

**HOUSE BILL NO. 14**

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

**BY REPRESENTATIVES B.DAVIS, Brown, Robinson**

**Introduced: 1/16/95**

**Referred: State Affairs, Health, Education and Social Services, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the establishment of small businesses by recipients of aid to  
2 families with dependent children under a waiver approved by the federal  
3 government; and providing for an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 \* **Section 1.** AS 47.25 is amended by adding a new section to read:

6 Sec. 47.25.325. SELF-EMPLOYMENT PROGRAM. (a) Notwithstanding  
7 other provisions of AS 47.25.310 - 47.25.420, a recipient of assistance may accumulate  
8 resources as specified in this section in order to acquire business skills through  
9 establishment and operation of a microenterprise for the purpose of reducing the level  
10 of assistance needed by the recipient. Upon request of a recipient who wishes to  
11 establish a microenterprise under this section, the department shall provide for a  
12 nonprofit business development organization to assess the

13 (1) recipient's capacity for self-employment;

14 (2) economic viability of the microenterprise contemplated by the

1 recipient.

2 (b) For the first two years after the establishment of a microenterprise, the  
3 calculation of

4 (1) resources for purposes of determining the eligibility for assistance  
5 of the recipient who established the microenterprise may include only the portion of  
6 the recipient's microenterprise assets valuation that exceeds \$10,000; and

7 (2) income derived from a recipient's microenterprise for purposes of  
8 determining the recipient's eligibility for assistance may include only net business  
9 income.

10 (c) A recipient with a microenterprise shall, on an annual basis, provide to the  
11 department, a review of the records of the business by an accountant or bookkeeper.  
12 The nonprofit business development organization that conducts the assessments under  
13 (a) of this section shall verify the annual review of records provided under this  
14 subsection. The cost of the record review shall be considered a business expense.

15 (d) In this section,

16 (1) "business income" means all income derived from the use of  
17 microenterprise assets in a microenterprise;

18 (2) "employees" means the operator of a microenterprise and any  
19 persons employed in the operation of the business;

20 (3) "microenterprise" means a business enterprise that has fewer than  
21 five employees;

22 (4) "microenterprise assets" means all of the following:

23 (A) business loans;

24 (B) capital equipment;

25 (C) inventory; and

26 (D) all other assets required for the operation of the  
27 microenterprise;

28 (5) "net business income" means all business income minus all of the  
29 following:

30 (A) business loan payments;

31 (B) business taxes;

- 1 (C) expenditures for vehicles vital to the business operations;
- 2 (D) cash retained in the microenterprise;
- 3 (E) insurance expenditures;
- 4 (F) inventory raw material expenses;
- 5 (G) transportation expenditures;
- 6 (H) office supplies;
- 7 (I) professional services, including accounting, legal, or other
- 8 consulting services;
- 9 (J) delivery charges and supplies;
- 10 (K) commissions, salaries, wages, and other employment
- 11 benefits, including dental and vision care;
- 12 (L) postage;
- 13 (M) rent;
- 14 (N) utilities;
- 15 (O) telephone expenses;
- 16 (P) advertising and other marketing and promotion costs; and
- 17 (Q) training and professional development.

18 \* **Sec. 2.** WAIVER APPLICATION. The Department of Health and Social Services shall  
19 seek appropriate waivers and approval from the federal government to implement sec. 1 of this  
20 Act.

21 \* **Sec. 3.** Section 2 of this Act takes effect immediately under AS 01.10.070(c).

22 \* **Sec. 4.** Section 1 of this Act takes effect on the effective date of the federal  
23 government's approval of an application made under sec. 2 of this Act. The commissioner  
24 of health and social services shall notify the revisor of statutes and the lieutenant governor of  
25 the effective date of the approval.