

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Banking and Insurance Committee

BILL: SB 982

SPONSOR: Senator Bennett

SUBJECT: Electrical/Alarm System Contracting

DATE: April 26, 2005

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Oxamendi	Imhof	RI	Fav/1 amendment
2.	Knudson	Deffenbaugh	BI	Favorable
3.			CA	
4.				
5.				
6.				

Please see last section for Summary of Amendments

☐

Technical amendments were recommended

☒

Amendments were recommended

☐

Significant amendments were recommended

I. Summary:

Senate Bill 982 provides that the exemption from regulation (of an electrical or alarm system contractor) under part II of ch. 489, which is provided in s. 489.503 (14), F.S., for the employees of telecommunications companies, does not apply to contractors performing that same work. The bill exempts employees of a manufacturer of a personal emergency response system. However, it deletes the exemption for an authorized representative or distributor of a personal emergency response system.

The bill amends the definitions of “alarm system contractor,” and “certified alarm system contractor” to define the scope of activities included within the classification. The bill establishes the qualifications for registration as a contractor under part II of ch. 489, F.S.

The bill amends the definition of “monitoring” to provide that the electric or electronic signal from the alarm or protective system may originate from any structure and that the signal may also originate from outside the state, regardless of whether those signals are relayed through a jurisdiction outside the state. It also provides that the signal may be produced by an access-control system. The bill amends the definition of “burglar alarm system agent” to include inspecting and any type of selling of intrusion or burglar alarm systems.

The bill exempts an audible fire alarm signal from the requirement in current law that every alarm system installed by a licensed contractor must have a device that automatically terminates the audible signal within 15 minutes of activation. The bill requires the central monitoring station to employ call-verification methods for the premises generating the alarm signal if the first call is not answered.

The bill provides that a municipality or county may regulate the quality and character of work of a certified alarm system contractor, but may not subject said contractor to any additional certification or licensure requirements that are not required by part II of ch. 489, F.S.

The bill provides an effective date of July 1, 2005.

This bill substantially amends the following sections of the Florida Statutes: 489.503, 489.505, 489.513, 489.529, 489.530, and 489.537.

II. Present Situation:

Regulation of Electrical and Alarm System Contractors

The Division of State Fire Marshal (DSFM) within the Department of Financial Services (DFS) has limited jurisdiction over alarm system contractors and certified unlimited electrical contractors. The DSFM has authority to order an alarm system contractor to take corrective action to bring an alarm system into compliance with the required firesafety standards in ch. 633, F.S. The Department of Business and Professional Regulation (DBPR) and the Electrical Contractors' Licensing Board (board) may also participate in these proceedings, at their discretion, but not as a party.

Electrical and alarm system contractors are regulated pursuant to part II, of ch. 489, F.S. Under part II of ch. 489, F.S., the board licenses and disciplines alarm system contractors. Part of the grounds for disciplinary action by the board includes when the alarm system contractor or certified electrical contractor violates ch. 633, F.S., or the rules of the State Fire Marshal. The DBPR also has authority to issue stop-work orders for all work on a project if there is cause to believe that work is being performed by an unlicensed alarm system contractor or electrical alarm system contractor.¹

Section 489.513, F.S., requires registration in the proper classification of any person engaged in the business of contracting, unless he or she is certified.² A registered contractor may contract only in the jurisdiction for which his or her registration is issued.³ Certification permits the contractor to engage in the business of contracting in any jurisdiction in the state.

Definitions

Section 489.505(2), F.S., defines "alarm system contractor" to mean:

a person whose business includes the execution of contracts requiring the ability, experience, science, knowledge, and skill to lay out, fabricate, install, maintain,

¹ See s. 489.531(8), F.S.

² See s. 489.505(4), (5), and (6), F.S.

³ See s. 489.505(7) and (16), F.S.

alter, repair, monitor, inspect, replace, or service alarm systems for compensation, including, but not limited to, all types of alarm systems for all purposes.

