

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: CS/SB 744

INTRODUCER: Banking and Insurance Committee and Senator Wise

SUBJECT: Electrical and Alarm Systems Contracting

DATE: April 21, 2006

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Sumner</u>	<u>Imhof</u>	<u>RI</u>	Favorable
2.	<u>Emrich</u>	<u>Deffenbaugh</u>	<u>BI</u>	Fav/CS
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

Committee Substitute for Senate Bill 744 revises provisions pertaining to the regulation of electrical and alarm system contractors under Part II of chapter 489, F.S. Specifically, the legislation exempts persons who install or repair lightning rods or related systems from licensure as electrical or alarm system contractors under part II of chapter 489, F.S. The bill amends the definition of “alarm system contractor” to include any person who contracts, offers, purports to undertake, bids, or engages in the business of alarm contracting. It also increases the voltage limitation from 77 to 98 volts within that classification. The bill establishes the qualifications for registration as a contractor to provide that an applicant be at least 18 years of age and of good moral character.

The bill further 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. The bill also provides that the signal may be produced by an access-control system. The bill amends the definition of “burglar alarm system agent” to delete the requirement that selling of alarm systems be limited onsite for burglar alarm and fire alarm system agents.

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 exempts an audible fire alarm signal from the requirement in current law that every alarm system installed by a licensed contractor has a device that automatically terminates the audible signal within 15 minutes of activation.

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

II. Present Situation:

Regulation of Electrical and Alarm System Contractors

Under Part II of chapter 489, F.S., the Electrical Contractors Licensing Board (ECLB or board) within the Department of Business and Professional Regulation (DBPR) licenses, regulates and disciplines electrical and alarm system contractors. The DBPR has oversight authority over the ECLB. Part of the grounds for disciplinary action by the board includes when the alarm system contractor or certified electrical contractor violates chapters 489 or 633, F.S., or the rules of the Division of State Fire Marshal (DSFM) within the Department of Financial Services.¹ 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.²

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 an alarm system into compliance with the required firesafety standards in ch. 633, F.S. The DBPR and the ECLB may also participate in these proceedings, at their discretion, but not as a party.

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 currently certified.³ A registered contractor may contract only in the jurisdiction for which his or her registration is issued.⁴ 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, 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

¹ Rule 69A-48, F.A.C., or Rule 61G-6, F.A.C.

² See s. 489.531(8), F.S.

³ See s. 489.505(4), (5), and (6), F.S.

⁴ See s. 489.505(16), F.S.

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(25), F.S., defines “burglar alarm system agent” to mean a person:

- (a) Who is employed by a licensed alarm system contractor or licensed electrical contractor;
- (b) Who is performing duties which are an element of an activity which constitutes alarm system contracting requiring licensure under this part; and
- (c) Whose specific duties include any of the following: altering, installing, maintaining, moving, repairing, replacing, servicing, selling onsite, or monitoring an intrusion or burglar alarm system for compensation.

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, 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.

Section 489.505(28), F.S., defines a “fire alarm system agent” as a person:

- (a) Who is employed by a licensed fire alarm contractor or certified unlimited electrical contractor;
- (b) Who is performing duties which are an element of an activity that constitutes fire alarm system contracting requiring certification under this part; and
- (c) Whose specific duties include any of the following: altering, installing, maintaining, moving, repairing, replacing, servicing, selling onsite, or monitoring a fire alarm system for compensation.

Registration; application; requirements

Section 489.513, F.S., provides that unless a contractor is certified, they must be registered in the state under the proper classification. Those persons seeking registration as a contractor must apply to the department. Currently, the board has set registration standards by rule pertaining to age and good moral character; however, such standards are not set forth in law.

Alarm Verification Calls Required

Under s. 489.529, F.S., all residential or commercial intrusion/burglary alarms that have central monitoring must have a central monitoring verification call made to the premises generating the alarm signal before alarm monitor personnel contact law enforcement to go to the residence or commercial premises. According to representatives for law enforcement, responding to false alarms from alarm systems has placed a burden on law enforcement. Industry and law enforcement officials assert that ‘multiple’ call-verification procedures, known as Enhanced Call-Verification or ECV, have significantly reduced false-alarm dispatches by law enforcement by up to 40 percent.

Audible alarms

Pursuant to s. 489.530, F.S., every audible alarm system that is installed by a licensed contractor must have a device to automatically terminate the audible signal within 15 minutes of activation.

III. Effect of Proposed Changes:

Section 1. Amends s. 489.503, F.S., to exempt persons who install or repair lightning rods or related systems from licensure as electrical or alarm system contractors under part II of chapter 489, F.S.

Section 2. Amends s. 489.505, F.S., the definitions section, by expanding the term “alarm system contractor” to include any person, firm, or corporation that engages in the business of alarm system contracting under an express or implied contract. It also 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; or by and through others engages in the business of alarm contracting. Industry representatives state that adding this language would help prevent unlicensed alarm system contractors from bidding contracts in Florida. Similar language is contained in the definition of an “electrical contractor.”

The legislation increases from 77 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.⁶ It also deletes the requirement that selling of the burglar alarm systems be limited to ‘onsite’ sales.

The bill amends the definition of “monitoring” in s. 489.505(27), F.S., to provide that an electric or electronic signal may originate from any “structure” in place of the term “building” used in current law. Language is added to expand the geographic scope of “monitoring” to provide that a signal may also originate from outside the state,⁷ regardless of whether those signals are relayed through a jurisdiction outside the state. The effect of this provision eliminates unlicensed activity because it requires individuals to obtain an alarm system contractor certificate if they propose to do alarm system monitoring in Florida, even if the alarm system which is monitored is physically located outside the state. The bill also provides that the signal may be produced by an access-

⁵ Root Mean Squared.

⁶ Industry representatives state that 98 volts is the direct current standard ring voltage for telephone lines.

⁷ Monitoring is currently limited to receiving electrical or electronic signals originating from buildings “within” the state.

control system which is a system that controls access to buildings and other building functions electronically.

The bill amends the definition of “fire alarm system agent” to delete the requirement that the selling of fire alarm systems be limited to “onsite” sales.

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. The qualifications for certification under s. 489.511, F.S., currently require the applicant to be 18 years of age and of good moral character. Good moral character is also a requirement in numerous other licensing statutes. The evidentiary standard of clear and convincing evidence is contained in other licensing provisions as well.

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

Department representatives state that the requirement of the monitoring station to employ a call-verification method should reduce the number of false alarms which may also reduce the costs to occupants of premises who must oftentimes pay when law enforcement personnel respond to false alarms.

Section 5. Amends s. 489.530, F.S., relating to audible alarm systems, to provide an exemption for fire alarm systems, whether installed voluntarily or as a requirement of the adopted code, from having a device that automatically terminates the audible signal within 15 minutes of activation. According to the department, this exemption is a life-safety issue as the current law could deter or prevent rescue personnel from responding to an alarm, or it may even prevent those persons in the immediate vicinity of an alarm from contacting rescue personnel if such alarm were to terminate within 15 minutes of activation.

Section 6. Provides that the act shall take effect July 1, 2006.

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:

The bill clarifies that persons who engage in the business of alarm contracting or who submit bids to engage in the business of alarm contracting must obtain the appropriate license from the department. Also, persons must obtain an alarm system contractor certificate if they propose to do alarm system monitoring in Florida, even if the monitored alarm system is located outside of Florida. Some central alarm monitoring companies may have to expend funds to employ a call-verification system.

C. Government Sector Impact:

Agency representatives assert that this bill will not have a fiscal impact upon either the department or the State Fire Marshal.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.

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