

SENATE BILL REPORT

SSB 5653

As Amended by House, April 6, 2007

Title: An act relating to the establishment of a self-employment assistance program.

Brief Description: Authorizing the development of self-employment assistance programs.

Sponsors: Senate Committee on Economic Development, Trade & Management (originally sponsored by Senators Kauffman, Kastama, Brown, Berkey, Rockefeller, Keiser, Franklin, Kohl-Welles and Shin).

Brief History:

Committee Activity: Economic Development, Trade & Management: 1/30/07, 2/21/07 [DPS-WM].

Ways & Means: 3/05/07 [DPS(EDTM)].

Passed Senate: 3/13/07, 46-0.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & MANAGEMENT

Majority Report: That Substitute Senate Bill No. 5653 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Zarelli, Ranking Minority Member; Clements, Kauffman and Shin.

Staff: Jack Brummel (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5653 as recommended by Committee on Economic Development, Trade & Management be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hatfield, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

Staff: Paula Moore (786-7449)

Background: The U.S. Department of Labor funded pilot projects in Washington and Massachusetts from 1989 to 1991, providing self-employment assistance to unemployed workers. The results showed that self-employment assistance efforts for those who self-select

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as wanting to start a business were cost effective for the participant, the federal government, and society as a whole.

Congress enacted legislation in 1993, permitting states to adopt self-employment allowance provisions as part of their state unemployment insurance laws.

A number of states have implemented self-employment assistance programs consistent with the guidelines established by the Department of Labor. These programs essentially allow individuals receiving unemployment benefits, who have been identified as likely to be unemployed long term, the opportunity to establish a microenterprise. Participants receive benefit payments during their unemployment insurance eligibility period while engaged in business training and the startup of a business.

Summary of Substitute Bill: Individuals enrolled in self-employment assistance programs approved by the Commissioner of Employment Security are eligible to continue receiving regular unemployment insurance benefits if they have been identified by the department as likely to exhaust their regular unemployment insurance benefits. Enrollment in a self-employment assistance program satisfies the weekly work search requirement that an individual must do to be eligible to receive weekly benefits.

Enrollment in a self-employment assistance program does not entitle the enrollee to any additional benefit payments. The Commissioner of the ESD must approve the self-employment assistance programs. The department is not obligated to expend any funds on providing the self-employment assistance programs. Persons completing a self-employment program may not directly compete with their former employer. The effective date of the act is January 1, 2008. The act expires July 1, 2012.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill (Economic Development, Trade & Management): PRO: Training would help people start their own business. Microenterprise development is a proven tool that helps low-income individuals work their way out of poverty.

CON: Assistance should be made available to all businesses, not just those laid off. This sets up small businesses to fund the start-up of a competitor.

OTHER: This is limited to those most likely to exhaust their unemployment insurance benefits. It allows them to collect their regular weekly benefit while in the start-up phase. Between 5 and 8 percent of dislocated workers are good candidates for starting their own business.

Persons Testifying (Economic Development, Trade & Management): PRO: Senator Kauffman, prime sponsor.

CON: Carolyn Logue, National Federation of Independent Business.

OTHER: Annette Copeland, Judy Johnson, ESD.

Staff Summary of Public Testimony (Ways & Means): None.

Persons Testifying (Ways & Means): No one.

House Amendment(s): The non-compete provision is to be for a reasonable time period, not to exceed one year, and must be applied in a reasonable geographic area. By December 1, 2011, the Employment Security Department is to report on the performance of the self-employment assistance program.