Section 489.505(7), F.S., defines "certified alarm system contractor" to mean:

an alarm system contractor who possesses a certificate of competency issued by the department. The scope of certification is limited to alarm circuits originating in the alarm control panel and equipment governed by the applicable provisions of Articles 725, 760, 770, 800, and 810 of the National Electrical Code, Current Edition, and National Fire Protection Association Standard 72, Current Edition. The scope of certification for alarm system contractors also includes the installation, repair, fabrication, erection, alteration, addition, or design of electrical wiring, fixtures, appliances, thermostats, apparatus, raceways, and conduit, or any part thereof not to exceed 77 volts, when those items are for the purpose of transmitting data or proprietary video (satellite systems that are not part of a community antenna television or radio distribution system) or providing central vacuum capability or electric locks; however, this provision governing the scope of certification does not create any mandatory licensure requirement.

Section 489.505(16), F.S., defines "registered electrical contractor" to mean:

an electrical contractor who has registered with the department pursuant to fulfilling the competency requirements in the jurisdiction for which the registration is issued. A registered electrical contractor may contract only in the jurisdiction for which his or her registration is issued.

Section 489.505(27), F.S., defines "monitoring" to mean:

to receive electrical or electronic signals, originating from any building within the state, produced by any security, medical, fire, or burglar alarm, closed circuit television camera, or related or similar protective system and to initiate a response thereto. A person shall not have committed the act of monitoring if:

- (a) The person is an occupant of, or an employee working within, protected premises;
- (b) The person initiates emergency action in response to hearing or observing an alarm signal;
- (c) The person's action is incidental to his or her primary responsibilities; and
- (d) The person is not employed in a proprietary monitoring facility, as defined by the National Fire Protection Association pursuant to rule adopted under chapter 633.

Section 489.505(26), F.S., defines a "personal emergency response system" to mean:

any device which is simply plugged into a telephone jack or electrical receptacle and which is designed to initiate a telephone call to a person who responds to, or has a responsibility to determine the proper response to, personal emergencies, but does not include hard-wired or wireless alarm systems designed to detect intrusion or fire.

Exemptions

Section 489.503(14), F.S., exempts the installation of, repair of, alteration of, addition to, or design of low voltage telecommunications circuits and equipment from regulation under part II of ch. 489, F.S.⁴ This exemption applies only to work done at the request of a telecommunications company's customer, required to complete phone service incidental to the provision of telecommunication service, and not subject to competitive bid.

Section 489.503(15)(d), F.S., exempts employees an employee or an authorized representative or distributor for the producer of a monitored personal emergency response system from regulation under part II of ch. 489, F.S. The scope of this exemption applies to persons engaged in the provision, installation, testing, routine maintenance, factory-servicing, or monitoring of a monitored personal emergency response system.

Alarm Verification Calls Required

Section 489.529, F.S., requires that all residential or commercial intrusion/burglary alarms that have central monitoring must make a verification call to the premises generating the alarm signal before alarm monitor personnel contact law enforcement.

According to representatives for law enforcement, responding to false alarms from alarm systems has placed a burden on law enforcement. According to industry and law enforcement, representatives, multiple call-verification procedures, known as Enhanced Call-Verification or ECV, has significantly reduced false-alarm dispatches by law enforcement.

III. Effect of Proposed Changes:

Section 1 amends s. 489.503 (14), F.S., to provide that the exemption for telecommunications companies does not apply to contractors performing that same work. Such contractors, if not certified under ch. 364, F.S., as a telecommunications company must be certified under part II of ch. 489, F.S. There are currently no provisions to certify contractors under ch. 364, F.S.

The bill also amends s. 489.503(15)(d), included within the exemption from regulation under part II of ch. 489, F.S., employees of a manufacturer of a personal emergency response system. However, it deletes the exemption for an authorized representative or distributor of a personal emergency response system.

Section 2 amends s. 489.505(2), F.S., to amend the definition of an "alarm system contractor" to provide that the term includes any person, firm, or corporation that engages in the business of alarm system contracting under an express or implied contract. It includes persons, firms, or corporations that undertake, offer to undertake, purport to have the authority to undertake, or submit a bid to engage in alarm contracting. The amended term also includes a person, firm, or corporation that does itself or through others engage in the business of alarm contracting.

⁴ Section 489.503, F.S., provides that "the scope of this exemption is limited to electrical circuits and equipment governed by the applicable provisions of Articles 725 (Classes 2 and 3 circuits only), 770, 800, 810, and 820 of the National Electrical Code, current edition, or 47 C.F.R. part 68." According to an industry representative, the reference standards and codes relate to low voltage telecommunications circuits and equipment.

