

# SENATE BILL REPORT

## ESSB 5359

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As Passed Senate, February 10, 1996

**Title:** An act relating to self-employment for unemployed claimants.

**Brief Description:** Creating a self-employment income support program.

**Sponsors:** Senate Committee on Labor, Commerce & Trade (originally sponsored by Senators Sheldon, Cantu, Rasmussen, Winsley and A. Anderson).

**Brief History:**

**Committee Activity:** Labor, Commerce & Trade: 1/26/95, 2/22/95 [DPS]; 2/1/96 [DPA]  
Passed Senate, 3/13/95, 46-0; 2/10/96, 45-3.

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### SENATE COMMITTEE ON LABOR, COMMERCE & TRADE

**Majority Report:** Do pass as amended.

Signed by Senators Pelz, Chair; Heavey, Vice Chair; Franklin, Fraser and McDonald.

**Staff:** Jack Brummel (786-7428)

**Background:** Many unemployed individuals have the potential for self-sufficiency through self-employment. Washington was one of two states chosen by the federal Department of Labor to operate a pilot self-employment program for unemployed workers most likely to exhaust their unemployment benefits. The three-year evaluation of the program has found that: (1) over 70 percent of the new businesses are still in operation; (2) employment in the new businesses is increasing at about 10 percent per year; and (3) average hourly wages for employees of the new businesses are \$4 per hour higher than wages paid by control group businesses. Based on the success of the pilot, Congress has authorized the use of unemployment compensation for self-employment efforts provided UI program costs do not exceed those the state would have otherwise incurred.

**Summary of Bill:** Unemployed individuals that are likely to exhaust regular unemployment benefits may participate in a self-employment assistance program, and be exempt from the requirements relating to availability for work, active search for work, and refusal to accept suitable work. Such programs must include entrepreneurial training, business counseling, and technical assistance. Participants in a self-employment assistance program receive a self-employment allowance instead of unemployment benefits. Income earned from self-employment is not deducted from the weekly benefit amount received by a participant.

No individual employer will have their experience rating affected by self-employment allowance charges beyond the charges for the average number of weeks paid for all claimants.

The Commissioner of Employment Security is not obligated to spend departmental funds for the operation of self-employment assistance programs unless specific federal or state funding is provided. The commissioner is authorized to make rules related to the act.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** The bill allows us to implement a federal law that other states are implementing. It provides the training support needed for unemployed people to become self-sufficient and allows unemployed individuals who are most likely to use up all their benefits to start a business without being penalized. While this a good program, there are concerns about the department's capacity to administer it.

**Testimony Against:** None.

**Testified:** PRO: Dale Zeigler, Employment Security; Corrine Tobeck, Tobeck Event Planning; Emily Duncan, Snohomish County Private Industry Council; Clif Finch, AWB.