

Senate File 2041 - Introduced

SENATE FILE 2041

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A BILL FOR

1 An Act establishing a self-employment assistance program
2 for recipients of unemployment compensation benefits and
3 providing a termination date.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 96.45 Self-employment assistance
2 program.

3 1. *Definitions.* As used in this section, unless the context
4 otherwise requires:

5 a. "*Self-employment assistance activities*" means activities
6 approved by the director in which an individual participates
7 for the purpose of establishing a business and becoming
8 self-employed. Self-employment assistance activities include
9 but are not limited to entrepreneurial training, business
10 counseling, and technical assistance.

11 b. "*Self-employment assistance allowance*" means an amount
12 payable in lieu of regular benefits under this chapter to
13 an individual participating in self-employment assistance
14 activities in accordance with this section. Self-employment
15 assistance allowance amounts shall be paid from the
16 unemployment compensation fund.

17 2. *Self-employment assistance allowance — amount.* The
18 weekly amount of the self-employment assistance allowance
19 payable to an individual is equal to the weekly regular benefit
20 amount. The sum of the self-employment assistance allowance
21 paid under this section and the regular benefits paid under
22 this chapter with respect to any benefit year shall not
23 exceed the maximum benefit amount payable under section 96.3,
24 subsection 5, with respect to that benefit year.

25 3. *Eligibility requirements.* The following eligibility
26 requirements apply to the payment of a self-employment
27 assistance allowance under this section.

28 a. An individual may receive a self-employment assistance
29 allowance if the following requirements are met:

30 (1) The individual is eligible to receive regular benefits
31 or would be eligible to receive regular benefits except for the
32 requirements described in paragraph "b", subparagraphs (1) and
33 (2).

34 (2) The individual is identified by a worker profiling
35 system as an individual likely to exhaust regular benefits.

1 (3) The individual has submitted an application form and an
2 initial business plan as prescribed by the director.

3 (4) The individual's initial business plan has been
4 reviewed for feasibility and financial viability by the
5 department in consultation with a small business development
6 center associated with Iowa state university of science
7 and technology. An individual shall not be approved for a
8 self-employment assistance allowance unless the department
9 finds the individual's initial business plan feasible and
10 financially viable. Upon request, the department shall advise
11 an individual as to resources available in the state to aid
12 in the development of a feasible, financially viable, initial
13 business plan.

14 (5) The individual has obtained any occupational
15 certification or license necessary to carry out the
16 individual's initial business plan prior to the submission of
17 an application form and an initial business plan.

18 (6) The individual has filed a weekly claim for the
19 self-employment assistance allowance and provides a log of
20 self-employment activities and any other information the
21 director prescribes.

22 *b.* The self-employment assistance allowance shall be payable
23 to an individual at the same intervals and on the same terms
24 and conditions as regular benefits under this chapter except
25 for the following:

26 (1) The provisions of this chapter regarding being
27 available for work, actively seeking work, and refusing to
28 accept suitable work are not applicable to such an individual.

29 (2) The requirements of this chapter relating to
30 disqualifying income are not applicable to income earned from
31 self-employment by such an individual.

32 *c.* An individual who meets the requirements of this section
33 shall be considered to be totally unemployed under section
34 96.19, subsection 38, paragraph "a".

35 *d.* An individual who fails to actively engage on a full-time

1 basis in self-employment assistance activities is ineligible to
2 receive the self-employment assistance allowance for each week
3 in which such failure occurs.

4 4. *Limitation on number of individuals receiving a*
5 *self-employment assistance allowance.* The number of individuals
6 receiving the self-employment assistance allowance at any time
7 shall not exceed five percent of the number of individuals
8 receiving regular benefits.

9 5. *Financing the costs of the self-employment assistance*
10 *allowance.* The self-employment assistance allowance shall be
11 charged to employers in the manner provided in this chapter for
12 the charging of regular benefits.

13 6. *Implementation.* The director shall administer this
14 section in consultation with the small business development
15 centers associated with Iowa state university of science and
16 technology. In adopting rules to administer this section, the
17 director, insofar as is practicable, shall comply with the
18 rules and policies of the United States department of labor.

19 7. *Termination date.* The authority to pay self-employment
20 assistance allowances under this section terminates at the
21 end of the week preceding the date when federal law no longer
22 authorizes such payment, unless that date is on a Saturday in
23 which case the authority terminates on that date.

24 EXPLANATION

25 This bill establishes a self-employment assistance
26 program which provides unemployment compensation benefits to
27 individuals seeking to be self-employed. These benefits are
28 paid instead of regular unemployment compensation benefits.
29 Authority to establish the program is provided by federal law
30 at 26 U.S.C. § 3306(t).

31 The bill defines self-employment assistance activities
32 and self-employment assistance allowance. Self-employment
33 assistance activities are intended to enable an individual
34 to establish a business and become self-employed and
35 include entrepreneurial training, business counseling,

1 technical assistance, and any other activities approved by
2 the labor commissioner. The bill provides that the weekly
3 self-employment assistance allowance payable to an individual
4 is equal to the weekly benefit amount for regular unemployment
5 benefits and the maximum yearly allowance is the same as
6 the maximum yearly, regular unemployment benefits currently
7 allowable. Charges to employers are made in the same manner as
8 charges to employers for regular unemployment benefits.

9 The bill establishes eligibility requirements for an
10 individual's acceptance into the self-employment assistance
11 program. An individual must be identified by a worker
12 profiling system as an individual likely to exhaust regular
13 unemployment compensation benefits. An individual must
14 submit an application form and an initial business plan.
15 The department of workforce development, in consultation
16 with a small business development center associated with
17 Iowa state university of science and technology, must review
18 the individual's initial business plan for feasibility and
19 financial viability. An individual's initial business plan
20 must be found feasible and financially viable in order for the
21 individual to be accepted into the program. Upon request,
22 the department is to advise an individual as to resources
23 available in the state to aid in the development of a feasible,
24 financially viable, initial business plan. An individual
25 must have obtained any occupational certification or license
26 necessary to carry out the individual's initial business
27 plan prior to applying for the program. An individual must
28 also file a weekly claim for the self-employment assistance
29 allowance and provide a log of self-employment activities as
30 well as any other information required by the director of the
31 department of workforce development.

32 The bill provides that the requirements to receive regular
33 unemployment benefits relating to availability for work, active
34 search for work, refusal to accept work, and self-employment
35 income do not apply to an individual otherwise eligible to

1 receive a self-employment assistance allowance. The bill
2 provides that an individual who fails to actively engage in
3 self-employment assistance activities full-time is ineligible
4 to receive the self-employment assistance allowance for each
5 week such a failure occurs.

6 The bill provides that the maximum number of individuals
7 eligible for the program at any one time is equal to 5 percent
8 of the individuals receiving regular unemployment benefits.

9 The bill directs the director of the department of workforce
10 development to administer the bill in consultation with a
11 small business development center associated with Iowa state
12 university. The bill also directs the director to comply with
13 the rules and policies of the United States department of
14 labor, where practicable, when adopting rules to implement the
15 bill.

16 The bill is void if federal authorization for the program
17 ends.