

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 489 CS

Electrical and Alarm System Contracting

**SPONSOR(S):** Legg

**TIED BILLS:**

**IDEN./SIM. BILLS:** SB 744

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| REFERENCE   | ACTION                 | ANALYST           | STAFF DIRECTOR   |
|---|------------------------|-------------------|------------------|
| 1) <u>Business Regulation Committee</u>                 | <u>14 Y, 0 N, w/CS</u> | <u>Livingston</u> | <u>Liepshutz</u> |
| 2) <u>State Administration Appropriations Committee</u> | <u>8 Y, 0 N</u>        | <u>Rayman</u>     | <u>Belcher</u>   |
| 3) <u>Governmental Operations Committee</u>             | <u></u>                | <u></u>           | <u></u>          |
| 4) <u>Commerce Council</u>                              | <u></u>                | <u></u>           | <u></u>          |
| 5) <u></u>  | <u></u>                | <u></u>           | <u></u>          |

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### SUMMARY ANALYSIS

The Electrical Contractors Licensing Board (ECLB) within the Department of Business and Professional Regulation (DBPR) regulates electrical contractors and alarm system contractors, and their employees. The scope of work of an electrical contractor includes alarm systems. The Division of State Fire Marshal (DSFM) within the Department of Financial Services (DFS) may inspect any building or fire alarm system regarding the issues of fire safety, prevention, and control.

The bill amends 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 bids to engage in alarm system contracting.

The bill amends the definition of "monitoring" to provide that the electric or electronic signal may originate from any "structure" in lieu of the term "building" used in current law and may originate from outside the state. Individuals that propose to do alarm system monitoring in Florida, even if the alarm system which is monitored is physically located outside the State of Florida, will be required to obtain a license to perform this activity.

Current law requires registration of a person engaged in the business of electrical and alarm contracting. A registered contractor may contract only in the local jurisdiction for which his or her registration is issued. In lieu of registration, a contractor may be certified by the state which allows the contractor to engage in business statewide. The bill specifies additional qualifications for registration to require that 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 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.

Currently, persons who install lightning rods and related systems [also referred to as "lightning suppression systems" or "lightning protection systems"] are not specifically required to be licensed nor are they specifically exempted from licensure under part II of chapter 489, F.S. The bill specifically exempts the installation of lightning rods from licensure under this part.

The bill is not anticipated to have a significant fiscal impact on state or local governments.

The bill provides an effective date of July 1, 2006.

**This document does not reflect the intent or official position of the bill sponsor or House of Representatives.**

**STORAGE NAME:** h0489d.STA.doc

**DATE:** 4/4/2006

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

Reduce government - Currently, the requirements for registering as an electrical or alarm contractor do not address age limit or moral character qualifications for those desiring to register for a license. The bill specifies statutory qualifications for registration to require that 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.

#### B. EFFECT OF PROPOSED CHANGES:

##### Background

The DSFM 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 alarm systems into compliance with the required fire safety standards in chapter 633, F.S. The DBPR and the ECLB may also participate in these proceedings, at their discretion, but not as a party.

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

Section 489.513, F.S., requires registration in the proper classification of any person engaged in the business of electrical or alarm system contracting. A registered contractor may contract only in the local jurisdiction for which his or her registration is issued. Certification by the ECLB permits the contractor to engage in the business of contracting in any jurisdiction in the state.

##### Present situation

Currently, persons who install lightning rods and related systems [also referred to as "lightning suppression systems" or "lightning protection systems"] are not specifically required to be licensed nor are they specifically exempted from licensure under part II of chapter 489, F.S. The bill specifically exempts the installation of lightning rods from licensure under this part.

##### Effect of proposed changes

The bill specifically exempts the installation of lightning rods and related systems from licensure under this part by including this category under the current exemptions already specified in s. 475.503, F.S.

##### Present situation

Under s. 489.505(2), F.S., "alarm system contractor" means a person whose business includes the execution of contracts requiring the ability, experience, science, knowledge, and skill to lay out, fabricate, install, maintain, alter, repair, monitor, inspect, replace, or service alarm systems for compensation.

##### Effect of proposed changes

The bill amends the definition of an "alarm system contractor" to include express or implied contracts; persons, firms, or corporations that undertake, offer to undertake, purport to have the authority to undertake, or submit bids to engage in alarm contracting; or a person who engages in the business through others.

#### Present situation

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.

