

**SENATE BILL REPORT**

**SB 6218**

**AS REPORTED BY COMMITTEE ON TRADE, TECHNOLOGY & ECONOMIC  
DEVELOPMENT, JANUARY 26, 1994**

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

**SPONSORS:** Senators Sheldon, Bluechel, Skratek, M. Rasmussen, Erwin, McAuliffe, Oke and Winsley

**SENATE COMMITTEE ON TRADE, TECHNOLOGY & ECONOMIC DEVELOPMENT**

**Majority Report:** That Substitute Senate Bill No. 6218 be substituted therefor, and the substitute bill do pass.

Signed by Senators Skratek, Chairman; Sheldon, Vice Chairman; Bluechel, Cantu, Erwin, M. Rasmussen and Williams.

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

**Hearing Dates:** January 21, 1994; January 26, 1994

**BACKGROUND:**

Beginning in the early 1980's, a number of programs were developed in this country and throughout the world based on the assumption that some low-income persons, many dependent on traditional welfare programs, have the potential for self-sufficiency through self-employment. These programs suggest that appropriate training and minimal financial assistance can help those possessing such potential. While our state has been involved in demonstration projects to assist unemployed persons in establishing their own businesses, no program exists to build this capacity on the local level.

**SUMMARY:**

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 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 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 to be a program administrator; 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 \$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, and federal community services block grant funds to make the grants to local organizations.

**EFFECT OF PROPOSED SUBSTITUTE:**

CTED has greater flexibility in operating the program. 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.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** requested

**TESTIMONY FOR:**

This model offers the greatest chance for success with low-income entrepreneurs. Internationally and nationally micro-enterprise development has offered the assistance poor people need to start their own businesses. A small amount of technical assistance and small amounts of money can result in big returns.

**TESTIMONY AGAINST:** None

**TESTIFIED:** PRO: Dara Fredricksen, DCD; Judy Johnson, Employment Security; Mike Dickerson, Washington Association for Community Economic Development