



**H.B. 452**

124th General Assembly  
(As Introduced)

**Reps. Trekas, Schmidt, Sferra**

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**BILL SUMMARY**

- Creates the Commission on Electronic Security System Regulation in the Department of Commerce and establishes requirements for membership, appointment, and terms of membership.
- Charges the Commission with advising the Director of Commerce, maintaining a registry system, and hearing appeals from the Director's disciplinary decisions.
- Requires licensure of companies and employees who perform electronic security system services.
- Provides procedures and requirements for the issuance of company, operator, salesperson, operator supervisor, and technician licenses; temporary permits; training school certificates; and instructor certificates.
- Sets minimum education requirements for licensure and continuing education requirements for license renewal.
- Requires the Director of Commerce to adopt rules, establish certification standards, issue licenses, permits, and certificates, determine offenses, and provide an annual report to the Governor and the General Assembly.
- Provides exemptions from the bill's provisions for specified persons and entities.

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## **CONTENT AND OPERATION**

### **Overview**

The bill provides for the regulation of persons and companies engaged in the electronic security system business, which includes systems such as fire alarms and burglar alarms. The bill includes requirements for licensure, training, and continuing education, as well as provisions for certifying education providers and instructors. The bill establishes the Commission on Electronic Security System Regulation in the Department of Commerce to advise the Director of Commerce, to maintain a registry system, and hear appeals to the Director's decisions on disciplinary matters. The Director of Commerce is responsible for adopting rules and issuing licenses pursuant to those rules. Penalties are provided for failure to comply with the bill's provisions.

### **Licensure requirements**

#### **Company requirements**

The bill required a company to have a valid electronic security system company license in order to perform services, advertise services, or otherwise act as an electronic security system company. A company may hire only persons licensed or holding a temporary permit issued pursuant to the bill to act as an electronic security system operator, salesperson, operator supervisor, or technician. (Secs. 4749.22(A) and (B).)

#### **Individual requirements**

A person must hold a valid license or temporary permit to perform services, advertise services, or otherwise act as an electronic security system operator, salesperson, operator supervisor, or technician. An electronic security system operator must at all times work under the supervision of an electronic security system operator supervisor. (Sec. 4749.22(C).)

#### **Training school and instructor**

To operate or advertise as an electronic security system training school or program, a school or program must hold a valid electronic security system training school certificate. In addition, an instructor in a school or program must have a

valid electronic security system instructor certificate to perform services, advertise services, or otherwise act as an electronic security system instructor. (Sec. 4749.22(D) and (E).)

### **Commission on electronic security system regulation**

The bill creates the Commission on Electronic Security System Regulation in the Department of Commerce. The Commission is comprised of six members who are appointed by the governor, with the advice and consent of the Senate. Three of the members each must have a minimum of five years experience in the electronic security system industry and be licensed to provide at least one of the types of electronic security system service that the bill establishes; one member must be from the Ohio Consumer Protection Association and have experience and direct involvement with electronic security systems; one member must be from the Ohio Chamber of Commerce and have experience and direct involvement with electronic security systems; and one member must be a person who is responsible for false alarm prevention in any municipality in this state. (Sec. 4749.23(A).)

#### **Term of appointment**

Of the initial appointments, two Commission members shall be appointed for a term of two years, two members shall be appointed for a term of three years, and two members shall be appointed for a term of four years from the date of appointment. Thereafter, the terms of office for all appointees will be for a period of four years, with each term ending on the same day of the same month four years after the term it succeeds.

After the expiration of a term, a member will continue to serve until a successor is appointed, or for a period of 60 days past the expiration, whichever occurs first. Vacancies will be filled in the same manner the regular appointments to the Commission and are limited to the unexpired portion of the remaining term. No member may be appointed for more than two consecutive terms, and the Governor may remove any commissioner pursuant to section 3.07 of the Revised Code, in existing law. Members of the Commission will receive reimbursement for actual expenses reasonably incurred in the performance of their duties. (Secs. 4749.23(B) and (C).)

