

JAN 24 2007

A BILL FOR AN ACT

RELATING TO EMPLOYMENT SECURITY LAW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to create a self-
2 employment assistance program within the department of labor and
3 industrial relations to provide unemployed individuals
4 assistance in starting their own businesses. Participation in
5 the self-employment assistance program shall be voluntary, as an
6 alternative to receiving regular unemployment insurance
7 benefits. The self-employment assistance program will allow
8 eligible unemployed individuals to receive weekly unemployment
9 insurance benefits while working full-time towards starting
10 their own businesses, rather than seeking employment.

11 SECTION 2. Chapter 383, Hawaii Revised Statutes, is
12 amended by adding a new part to be appropriately designated and
13 to read as follows:

14 "PART . **SELF-EMPLOYMENT ASSISTANCE PROGRAM**

15 **§383-A Definitions.** As used in this part:



1 "Full-time basis" means devoting the specified amount of
2 time, as prescribed by the department, necessary for an
3 individual to establish a business and become self-employed.

4 "Regular benefits" means benefits payable to an individual
5 under this chapter, including benefits payable to federal
6 civilian employees and to former members of the United States
7 armed forces pursuant to the Title 5 U.S.C. Chapter 85, other
8 than additional benefits, extended benefits, and extended
9 benefits for dislocated workers.

10 "Self-employment assistance activities" means activities
11 approved by the director in which an individual participates for
12 the purpose of establishing a business and becoming self-
13 employed, including but not limited to:

- 14 (1) Entrepreneurial training;
- 15 (2) Business counseling; and
- 16 (3) Technical assistance.

17 "Self-employment assistance allowance" means an allowance
18 payable, in lieu of regular benefits, funded by the unemployment
19 compensation fund to an individual who meets the requirements of
20 this part.

21 **§383-B Self-employment assistance program.** The department
22 shall establish a self-employment assistance program in



1 accordance with this part. Information on the self-employment
2 assistance program shall be made available to potential program
3 participants.

4 **§383-C Self-employment assistance allowance; weekly**
5 **amount; maximum.** (a) The weekly amount of the self-employment
6 assistance allowance payable to an individual shall be equal to
7 the weekly benefit amount for regular benefits otherwise payable
8 under section 383-22. The self-employment assistance allowance
9 shall also be payable to an individual at the same intervals and
10 on the same terms and conditions as regular benefits, except as
11 follows:

12 (1) The requirements of section 383-29(a), regarding being
13 available for work, actively seeking work, and
14 refusing to accept suitable work shall not be
15 applicable to the individual;

16 (2) The requirements of section 383-23 regarding
17 remuneration for services performed shall not be
18 applicable to income earned from self-employment by
19 the individual;

20 (3) The individual is considered unemployed for purposes
21 of section 383-29; and



1 (4) If the individual fails to participate in self-
2 employment assistance activities or fails to actively
3 engage on a full-time basis in establishing a business
4 and becoming self-employed the individual is
5 ineligible to receive the self-employment assistance
6 allowance for each week in which the failure occurs.

7 (b) The sum of the self-employment assistance allowances
8 paid under this part and regular benefits paid under this
9 chapter shall not exceed the maximum amount of benefits
10 established under section 383-24.

11 **§383-D Eligibility.** (a) An individual shall be eligible
12 to receive a self-employment assistance allowance if the
13 individual:

14 (1) Is eligible to receive regular benefits or would be
15 eligible to receive regular benefits except for the
16 requirements described in section 383-C(a);

17 (2) Is identified under section 383-92.5 as an individual
18 likely to exhaust regular benefits;

19 (3) Has filed an application for participation in the
20 self-employment assistance program within sixty days
21 of filing an initial claim for regular benefits and



1 furnished the department with any other information
2 the director may prescribe;

3 (4) Has, at the time the application is filed, a balance
4 of regular benefits equal to at least eighteen times
5 the individual's weekly benefits amount and at least
6 eighteen weeks remaining in the individual's benefit
7 year;

8 (5) Has been accepted into a program approved by the
9 director that will provide self-employment assistance
10 activities;

11 (6) Is participating in self-employment assistance
12 activities;

13 (7) Is actively engaged on a full-time basis in
14 establishing a business and becoming self-employed;

15 (8) Has not previously participated in a self-employment
16 assistance program; and

17 (9) Has filed a weekly claim for the self-employment
18 assistance allowance and provided any information the
19 director prescribes, including a log of self-
20 employment assistance activities.

21 (b) An individual who has received a self-employment
22 assistance allowance under this part and is terminated or



1 voluntarily leaves a self-employed assistance program may
2 receive, if otherwise eligible, regular benefits with respect to
3 the benefit year; provided that the sum of regular benefits paid
4 and self-employment assistance allowances paid with respect to
5 the benefit year shall not exceed the maximum amount payable for
6 the benefit year under section 383-24.

7 **§383-E Limitation.** The total number of individuals
8 receiving a self-employment assistance allowance at any time
9 shall not exceed five per cent of the total number of
10 individuals receiving regular benefits at that time.

11 **§383-F Costs.** Any self-employment assistance allowance
12 paid under this part shall be charged to employers as regular
13 benefits in accordance with section 383-61.

14 **§383-G Rules.** The director may adopt rules in accordance
15 with chapter 91 to carry out the purposes of this Act.

16 **§383-H Reports.** The department shall report annually to
17 the legislature on the self-employment assistance program at
18 least twenty days prior to the convening of each regular
19 session. The reports shall include the following:

20 (1) The number of individuals participating in the self-
21 employment assistance program and the number of
22 businesses developed thereunder;



- 1 (2) The cost of operating the program, compliance with
- 2 program requirements, and data related to business
- 3 income;
- 4 (3) The number of employees and wages paid in the new
- 5 businesses;
- 6 (4) The incidence and duration of unemployment after
- 7 business start-up; and
- 8 (5) Any recommendations, including proposed legislation,
- 9 on changes to the program.

10 **§383-I Applicability.** This part shall be effective for
11 the weeks beginning after the date of enactment or after any
12 plan required by the United States Department of Labor is
13 approved, whichever date is later. This part shall terminate as
14 of the effective date of the withdrawal of approval of any plan
15 required by the United States Department of Labor or as of the
16 week containing the date when federal law no longer authorizes
17 self-employment assistance programs."

18 SECTION 3. In codifying the new sections added by section
19 2 of this Act, the revisor of statutes shall substitute
20 appropriate section numbers for the letters used in designating
21 the new sections in this Act.



1 SECTION 4. This Act shall take effect upon its approval.

2

INTRODUCED BY:

Gary L. Hoover

David Y. Lee

John H. ...

J. Paul ...

Frances Chun Oakland

Jon ...

Carol ...

...

Ronald ...



Report Title:

Asset Building; Self-Employment Assistance Program

Description:

Establishes a self-employment assistance program to assist eligible unemployed individuals in starting their own businesses as an alternative to receiving regular unemployment insurance benefits.

