
ENGROSSED SUBSTITUTE SENATE BILL 5359

State of Washington

54th Legislature

1995 Regular Session

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

Read first time 02/24/95.

1 AN ACT Relating to self-employment for unemployed claimants;
2 amending RCW 50.16.030; adding a new chapter to Title 50 RCW; and
3 creating new sections.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that the passage of
6 the North American free trade agreement offers both substantial
7 opportunities for economic growth for the state and the potential for
8 displacement of workers. To assist unemployed individuals in taking
9 advantage of these opportunities, the federal government has authorized
10 states to establish a self-employment assistance program as part of the
11 state's unemployment insurance program. The legislature finds that the
12 establishment of a self-employment assistance program would create new
13 businesses and job opportunities in Washington state.

14 NEW SECTION. **Sec. 2.** (1) An unemployed individual is eligible to
15 participate in a self-employment assistance program if it has been
16 determined that he or she:

17 (a) Is otherwise eligible for regular unemployment benefits as
18 defined in RCW 50.22.010(5);

1 (b) Has been identified as likely to exhaust regular unemployment
2 benefits under a profiling system established by the commissioner as
3 defined in P.L. 103-152;

4 (c) Is enrolled in a self-employment assistance program that is
5 approved by the commissioner, and includes entrepreneurial training,
6 business counseling, and technical assistance; and

7 (d) Is actively engaged on a full-time basis in activities relating
8 to the establishment of a business and becoming self-employed. The
9 self-employment assistance program administrators will determine
10 whether the claimant is engaged on a full-time basis.

11 (2) Individuals participating in a self-employment assistance
12 program approved by the commissioner are eligible to receive a self-
13 employment allowance in lieu of regular benefits, payable in the same
14 weekly benefit amount, at the same interval, on the same terms, and
15 subject to the same conditions as regular unemployment benefits, except
16 that:

17 (a) The requirements of RCW 50.20.010(3) and 50.20.080 relating to
18 availability for work, active search for work, and refusal to accept
19 suitable work are not applicable to such individual;

20 (b) Income earned from self-employment shall not be considered
21 remuneration and shall not be deductible from the weekly benefit amount
22 by reason of the application of RCW 50.20.130; and

23 (c) An individual who meets the requirements of this chapter is
24 considered to be "unemployed" under RCW 50.04.310 and 50.20.010.

25 (3) An individual who fails to participate in his or her approved
26 self-employment assistance program or who fails to actively engage on
27 a full-time basis on activities relating to establishing a business
28 shall be disqualified from self-employment allowances for the week such
29 failure occurs. This individual may be eligible for regular benefits
30 for such week if he or she meets all eligibility requirements for
31 regular benefits.

32 (4) Benefits paid under chapter . . . , Laws of 1996 (this act) that
33 exceed the average number of weeks paid for all claimants, based on the
34 most recent data published by the employment security department on the
35 effective date of the initial determination, shall not be charged to
36 the experience rating account of any contribution paying employer.

37 NEW SECTION. **Sec. 3.** The commissioner shall take all steps
38 necessary in carrying out this chapter to assure collaborative

1 involvement of interested parties in program development, and to ensure
2 that the self-employment assistance programs and self-employment
3 allowances meet all federal criteria for withdrawal from the
4 unemployment fund. The commissioner may approve, as self-employment
5 assistance programs, existing self-employment training programs
6 available through community colleges, private industry councils, or
7 other organizations and is not obligated by chapter . . . , Laws of 1995
8 (this act) to expend any departmental funds for the operation of self-
9 employment assistance programs, unless specific funding is provided to
10 the department for that purpose through federal or state
11 appropriations. No payments to individuals shall be made under this
12 chapter until such time as a plan for such payments is approved by the
13 Unites States department of labor.

14 **Sec. 4.** RCW 50.16.030 and 1983 1st ex.s. c 7 s 1 are each amended
15 to read as follows:

16 (1) Moneys shall be requisitioned from this state's account in the
17 unemployment trust fund solely for the payment of benefits, self-
18 employment allowances, and repayment of loans from the federal
19 government to guarantee solvency of the unemployment compensation fund
20 in accordance with regulations prescribed by the commissioner, except
21 that money credited to this state's account pursuant to section 903 of
22 the social security act, as amended, shall be used exclusively as
23 provided in RCW 50.16.030(5). The commissioner shall from time to time
24 requisition from the unemployment trust fund such amounts, not
25 exceeding the amounts standing to its account therein, as he deems
26 necessary for the payment of benefits for a reasonable future period.
27 Upon receipt thereof the treasurer shall deposit such moneys in the
28 benefit account and shall issue his warrants for the payment of
29 benefits solely from such benefits account.