#### **Duties of Commission**

##### **Duties related to Director of Commerce**

The Commission is responsible for advising the Director of Commerce on standards and rules for the operation of electronic security system companies, and advising the Director regarding rules, procedures, and fees established to carry out

the licensure required under the bill. The Commission also hears appeals from decisions that the Director makes related to disciplinary measures. (Secs. 4749.23(D)(2) and (3).)

### **Maintain registry system**

The Commission is charged with maintaining a registry of all electronic security system license and permit holders and applicants for a license or a permit. The system may not include criminal history information, but must contain the person's name, address, date of birth, the type of permit, certificate, or license issued to the person, any disciplinary actions taken against the person, the person's employer, and any other information the Commission considers appropriate. (Sec. 4749.23(D)(4).)

### **Duties of Director of Commerce**

#### **Rules**

The bill requires the Director of Commerce to establish reasonable rules in accordance with Chapter 119. of the Revised Code to carry out the provisions of the bill. (Sec. 4947.24(A)(1).)

#### **Licenses and permits**

The Director is made responsible for issuing electronic security system company licenses, branch office certificates, nonresident electronic security system monitoring permits, and electronic security system operator, supervisor, salesperson, and technician licenses. (Secs. 4749.24(A)(2) and (3).)

#### **Certification standards**

The Director also is responsible for establishing certification standards for electronic security system instructors, including instructors who are not residents of this state. The standards may reference the appropriate instructor certification used by the national burglar and fire alarm association. The Director certifies electronic security system schools, training programs, instructors, and nonresident instructors as required by the bill. (Secs. 4749.24(A)(4) and (A)(5).)

#### **Applicant registry**

The Director must compare annually information in the registry of applicants, permittees, and licensees with the state crime registry. (Sec. 4749.24(A)(6).)

### **Fee structure**

The Director is responsible for holding hearings biennially to determine a fee structure to carry out the bill's provisions. The fees must include a single fee for applicants who apply for multiple licenses or permits and are not to exceed the prorated district costs of administering and enforcing the bill's provisions. (Sec. 4749.24(A)(7).)

### **Determine offenses**

The Director is to determine the types of offenses, in addition to those listed in the bill, that constitute disqualifying offenses for which the Director may deny or revoke a license or temporary permit. (Sec. 4749.24(A)(8).)

### **Annual report**

With the advice of the Commission, the Director must submit an annual report to the Governor and the General Assembly. The annual report is to include the cost of administering the bill's provisions, an evaluation of the effectiveness of the bill's provisions in protecting the public interest, the length of time it takes to conduct criminal background checks, the number and type of each permit issued, information regarding the enforcement actions taken with respect to the bill's provisions, and any other relevant information. (Sec. 4749.24(A)(9).)

### **Director's discretionary powers**

Under the bill, the Director may adopt and enforce reasonable rules relative to the exercise of the Director's powers and authority, and proper rules to govern the Director's proceedings and regulate the manner of investigations and hearings. The Director has authority to amend and modify any of the rules, and may employ people as needed to administer the bill's provisions. (Sec. 4749.24(B).)

### **License application procedures and requirements**

#### **Procedures**

Under the bill, applicants for electronic security system operator, supervisor, salesperson, and technician licenses must be affiliated with an electronic security system company. A person may apply for more than one type of license for a single fee.

To apply for a license, an applicant must submit to the Director a fully completed, signed, and sworn application on a form prescribed by the Director; two sets of classifiable fingerprints; two passport size photographs; the application fee; a written statement from the applicant's employer or prospective employer

that states that the employer has made a reasonable effort to verify the work history information of the applicant; and a written statement by a certified electronic security system instructor or school verifying that the applicant has successfully completed training and passed an examination required for each type of licensure that the applicant is requesting. (Sec. 4749.25(A).)

