

# SENATE BILL REPORT

## SB 6298

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As Reported By Senate Committee On:  
Commerce & Labor, February 4, 1998

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

**Brief Description:** Assisting the unemployed to become self-employed.

**Sponsors:** Senators B. Sheldon, Winsley, Rasmussen, Anderson, Snyder and Oke.

**Brief History:**

**Committee Activity:** Commerce & Labor: 2/2/98, 2/4/98 [DPS].

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### SENATE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** That Substitute Senate Bill No. 6298 be substituted therefor, and the substitute bill do pass.

Signed by Senators Schow, Chair; Horn, Vice Chair; Anderson, Franklin, Heavey and Newhouse.

**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 (SEED) for unemployed workers most likely to exhaust their unemployment benefits. The evaluation of the program three years after its start found that: (1) over 70 percent of the new businesses were still in operation; (2) employment in the new businesses was increasing at about 10 percent per year; and (3) average hourly wages for employees of the new businesses were \$4 per hour higher than wages paid by control group businesses.

**Summary of Substitute Bill:** Unemployed individuals that are likely to exhaust regular unemployment benefits may participate in a self-employment assistance program, and be exempt for up to 52 weeks 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.

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.

**Substitute Bill Compared to Original Bill:** The original bill was not considered.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** Washington's pilot program proves that unemployed people can successfully start their own businesses with technical assistance and training.

The SEED program worked well with safeguards and so can this with appropriate safeguards.

**Testimony Against:** None.

**Testified:** Senator B. Sheldon, prime sponsor; Graeme Sackrison, Employment Security; Jeff Johnson, Washington State Labor Council; Clif Finch, AWB.