30 (2) Expenditures of such moneys in the benefit account and refunds
31 from the clearing account shall not be subject to any provisions of law
32 requiring specific appropriations or other formal release by state
33 officers of money in their custody, and RCW 43.01.050, as amended,
34 shall not apply. All warrants issued by the treasurer for the payment
35 of benefits, self-employment allowances, and refunds shall bear the
36 signature of the treasurer and the countersignature of the
37 commissioner, or his duly authorized agent for that purpose.

1 (3) Any balance of moneys requisitioned from the unemployment trust
2 fund which remains unclaimed or unpaid in the benefit account after the
3 expiration of the period for which sums were requisitioned shall either
4 be deducted from estimates for, and may be utilized for the payment of,
5 benefits and self-employment allowances during succeeding periods, or
6 in the discretion of the commissioner, shall be redeposited with the
7 secretary of the treasury of the United States of America to the credit
8 of this state's account in the unemployment trust fund.

9 (4) Money credited to the account of this state in the unemployment
10 trust fund by the secretary of the treasury of the United States of
11 America pursuant to section 903 of the social security act, as amended,
12 may be requisitioned and used for the payment of expenses incurred for
13 the administration of this title pursuant to a specific appropriation
14 by the legislature, provided that the expenses are incurred and the
15 money is requisitioned after the enactment of an appropriation law
16 which:

17 (a) specifies the purposes for which such money is appropriated and
18 the amounts appropriated therefor,

19 (b) limits the period within which such money may be obligated to
20 a period ending not more than two years after the date of the enactment
21 of the appropriation law, and

22 (c) limits the amount which may be obligated during a twelve-month
23 period beginning on July 1st and ending on the next June 30th to an
24 amount which does not exceed the amount by which (i) the aggregate of
25 the amounts credited to the account of this state pursuant to section
26 903 of the social security act, as amended, during the same twelve-
27 month period and the thirty-four preceding twelve-month periods,
28 exceeds (ii) the aggregate of the amounts obligated pursuant to RCW
29 50.16.030(4), (5) and (6) and charged against the amounts credited to
30 the account of this state during any of such thirty-five twelve-month
31 periods. For the purposes of RCW 50.16.030(4), (5) and (6), amounts
32 obligated during any such twelve-month period shall be charged against
33 equivalent amounts which were first credited and which are not already
34 so charged; except that no amount obligated for administration during
35 any such twelve-month period may be charged against any amount credited
36 during such a twelve-month period earlier than the thirty-fourth
37 twelve-month period preceding such period: PROVIDED, That any amount
38 credited to this state's account under section 903 of the social
39 security act, as amended, which has been appropriated for expenses of

1 administration, whether or not withdrawn from the trust fund shall be
2 excluded from the unemployment compensation fund balance for the
3 purpose of experience rating credit determination.

4 (5) Money credited to the account of this state pursuant to section
5 903 of the social security act, as amended, may not be withdrawn or
6 used except for the payment of benefits, self-employment allowances,
7 and for the payment of expenses of administration and of public
8 employment offices pursuant to RCW 50.16.030(4), (5) and (6).

9 (6) Money requisitioned as provided in RCW 50.16.030(4), (5) and
10 (6) for the payment of expenses of administration shall be deposited in
11 the unemployment compensation fund, but until expended, shall remain a
12 part of the unemployment compensation fund. The commissioner shall
13 maintain a separate record of the deposit, obligation, expenditure and
14 return of funds so deposited. Any money so deposited which either will
15 not be obligated within the period specified by the appropriation law
16 or remains unobligated at the end of the period, and any money which
17 has been obligated within the period but will not be expended, shall be
18 returned promptly to the account of this state in the unemployment
19 trust fund.

20 NEW SECTION. **Sec. 5.** If any part of this act is found to be in
21 conflict with federal requirements that are a prescribed condition to
22 the allocation of federal funds to the state or the eligibility of
23 employers in this state for federal unemployment tax credits, the
24 conflicting part of this act is hereby declared to be inoperative
25 solely to the extent of the conflict, and such finding or determination
26 shall not affect the operation of the remainder of this act. The rules
27 under this act shall meet federal requirements that are a necessary
28 condition to the receipt of federal funds by the state or the granting
29 of federal unemployment tax credits to employers in this state.

30 NEW SECTION. **Sec. 6.** The commissioner may adopt rules as
31 necessary to address the relationship of chapter . . . , Laws of 1995
32 (this act) to eligibility for conventional unemployment insurance
33 benefits, definitions, program eligibility, program review, and
34 compliance with applicable federal laws and regulations.

1 NEW SECTION. **Sec. 7.** Sections 1 through 3 of this act shall
2 constitute a new chapter in Title 50 RCW.

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