### **Classroom training requirements**

An applicant for an electronic security system license must complete minimum training requirements. Any classroom training that is required must be in a program approved by the Director. The number of hours and content of training programs varies depending on the type of licensure sought, summarized as follows:

Technician License: 18 hours in classroom training that covers regulation overview, industry overview, basic electricity, standards, detectors and sensors, controls, communications, job planning, false alarm prevention, and job safety. (Sec. 4749.25(A)(2).)

Salesperson license: ten hours in classroom training that includes regulation overview, industry overview, problem identification, needs analysis, presentation, site survey, sensors, control panels, communications, and false alarm prevention. (Sec. 4749.25(A)(3).)

Operator supervisor license: seven hours in classroom training that covers regulation, industry, and electronic security system overviews, signal types, standards, central station systems and procedures, and false alarm prevention. In addition, the person must be at least eighteen years of age. (Sec. 4749.25(A)(4).)

System operator license: eight hours of on-the-job training under the direct supervision of a licensed electronic security system operator supervisor. (Sec. 4749.25(A)(5).)

### **Director's duties in application process**

Upon receipt of a completed application, the Director must submit the fingerprint card to the Bureau of Criminal Identification and Investigation and the Federal Bureau of Investigation to obtain criminal background checks. The Director may receive all background information directly. Upon receipt of the background information, the Director must issue a license if that information does not disqualify the applicant as determined by rules adopted pursuant to the bill. (Sec. 4749.25(A)(6).)

## **Permits, Licenses, and Certification**

### **Temporary permit**

The bill provides procedures for the Director to issue temporary permits, which are valid for two years and nonrenewable, to enable a person to act as an electronic security system operator, operator supervisor, salesperson, or technician. An applicant must apply to the Director for a temporary permit within 60 days of the person's first day of work with an electronic security system company. The applicant for a permit has to submit all of the information required of persons for licensure except for the statement attesting that the person has completed the requisite training. An applicant may apply for more than one type of permit. The Director is to follow the procedure prescribed for granting a license in determining whether to issue a permit. (Sec. 4749.25(B).)

### **The license**

Any license or temporary permit issued pursuant to the bill must contain a photograph of the licensee or permittee and identify the electronic security system services that person may perform. The licensee or permittee must carry the license or temporary permit in a manner prescribed by the Director. (Sec. 4749.25(C).)

### **Certification of schools and programs**

Electronic security training schools and programs must receive certification from the Director of Commerce. The Director must certify an applicant that applies for certification on forms provided by the Director, provides evidence that all of its electronic security instructors are certified, submits proof that each of the officers of the entity applying for certification, or the named Director, holds at least one type of license established under the bill, and provides for its students or trainees a curriculum sufficient to meet the training standards required for each type of electronic security system license. (Sec. 4749.26(A).)

### **Certification for instructors**

The bill requires any person acting as an instructor in a certified training school or program to be certified as an instructor. Applications for certification as an electronic security system instructor must be filed on forms provided by the Director and include information on work history, instructor experience, and other relevant training. The Director must certify all qualified applicants as determined by rules adopted pursuant to the bill. If the Director does not issue a certificate, the Director must provide the applicant a written explanation for the decision. (Sec. 4749.26(B).)

The Director is required to establish, by rule, the length of time that an instructor training certification or a training school certification remains valid and the procedures for the renewal of that certificate. (Sec. 4749.26(C).)

### **Electronic security company requirements**

#### **License**

The bill requires any company that operates as an electronic security company to obtain a license to conduct business. An applicant for that license must submit an application to the Director of Commerce on a form provided by the Director, and submit a certificate of insurance that provides evidence that the person complies with the requirements of the bill. (Sec. 4749.27(A).)

After an investigation or further inquiry by the Director, the Director must issue the license to an applicant that meets the standards established by rule. The license must include the licensee's name, license number, the expiration date of the license, the functions that the electronic security system company is licensed to perform, and any other information the Director determines necessary.

Licenses must be displayed at all times in the place of business, in clear and unobstructed public view. No licensee may conduct business activities governed by the bill unless the company name is listed on the license. All forms of advertising and all written bids or offers to provide services must include the license number of the company. (Sec. 4749.27(B).)

