

HOUSE BILL REPORT

SSB 6218

As Reported By House Committee On:
Trade, Economic Development & Housing

Title: An act relating to self-employment for low-income individuals.

Brief Description: Establishing a self-employment assistance program for low-income individuals.

Sponsors: Senate Committee on Trade, Technology & Economic Development (originally sponsored by Senators Sheldon, Bluechel, Skratek, M. Rasmussen, Erwin, McAuliffe, Oke and Winsley).

Brief History:

Reported by House Committee on:
Trade, Economic Development & Housing, February 24, 1994,
DP.

HOUSE COMMITTEE ON TRADE, ECONOMIC DEVELOPMENT & HOUSING

Majority Report: Do pass. Signed by 13 members:
Representatives Wineberry, Chair; Shin, Vice Chair;
Schoesler, Ranking Minority Member; Chandler, Assistant
Ranking Minority Member; Backlund; Campbell; Casada; Conway;
Quall; Sheldon; Springer; Valle and Wood.

Staff: Bill Lynch (786-7092).

Background: There are some successful entrepreneurial training programs in the state in which low-income people have been able to start their own businesses. No state program exists to build this capacity on the local level.

Summary of Bill: A self-employment assistance program is established in the Department of Community, Trade and Economic Development. The department will solicit and approve applications for funds from local development organizations, community action agencies and local governments to use for entrepreneurial training, small business mentoring and a revolving loan fund, to assist the small businesses of low-income persons.

Grants will be awarded to local organizations and governments on a competitive basis. Grant recipients must (1) demonstrate need for a self-employment program in the

particular community; (2) demonstrate the organization's capacity for program administration; and (3) describe the project's loan procedure, self-employment training, mentoring and support efforts.

The department may not approve grants for greater than \$75,000.

A local development organization may provide loans from awarded funds of no greater than \$5,000 per person and must devote at least 75 percent of the grant amount to this revolving loan fund.

The department will use loan payment proceeds from the development loan fund, federal community development block grant funds, federal community services block grant funds and other funds it considers appropriate to make the grants to local organizations.

Grant recipients are to report back to the department on their efforts. The department is to report to the Legislature every other year on the effectiveness of the program. The program sunsets in 1999.

Fiscal Note: Available.

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

Testimony For: These programs have been successful elsewhere. People are able to get off public assistance and run their own businesses.

Testimony Against: None.

Witnesses: Senator Betti Sheldon, prime sponsor (pro); and Mike Ryherd and Majken Ryherd Keira, Washington Association of Community Action Agencies (pro concept, expressed concern about lack of specificity on funding sources and suggested a need for technical changes for implementation.)