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# 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 to help unemployed individuals  
3 start their own businesses. Participation in the self-  
4 employment assistance program shall be voluntary, as an  
5 alternative to receiving regular unemployment insurance  
6 benefits. The self-employment assistance program will allow  
7 eligible unemployed individuals to receive weekly unemployment  
8 insurance benefits while working full-time towards starting  
9 their own businesses, rather than seeking employment.

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

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

14           **§383-A Definitions.** As used in this part:

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



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

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

- 11 (1) Entrepreneurial training;
- 12 (2) Business counseling; and
- 13 (3) Technical assistance.

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

18 **§383-B Self-employment assistance program.** The department  
19 shall establish a self-employment assistance program in  
20 accordance with this part. Information on the self-employment  
21 assistance program shall be made available to potential program  
22 participants.



1           **§383-C Self-employment assistance allowance; weekly**  
2 **amount; maximum.** (a) The weekly amount of the self-employment  
3 assistance allowance payable to an individual shall be equal to  
4 the weekly benefit amount for regular benefits otherwise payable  
5 under section 383-22. The self-employment assistance allowance  
6 shall also be payable to an individual at the same intervals and  
7 on the same terms and conditions as regular benefits, except as  
8 follows:

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

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

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

19           (4) If the individual fails to participate in self-  
20 employment assistance activities or fails to actively  
21 engage on a full-time basis in establishing a business  
22 and becoming self-employed the individual is



1 ineligible to receive the self-employment assistance  
2 allowance for each week in which the failure occurs.

3 (b) The sum of the self-employment assistance allowances  
4 paid under this part and regular benefits paid under this  
5 chapter shall not exceed the maximum amount of benefits  
6 established under section 383-24.

7 **§383-D Eligibility.** (a) An individual shall be eligible  
8 to receive a self-employment assistance allowance if the  
9 individual:

- 10 (1) Is eligible to receive regular benefits or would be  
11 eligible to receive regular benefits except for the  
12 requirements described in section 383-C(a);
- 13 (2) Is identified under section 383-92.5 as an individual  
14 likely to exhaust regular benefits;
- 15 (3) Has filed an application for participation in the  
16 self-employment assistance program within sixty days  
17 of filing an initial claim for regular benefits and  
18 furnished the department with any other information  
19 the director may prescribe;
- 20 (4) Has, at the time the application is filed, a balance  
21 of regular benefits equal to at least eighteen times  
22 the individual's weekly benefits amount and at least



- 1           eighteen weeks remaining in the individual's benefit  
2           year;
- 3           (5) Has been accepted into a program approved by the  
4           director that will provide self-employment assistance  
5           activities;
- 6           (6) Is participating in self-employment assistance  
7           activities;
- 8           (7) Is actively engaged on a full-time basis in  
9           establishing a business and becoming self-employed;
- 10          (8) Has not previously participated in a self-employment  
11          assistance program; and
- 12          (9) Has filed a weekly claim for the self-employment  
13          assistance allowance and provided any information the  
14          director prescribes, including a log of self-  
15          employment assistance activities.
- 16          (b) An individual who has received a self-employment  
17          assistance allowance under this part and is terminated or  
18          voluntarily leaves a self-employed assistance program may  
19          receive, if otherwise eligible, regular benefits with respect to  
20          the benefit year; provided that the sum of regular benefits paid  
21          and self-employment assistance allowances paid with respect to



1 the benefit year shall not exceed the maximum amount payable for  
2 the benefit year under section 383-24.

3 **§383-E Limitation.** The total number of individuals  
4 receiving a self-employment assistance allowance at any time  
5 shall not exceed five per cent of the total number of  
6 individuals receiving regular benefits at that time.

7 **§383-F Costs.** Any self-employment assistance allowance  
8 paid under this part shall be charged to employers as regular  
9 benefits in accordance with section 383-61.

10 **§383-G Rules.** The director may adopt rules in accordance  
11 with chapter 91 to carry out the purposes of this Act.

12 **§383-H Reports.** The department shall report annually to  
13 the legislature on the self-employment assistance program at  
14 least twenty days prior to the convening of each regular  
15 session. The reports shall include:

16 (1) The number of individuals participating in the self-  
17 employment assistance program and the number of  
18 businesses developed thereunder;

19 (2) The cost of operating the program, compliance with  
20 program requirements, and data related to business  
21 income;



- 1           (3) The number of employees and wages paid in the new  
2           businesses;
- 3           (4) The incidence and duration of unemployment after  
4           business start-up; and
- 5           (5) Any recommendations, including proposed legislation,  
6           on changes to the program.

7           **§383-I Applicability.** This part shall be effective for  
8 the weeks beginning after the date of enactment or after any  
9 plan required by the United States Department of Labor is  
10 approved, whichever date is later. This part shall terminate as  
11 of the effective date of the withdrawal of approval of any plan  
12 required by the United States Department of Labor or as of the  
13 week containing the date when federal law no longer authorizes  
14 self-employment assistance programs."

15           SECTION 3. In codifying the new sections added by section  
16 2 of this Act, the revisor of statutes shall substitute  
17 appropriate section numbers for the letters used in designating  
18 the new sections in this Act.

19           SECTION 4. This Act shall take effect on July 1, 2059.



**Report Title:**

Self-Employment Assistance Program; Established

**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. Effective July 1, 2009. (HB106 HD1)