#### **Branch office certificate**

The bill requires that each branch office of an electronic security system company be listed on the license application. Upon payment by the company of the applicable fee, the Director must issue a branch office certificate for each branch office. The branch office certificate must be displayed at all times and in clear and unobstructed public view in each branch office. (Sec. 4947.27(C).)

#### **Insurance**

A licensed electronic security system company must file with the Director of Commerce and maintain a certificate of general liability insurance coverage of not less than one million dollars. The bill explicitly states that nothing in the bill affects the rights of the insured to negotiate contract limitations with third parties, including customers of the insured.

The Director must be named as the certificate holder on insurance policies for notification of cancellation or amendment purposes. Upon receipt of information from a policy holder's insurance company that will adversely affect

the insured, the Director will forward that information to the insured by mail. (Sec. 4947.27(D).)

### **Supervision**

The bill requires any electronic security system company that provides electronic security operation, dispatching, or monitoring services to have at least one operator supervisor who physically supervises electronic security system operators any time that monitoring takes place. (Sec. 4947.27(E).)

### **Access to information**

The Commission on Electronic Security System Regulation must allow any electronic security system company with a current, valid license access to an individual licensee's name, date of birth, social security number, license number, employment history, and status of license as contained in the registry of individual licensees maintained by the Commission, subject to rules the Director establishes. (Sec. 4947.27(F).)

### **Non-licensed employees**

The bill requires any person employed by an electronic security system company who is not required to be licensed or to hold a permit, but who has access to security information in the course of business to submit to and pass a background check as required for licensees. (Sec. 4947.27(G).)

### **Duty to provide information**

A licensed company must notify the Director in writing within 60 days after any change to the information contained on the company's application for licensure. Within 30 days of the date of a hire or termination, a company licensed must notify the Director of the name and license or permit number of each licensee or permit holder who has been hired or terminated. (Secs. 4749.27(H) and (I).)

Within 30 days after a company receives information that adversely affects a licensee's or permittee's eligibility to hold a license, the company must notify the Director of the name and license number of the licensee or the name and number of the permittee, and the information that adversely affects the person's eligibility. (Sec. 4749.27(J).)

Within 30 days after a company ceases to perform as a security service company on a regular basis, the company must send the Director, by certified mail, a notification that the company has ceased business as an electronic security service company. The notice must contain information on all electronic security

service company licenses and branch certificates that are affected by that cessation of business. (Sec. 4749.27(K).)

### **Non-resident licensure**

A person who is not a resident of this state who is licensed as an electronic security system trainer, operator, salesperson, technician, or the equivalent, in another state may apply for a license or temporary permit. The Director may waive the education and examination requirements for licenses and temporary permits for non-residents if the state in which the applicant is licensed has licensure requirements similar to this state. The non-resident must apply to the Director on a form provided by the Director, provide satisfactory proof that licensure in the nonresident's state is similar to the licensing in this state, and pay the requisite fee. (Sec. 4947.28(A).)

### **Nonresident monitoring permit**

The Director may issue a nonresident electronic security system monitoring permit to allow persons with no physical presence in this state to do electronic security system monitoring in this state. The Director may issue a permit to a person who notifies the Director of the person's monitoring activities, demonstrates completion of the training required by monitors or the equivalent, adheres to insurance requirements, and pays the requisite fee. (Sec. 4947.28(B).)

### **Validity of licenses**

Under the bill, licenses to work as an electronic security system operator, operator supervisor, salesperson, or technician are valid for a term of two years from the date of issue or renewal unless the director suspends or revokes the license pursuant to procedures in the bill. If the Director finds that the applicant is in compliance with the requirements of the bill, the Director must renew the license in accordance with the standard license renewal procedure in Chapter 4745. of the Revised Code, upon payment of the renewal fee. If a licensee fails to renew a license prior to its expiration date, that person must obtain a new license pursuant to procedures for new license applications. (Sec. 4947.29(A).)

