

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 455

(Senator McKay, *et al.*)

Judicial Proceedings

Judiciary

Security Guard Agencies - Special Police Officers - Application for Appointment

This bill expands the entities authorized to apply for the appointment of special police officers (SPO) to include a person that holds a valid license as a security guard agency in order to protect property owned or leased by its clients.

Fiscal Summary

State Effect: *Under one set of assumptions*, net general fund revenues increase by \$931,300 in FY 2026, reflecting an increase in the number of SPO applications and a decrease in the number of security guard certifications issued; future years reflect the SPO commission issuance and renewal cycle as well as an initial decrease in applications and renewals. General fund expenditures increase by \$401,400 in FY 2026; future years reflect annualization and ongoing costs.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
GF Revenue	\$931,300	\$456,300	\$456,300	\$996,300	\$739,800
GF Expenditure	\$401,400	\$222,100	\$232,000	\$242,400	\$252,700
Net Effect	\$529,900	\$234,200	\$224,300	\$753,800	\$487,100

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

Local Effect: While the bill is likely to increase the workload of the circuit courts, the bill is not anticipated to significantly affect local government finances on a statewide basis, as discussed below.

Small Business Effect: Meaningful.

Analysis

Current Law:

Special Police Officers

The Governor may appoint and deputize an individual as a SPO; however, each SPO is deemed to be an employee of the entity that requested the appointment. Such a commission is granted arrest powers, but the scope of each commission is limited to the property cited in the commission, unless the SPO is in active pursuit for the purpose of immediate apprehension. An SPO appointed by the Governor may:

- arrest individuals who trespass or commit offenses on the property described in the application for the commission;
- exercise the powers of a police officer on that property;
- exercise the powers of a police officer in a county or municipality in connection with the care, custody, and protection of other property of the entity that requested the appointment of the SPO or other property, real or personal, for which the entity has assumed an obligation to maintain or protect; and
- direct and control traffic on public highways and roads in the immediate vicinity of the property in order to facilitate the orderly movement of traffic to and from the property, if approved in advance.

An SPO may make an arrest or issue a traffic citation for a violation of the Maryland Vehicle Law or any other State or local traffic law or regulation only if the SPO (1) has a probationary or permanent appointment as a security officer or is a member of an industrial police force and (2) has completed the basic training course for police officers as established by the Maryland Police Training and Standards Commission (MPTSC). With specified exceptions, an SPO applicant for an initial commission must complete a training course approved by the Secretary of State Police, in consultation with MPTSC, consisting of at least 80 hours of instruction, as specified. Before submitting an application for renewal, an SPO must complete 12 hours of in-service training approved by the Secretary in consultation with MPTSC.

The application fee for an SPO commission is \$100. An initial commission expires three years after the date of issuance and is renewable for a three-year term under specified conditions. The renewal fee is \$60.

The following entities are authorized to apply for the appointment of SPO for the following purposes:

- a municipal corporation, county, or other governmental body of the State, in order to protect property owned, leased, or regularly used by the governmental body or any of its units;
- another state, or subdivision or unit of another state, that has an interest in property located wholly or partly in this State, in order to protect the property;
- a college, university, or public school system in the State, in order to protect its property or students; or
- a person that exists and functions for a legal business purpose, in order to protect its business property.

Regulation of Security Guard Agencies and Security Guards

The Secretary of State Police is responsible for the licensure of security guard agencies and certification of security guards in the State. To qualify for a security agency license, an individual applicant or a representative member of a firm must meet one of the following criteria:

- have at least five years of experience as a full-time certified private detective;
- have at least five years of experience as a full-time police officer with an organized police agency and have successfully completed a police officer training course approved by MPTSC;
- have at least three years of experience in an investigative capacity as a detective while serving as a police officer with an organized police agency;
- have at least three years of experience in an investigative capacity in any law enforcement unit of the United States, the State, or a county or municipal corporation of the State for the purpose of law enforcement and have successfully completed the police officer training course that is recognized and approved by MPTSC;
- have at least five years of experience as a full-time fire investigator for a fire department or law enforcement agency of the State or of a county or municipal corporation of the State and have successfully completed the training certified by MPTSC or the Maryland Fire-Rescue Education and Training Commission; or
- have at least five years of experience as a full-time correctional supervisor in a correctional facility in the State and have successfully completed the training required by the Correctional Training Commission.

Generally, applicants must submit to the Secretary of State Police an application on the form the Secretary provides, which includes initial application and renewal fees, in addition to submitting two sets of fingerprints taken on forms approved by the director of the Criminal Justice Information System Central Repository and the Director of the Federal

Bureau of Investigation for a criminal history records check. The terms of licenses and certifications are staggered, and renewals occur every three years.

To qualify for certification as a security guard, an individual must:

- meet the standards set by the Secretary;
- be an employee of or an applicant for employment with a licensed security guard agency or a security guard employer;
- be of good moral character and reputation;
- provide documentation that the individual has either satisfactorily completed 12 hours of initial security training that is approved by MPTSC or been employed as a police officer in the three years immediately preceding the application;
- pay to the licensed security guard agency or the security guard employer, for forwarding to the Secretary of State Police, the authorized fees; and
- be at least age 18.

In addition, an applicant must submit a declaration under the penalties of perjury stating whether (1) the individual has been convicted of a disqualifying crime regarding controlled dangerous substances or a crime of violence; (2) if currently or formerly employed as a police officer, the individual has had any formal findings by a court, hearing board, or other governmental entity of unlawful or excessive use of force or making a false statement during the individual's employment with the law enforcement agency; and (3) the individual plans to carry a handgun in the course of providing security guard services.

