Check

FBI fee	\$14.75
CJIS fee	18.00
Fingerprinting fee	<u>20.00</u>
Total	\$52.75

FBI: Federal Bureau of Investigation
CJIS: Criminal Justice Information System

Source: Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: HB 140 (The Speaker)(By Request - Department of Legislative Services) - Economic Matters.

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

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