The bill amends the definition of “certified alarm system contractor” in s. 489.505(7), F.S., to include inspection and monitoring within the scope of the certification. It also increases from 77 volts to 98 volts (RMS)⁵ the voltage limitation applicable to the activities that a certified alarm system contractor may perform. According to an industry representative, this increased voltage would update the provision to the current industry standard used for low voltage systems. The bill also deletes the provision in s. 489.505(7), F.S., that the scope of certification does not create any mandatory licensure requirement.

The bill amends the definition of “burglar alarm system agent” in s. 489.505(25), F.S., to include inspecting and any type of selling of intrusion or burglar alarm systems.

The bill amends the definition of monitoring in s. 489.505(27), F.S., to provide that the electric or electronic signal may originate from any structure in place of the term “building” used in current law. The signal may also originate from outside the state, regardless of whether those signals are relayed through a jurisdiction outside the state. It also provides that the signal may be produced by an access-control system, which according to an industry representative is a key pad-type system used for entering a secure location. Such a system may use an access card or a punch code for access. The bill further provides that the listed systems must be intended by design to initiate a response.

Section 3 amends s. 489.513, F.S., to establish required qualifications for registration as a contractor under part II of ch. 489, F.S. To be registered, a person must be:

- at least 18 years of age; and
- of good moral character, which the bill defines as having a personal history of honesty, fairness, and respect for the rights of others and for state and federal law.

The board may determine that an applicant does not satisfy the good moral character requirement only if:

- there is a substantial connection between the lack of good moral character of the individual and the professional responsibilities of a registered contractor; and
- the board finding a lack of good moral character that is supported by clear and convincing evidence.

If an individual is found unqualified because of a lack of good moral character, the board must furnish the individual with a statement containing the findings of the board, a complete record of the evidence upon which the finding is based, and a notice of the individual’s rights to a rehearing and appeal. Good moral character is a requirement in numerous licensing statutes.

Section 4 amends s. 489.529, F.S., to require the central monitoring station for an intrusion or burglary alarm to employ call-verification methods for the premises generating the alarm signal if the first call is not answered. According to an industry representative, such a method involves a second automated telephone call to the premises that generated the alarm signal in order to confirm whether the signal was generated in error.

⁵ Root Mean Squared.

Section 5 amends s. 489.530, F.S., to exempt an audible fire alarm signal from the requirement that every alarm system installed by a licensed contractor must have a device that automatically terminates the audible signal within 15 minutes of activation. This exemption applies whether the system is installed voluntarily or as a requirement of an adopted code.

Section 6 amends s. 489.537(3), F.S., to provide that a certified alarm system contractor is not subject to any additional certification or licensure requirements that are not required by part II of ch. 489, F.S. Currently, part II of ch. 489, F.S., does not limit the power of a municipality or county to regulate the quality and character of work performed by contractors, and allows a municipality or county to use a system of permits, fees, and inspections designed to secure compliance, and aid in the implementation of, state and local building codes.

Some local governments require that contractors be certified by Underwriters Laboratories. According to industry representatives, such certification may cost up to \$10,000 or more, depending on the number of customers that a contractor has. The board issued a letter to the City of Boca Raton, which has such an ordinance, advising the city that the board believed that such an ordinance conflicts with part II of ch. 489, F.S., and that the ordinance encroaches on the license authority of the board that is preempted by part II of ch. 489, F.S.⁶

Section 7 provides an effective date for the bill of July 1, 2005.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

⁶ See letter from the Office of the Attorney General, as Counsel for the Florida Electrical Contractors' Licensing Board, regarding Sec. 7-83, City of Boca Raton Code of Ordinance, Fire alarm permit-required, December 24, 2003, on file with the Florida Electrical Contractors' Licensing Board and the Regulated Industries Committee.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

Section 1 of the bill references certification of contractors under ch. 364, F.S., but there is currently no provision under the chapter for certification of contractors. This technical deficiency has been corrected by amendment barcode 703472 by the Committee on Regulated Industries that is traveling with the bill.

VII. Related Issues:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

VIII. Summary of Amendments:

Barcode 703472 by Regulated Industries:

This amendment requires that contractors who are not employees of telecommunications companies must be licensed under part II, of ch. 489, F.S.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