The definition specifies that this provision governing the scope of certification does not create any mandatory licensure requirement.

"Registered electrical contractor" means an electrical contractor who has registered with the ECLB 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.

#### Effect of proposed changes

The bill amends the definition of "certified alarm system contractor" to include inspection and monitoring within the scope of the certification. It also increases from 77 volts to 98 volts the voltage limitation applicable to the activities that a certified alarm system contractor may perform. The higher voltage would increase the complexities of alarm systems in residential homes and businesses that perform additional functions for the occupant. These systems require the skill of an individual who has been trained in the electrical field to work on systems rated higher than the current 77 volt limits.

The bill deletes the provision in s. 489.505(7), F.S., that the scope of certification does not create a mandatory licensure requirement. By removing the language, the bill appears to imply that a license is required.

#### Present situation

"Personal emergency response system" means 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. It does not include hard-wired or wireless alarm systems designed to detect intrusion or fire. These systems are exempt from the requirements of part II of chapter 489, F.S.

Pursuant to s. 489.505(27), F.S., "monitoring" means 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, F.S.

#### Effect of proposed changes

The bill amends the definition of "monitoring" 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. Individuals that propose to do alarm system monitoring in Florida, even if the alarm system which is monitored is physically located outside the State of Florida, will be required to obtain a license to perform this activity.

#### Present situation

Section 489.513, F.S., refers to the requirements for registering locally as an electrical or alarm licensee. Currently, the requirements do not address an age limit or moral character for those desiring to register for a license. Registration allows the individual to work only in the county where the license is issued.

#### Effect of proposed changes

The bill amends s. 489.513, F.S. to establish required statutory qualifications for registration as a contractor under part II of chapter 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 bill specifies that the ECLB 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 ECLB finding of a lack of good moral character is supported by clear and convincing evidence.

If an individual is found unqualified because of a lack of good moral character, the ECLB must furnish the individual with a statement containing the findings of the ECLB, 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.

#### Present situation

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 the monitoring personnel contact law enforcement.

#### Effect of proposed changes

The bill amends s. 489.529, F.S., to require the central monitoring station to employ call-verification methods for the premises generating the alarm signal if the first call is not answered. The requirement of the monitoring station to employ a call-verification method is designed to reduce the number of false alarms which may also reduce the costs to occupants of premises that must pay when law enforcement personnel respond to false alarms.

#### Present situation

Section 489.530, F.S., requires every audible alarm system to have a silencing device which is activated after 15 minutes by some automatic mechanism.

#### Effect of proposed changes

Section 489.530, F.S., is amended 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 minute of activation. This exemption applies whether the system is installed voluntarily or as a requirement of an adopted code.

C. SECTION DIRECTORY:

Section 1. Amends s. 489.503, F.S., to exempt the installation of lightning rods and related systems from licensure under this part.

Section 2. Amends ss. (2), (7), (25), (27), and (28) of s. 489.505, F.S., to amend various definitions.

Section 3. Amends s. 489.513, F.S. to establish required qualifications for registration as a contractor under part II of chapter 489, F.S.

Section 4. Amends s. 489.529, F.S., to require the central monitoring station to employ call-verification methods for the premises generating the alarm signal if the first call is not answered.

Section 5. Amends s. 489.530, F.S., to exempt an audible fire alarm signal from certain requirements.

Section 6. Provides an effective date of July 1, 2006.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Not anticipated to be significant.

D. FISCAL COMMENTS:

There will be no significant fiscal impact to the Department of Business & Professional Regulation.

## III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, does not appear to reduce the authority that counties or municipalities have to raise revenue in the aggregate, and does not appear to reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None noted.

B. RULE-MAKING AUTHORITY:

The bill does not grant rule making authority; however, the Electrical Contractors Licensing Board has sufficient rulemaking authority pursuant to s. 489.507, F.S., to implement the provisions of the bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The DBPR notes "the proposed bill mandates that the Board find by clear and convincing evidence that the Subject has not met the "Good Moral Character" requirements. This standard of review is a change from the current "preponderance of evidence" standard of review for license denial cases."

#### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**

The Business Regulation Committee adopted an amendment on January 26, 2006, and passed the bill as a CS by a unanimous vote. The CS differs from the original bill as follows.

The CS exempts the installation of lightning rods and related systems from licensure under part II of chapter 489, F.S.

The staff analysis reflects the CS.