### **Continuing education requirements**

The bill requires that licensed persons complete specified amounts of continuing education as a condition for license renewal. To renew a license, a licensee must have completed in the preceding two-year period at a certified training school or in a certified training program, not less than 18 hours to renew a license as an electronic security system technician, and not less than eight hours to

renew a license as a salesperson, system operator, or system operator supervisor. (Sec. 4947.29(B).)

### **Validity of security system company license**

A license issued to conduct business as an electronic security system company is valid for a term of five years from the date of issuance or renewal unless suspended or revoked. If the Director finds the applicant is in compliance with requirements, the Director will renew an license in accordance with the standard license renewal procedure set forth in Chapter 4745. of the Revised Code upon payment of the renewal fee. If an electronic security system company licensee fails to renew a license prior to its expiration date, that licensee must obtain a new license in accordance with procedure for applicants for new licenses. (Sec. 4947.29(C).)

All branch company certificates affiliated with an electronic security system company license expire under the bill at the same time as the company license but may be renewed according to the procedures applicable for obtaining a new certificate (sec. 4749.29(C)(2)).

### **Disciplinary measures**

The Director of Commerce may, pursuant to Chapter 119. procedures, impose any of the following disciplinary measures on any certificate holder, permittee, or licensee that is found to have committed any act that is prohibited by the bill: issue a reprimand; deny, suspend, or revoke a permit, certificate, or license; impose probationary conditions; or impose a fine not to exceed \$1,000 for each offense. (Sec. 4749.30(A).)

A person commits a prohibited act under the bill if the person commits fraud or misrepresentation in applying for a license, permit, or certificate; is convicted of a crime directly related to the performance of holding a license, permit, or certificate, including any crime involving dishonesty or corruption; engages in the unauthorized release of security information in violation of rules; commits fraud, deceit, or material and repeated misconduct related to electronic security services; fails to maintain insurance as required; fails or refuses to cooperate with an authorized representative of the agency engaged in an official investigation pursuant to authority under the bill; fails to adequately supervise electronic security system personnel so that the public health or safety is at risk; interferes with an investigation or disciplinary proceeding by willful misrepresentation of facts or by the use of threats or harassment; or fails to return to an electronic security system employer, in a timely manner, uniforms, tools, or other equipment belonging to the employer upon the employer's request. (Sec. 4947.30(B).)

### **Suspension of license, certificate, or permit**

The Director is required to suspend immediately any permit, certificate, or license of a person whose record indicates a conviction for any disqualifying offense that the Director has determined, pending the final disposition of a hearing in accordance with Chapter 119. of the Revised Code. (Sec. 4947.30(C).)

The Director may, based on the Director's own initiative or on complaints submitted in writing, investigate alleged violations of any provision of the bill or rules adopted pursuant to it. If the Director determines, upon investigation, that there is reason to believe a violation occurred, the Director must prepare a statement of charges and serve that statement on the person investigated and that person's employer. The statement must include a notice that the person may request a hearing in accordance with Chapter 119. of the Revised Code within 30 days of receipt of the notice. Failure to request a hearing results in default. A hearing must be scheduled no fewer than 30 days after the receipt of the request for a hearing. An appeal of the results of that hearing must be made in writing to the Commission on Electronic Security System Regulation no later than ten days after a decision is rendered by the Director. (Sec. 4947.31(A).)

### **Judicial relief**

The Director may make application to the court of common pleas for an order enjoining any violation. Upon a showing by the Director that a person has committed or is about to commit a violation, the court is required to grant an injunction, restraining order, or other appropriate relief. (Sec. 4947.31(B).)

### **Authority to compel information by subpoena**

In conducting any investigation, the Director may compel, by subpoena, witnesses to testify in relation to any matter over which the Director has jurisdiction and may require the production of any book, record, or other document pertaining to the matter. If a person fails to file any statement or report, obey any subpoena, give testimony, produce any book, record, or other document as required by the subpoena, or permit photocopying of any book, record, or other document subpoenaed, the court of common pleas of any county, on application made to it by the Director, is required to compel obedience by attachment proceedings for contempt. (Sec. 4947.31(C).)