On receipt from an applicant for certification as a security guard, a licensed security guard agency or security guard employer must forward to the Secretary of State Police the applicant's application, fingerprint cards, and criminal history records check fees. The application fee for a security guard certification is \$15. Certifications are valid for one year. The renewal fee is \$10.

State Revenues: The Department of Legislative Services (DLS) estimates that the bill increases new SPO applications by about 10,000 in fiscal 2026. The Department of State Police (DSP) advises that there are currently approximately 2,600 licensed security guard agencies and approximately 27,000 certified security guards in the State. This estimate assumes that approximately half of the security guard agencies in the State apply for the appointment of SPO as a result of the bill and that approximately 5,250 of the security guards employed by security guard agencies seek an SPO commission instead of a security guard certification, meaning approximately 3,250 fewer initial security guard certification applications and 2,000 fewer security guard certification renewals are processed in the State. This estimate further assumes that security guard agencies hire an additional

4,750 new SPOs in fiscal 2026 as a result of an initial increase in business due to the expanded authority available to offer to clients due to the bill.

Assuming an increase of about 10,000 SPO commission applications in fiscal 2026, and accounting for a decrease of about 3,250 new security guard certification applications and 2,000 security guard certification renewals, general fund revenues increase by an estimated \$931,250 in fiscal 2026. By fiscal 2029, the increase in general fund revenues reaches an estimated \$996,250, reflecting fee revenue from both initial SPO applications and renewals. By fiscal 2030, the increase in general fund revenues for initial applications and renewals decreases to \$739,750; this estimate assumes that (1) after the first year, initial SPO commission applications decline by nearly 50% and remain level thereafter annually and (2) that in each initial renewal cycle, applications decline by approximately 10% and remain level thereafter.

Exhibit 1 shows the estimated increase in general fund revenues from fiscal 2026 through 2030 from the additional SPO commission application and renewal fees, while also accounting for the decrease in initial security guard certification application and renewal fees.

Exhibit 1
Estimated Security Guard and SPO Commission Fee Revenue under the Bill

	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>
New Security Guard Applications	(3,250)	(3,250)	(3,250)	(3,250)	(3,250)
Fee Revenue	(\$48,750)	(\$48,750)	(\$48,750)	(\$48,750)	(\$48,750)
Security Guard Renewals	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Fee Revenue	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)
New SPO Applications	10,000	5,250	5,250	5,250	5,250
Fee Revenue	\$1,000,000	\$525,000	\$525,000	\$525,000	\$525,000
SPO Renewals	-	-	-	9,000	4,725
Fee Revenue	-	-	-	\$540,000	\$283,500
Net Revenue	\$931,250	\$456,250	\$456,250	\$996,250	\$739,750

SPO: special police officers

Source: Department of Legislative Services

This analysis assumes that the number of applications for licensure as a security guard agency are unchanged as the requirements to obtain such a license are unchanged by the bill.

State/Local Expenditures:

Department of State Police

General fund expenditures for DSP increase by an estimated \$340,076 in fiscal 2026, which reflects the bill's October 1, 2025 effective date. DSP operates a licensing portal for many transactions relating to SPOs and security guards and the bill's changes necessitate updates to the DSP licensing portal. In addition, DSP advises that its Licensing Division requires additional time to process an SPO application than it does to process a security guard certification application. Based on the anticipated increase in applications as discussed above, this estimate reflects the cost of hiring one administrator and one administrative specialist to process and issue the additional SPO applications and renewals. The estimate includes salaries and fringe benefits, one-time start-up costs, one-time programming costs, and ongoing operating expenses.

Positions	2.0
Salaries and Fringe Benefits	\$115,338
Licensing Portal Programming Update	210,000
Other Operating Expenses	<u>14,738</u>
Total FY 2026 DSP Expenditures	\$340,076

Future year expenditures reflect full salaries with annual increases and employee turnover and ongoing operating expenses.

DSP advises the need for an additional administrative aide position to process the anticipated increase in SPO applications; however, DLS disagrees and advises that the anticipated increase in applications can likely be handled with the addition of one administrator and one administrative aide. To the extent that the additional staff cannot handle the increase in workload generated by the bill, DSP may request additional resources through the annual budget process.

Secretary of State

Although DSP processes and approves SPO applications, the Secretary of State (SOS) is responsible for the issuance of each SPO commission. As a result of the anticipated increase in SPO applications resulting from the bill, general fund expenditures for SOS increase by \$61,289 in fiscal 2026, which accounts for the bill's October 1, 2025 effective date. This estimate reflects the cost of hiring one administrator to process the additional

SPO commissions resulting from the bill. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$53,920
Other Operating Expenses	<u>7,369</u>
Total FY 2026 SOS Expenditures	\$61,289

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Judiciary

After an SPO commission is issued by SOS, the individual receiving the commission must appear before the clerk of the circuit court in the county in which the individual is commissioned to take the oath of office and to receive the individual's commission. While the bill is likely to increase the workload of the circuit courts, the bill is not anticipated to significantly affect local government finances on a statewide basis.

Small Business Effect: Because it is assumed that the bill leads to an increase in the number of SPO commissions sought in the State, security guard agencies that seek the appointment of SPOs and small businesses that provide SPO training may benefit from an increase in the demand for their services.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Department of Public Safety and Correctional Services; Department of State Police; Secretary of State; Department of Legislative Services

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