



Oregon

Tina Kotek, Governor

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To: Senate Committee On Judiciary

From: Department of Public Safety Standards and Training (DPSST)

Re: Senate Bill 300, Relating to private security services

DPSST has no position on Senate Bill 300. The following testimony provides background information and technical review as it would apply to implementation of the bill.

Summary: SB 300 modifies the definition of a private security entity for the purposes of the licensing requirements that apply to persons who employ private security providers. The modification redefines a private security entity to focus the licensing requirement on persons who are engaged in the business of providing private security professionals for contracted private security services.

Background: The private security entity licensing program was established in 2021 under House Bill 2527 and became operative on January 1, 2024. DPSST is responsible for establishing the standards and procedures for the licensing of private security entities.

HB 2527 requires DPSST to conduct an investigation of each applicant's character, competence and reliability before issuance or renewal of a private security entity license. HB 2527 and the rules adopted by the agency include the following requirements for a private security entity license:

- Be the principal owner or principal partner who exercises operational control over the entity
- Register the entity as a business with the Secretary of State
- Be in compliance with business tax requirements
- Designate an executive manager licensed by DPSST
- Successfully pass an applicant examination for licensure related to the applicant's knowledge of the entity's responsibility to prevent sexual assault, sexual harassment and discrimination in the workplace
- Be covered by a general liability insurance policy for which the applicant is a primary insured that includes public liability, personal injury and property damage insurance covering all aspects of the private security services being provided
- Provide proof of the ability to pay wages for private security providers in the form of a corporate surety bond, a cash deposit or a deposit the equivalent of cash
- Demonstrate the existence of use of force and citizen arrest policies, unless the private security entity exclusively monitors alarm systems

- When employing armed private security professionals, ensure the armed professional has completed a firearms qualification for each make, model and caliber of firearm that will be used in the course of employment with that entity
- Ensure private security employees receive regular training on:
 - Preventing sexual assault and sexual harassment in the workplace
 - Preventing discrimination in the workplace and promoting cultural competency
 - Protections for employees who report a violation of a state or federal law, rule or regulation
- Provide private security employees with statements that detail employee rights, terms and conditions of employment, and earnings
- Provide to DPSST:
 - Any claims for unpaid wages that have been made against the applicant within the preceding two years
 - The names and addresses of all persons financially interested in the entity
 - The physical address of the work location or locations at which private security services are provided
 - By work location, the names of private security entities that are contracted or subcontracted with the applicant, if applicable

Private security providers have been subject to certification and licensing requirements since the 1990s. The Board on Public Safety Standards and Training is responsible for establishing the standards for private security provider certifications and licenses. This is done in consultation with the Private Security Policy Committee. DPSST carries out the procedures for implementation and compliance with the standards set by the Board.

A private security provider is defined in statute as any individual who performs the functions of a private security professional, executive manager, supervisory manager or instructor. A private security professional is defined as an individual who performs, as the individual's primary responsibility, private security services for consideration, regardless of whether the individual, while performing the private security services, is armed or unarmed or wears a uniform or plain clothes, and regardless of whether the individual is employed part-time or full-time to perform private security services.

DPSST offers four private security professional certifications (Alarm Monitor Private Security Professional, Armed Private Security Professional, Event and Entertainment Private Security Professional, and Unarmed Private Security Professional), three instructor certifications (Alarm Monitor Private Security Instructor, Private Security Firearms Instructor, and Unarmed Private Security Instructor), and the executive manager and supervisory manager licenses.

Effect: Changing the definition of a private security entity as proposed will change DPSST's regulatory authority as it applies to employers of private security providers. The proposed bill language has the effect of narrowing the definition of a private security entity to anyone who provides private security professionals to perform private security services for others. The

proposed language would have the effect of excluding any entity that employs private security professionals solely for use of and service to itself and not for others.

The bill maintains the current private security entity definition exclusion for a special campus security provider commissioned under ORS 352.118 or a private security provider on a campus of an institution of higher education regulated under ORS 181A.972.

Entities that will no longer be subject to the private security entity licensing requirements will still have to follow the certification and licensure requirements that apply to private security providers. The bill will not change the certification and licensure requirements for individual private security providers. It will continue to be unlawful for an individual to engage in the business of or perform any service as a private security professional, instructor, executive manager, or supervisory manager without a DPSST private security certification or license. A person who employs someone to perform private security services will remain subject to civil penalties if they do not have an executive manager and the employees who are performing private security services are not certified or licensed private security providers.

Budget: The bill will have a fiscal impact on the agency. The private security entity licensure program is a fee-based program. All of the expenses for administration and compliance are covered by the fee for licensure. The bill will reduce the number of licensees which will require adjustments to the agency's budget, review of the program's position authority (FTE), and may result in a change to the fee for the license. At this time, the agency is still collecting data to measure the fiscal impact.

Potential Issue: The effective date may have unintended consequences for the agency and constituents. The effective date of the measure would be the 91st day following sine die, approximately the end of September 2025. The private security entity license is an annual license. The licensing period is defined in rule as July 1st through June 30. The licensure renewal period begins on May 1, 2025. Licensing fees and civil penalty fees are non-refundable and non-transferable.

Based on the current effective date of the bill, there would be entities renewing their license or applying for an initial license who would need the license to be in compliance with the current regulation but no longer included in the definition of an entity a few months later when the bill becomes effective. This could result in compliance issues for the agency, further confusion about the licensing requirements, and unintended costs for the constituents who would become exempt from the entity license.

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Questions or requests for additional information may be directed to Jennifer Howald, DPSST Legislative Coordinator, at Jennifer.howald@dpsst.oregon.gov.