### **Authority to issue cease and desist order**

If the Director determines that a person is engaged in, or is believed to be engaged in activities that constitute a violation of the provisions of the bill or the rules adopted under it, the Director, after notice and a hearing conducted in

accordance with Chapter 119. of the Revised Code, may issue a cease and desist order, which is enforceable in the court of common pleas. (Sec. 4947.31(D).)

**Exemptions from bill's provisions**

The provisions of the bill do not apply to any of the following:

- An officer or an employee of the United States, this state, or any political subdivision, while that person is performing official duties;
- Equipment manufacturers not providing direct sales, monitoring, installation, or service of electronic security systems to electronic security system users;
- Equipment distributors not providing direct sales, monitoring, installation, or service of electronic security systems to users;
- Persons licensed under Chapter 4703. as an architect or by Chapter 4733. as a professional engineer or surveyor, who do not provide direct sales, monitoring, installation, or service of electronic security systems to users;
- Telephone installers or dealers who do not provide direct sales, monitoring, installation, or service of electronic security systems or electronic security system users;
- Telemarketing personnel who do not provide direct sales, monitoring, installation, or service of electronic security systems to users and who are limited to telemarketing and scheduling appointments;
- Electrical contractors licensed under Chapter 4740. of the Revised Code or general contractors who provide direct sales, monitoring, installation, or service of electronic security systems to electronic security system users;
- Locksmiths who do not provide direct sales, monitoring, installation, or service of electronic security systems to users but who may provide single point alarm functions at an entrance or exit that are not part of an electronic security system provided by the locksmith;
- Retail merchants or catalog sales operations not offering or providing consultation, electronic security system site visits, installation, or service of the electronic security systems;

- Individual property owners or renters of residential property who personally install an alarm system within the owner's or renter's residence or other building not open to the public;
- Hospitals or hospital affiliates monitoring or performing minor maintenance of alarm systems solely for the hospital's own use;
- Hospitals or hospital affiliates providing medical alert or medical monitoring services. (Sec. 4749.32.)

### **Fees and fines**

The bill requires the Director of Commerce to deposit all fees and fines collected into the electronic security systems fund, which the bill creates in the state treasury. The Director may use the fund solely for the administration and enforcement of the provisions of the bill. (Sec. 4749.33.)

### **Penalties**

Unless exempt, any person who violates the provisions of the bill or the rules adopted under it is guilty of a misdemeanor of the first degree. (Sec. 4749.99(C).)

Any person who fails to comply with a sanction imposed by the Director must pay a criminal penalty, as determined by a court of competent jurisdiction, of not more than \$25,000, or be imprisoned for up to one year, or both. (Sec. 4947.99(D).)

### **Definitions**

The bill includes the following definitions (sec. 4749.21):

"Electronic security system" means an assembly of electronic equipment and devices, which may include access control and closed circuit television, that for its main purpose detects threats, intrusions, or security violations that jeopardize the safety of life or property.

"Electronic security system company" means any sole proprietor, partnership, association, limited liability company, limited liability partnership, or corporation that sells, leases, rents, designs, plans, installs, monitors, maintains, repairs, tests, inspects, or investigates electronic security alarms or provides any combination of those services related to electronic security systems.

"Electronic security system operator" means an individual who monitors, receives, and retransmits information from an electronic security system.

"Electronic security system operator supervisor" means an individual who supervises electronic security system operators.

"Electronic security system salesperson" means an individual who provides sales, leasing, or rental of electronic security system applications at the premises of the consumer.

"Electronic security system technician" means an individual who performs installation and repair of electronic security systems.

"Person" means an individual, corporation, partnership, association, limited liability partnership, or limited liability corporation.

"Security information" means information specific to a customer's account or a customer's site monitored by an electronic security company, including, but not limited to, a password or passcode, wiring diagrams, and the type of security system installed at the customer's site.

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## **HISTORY**

ACTION	DATE	JOURNAL ENTRY
Introduced	12-11-01	p. 1177

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