

**IOWA WORKFORCE DEVELOPMENT  
UNEMPLOYMENT INSURANCE APPEALS BUREAU**

**SCOTT K FARBER**  
Claimant

**APPEAL 17A-UI-03460-DL-T**

**ADMINISTRATIVE LAW JUDGE  
DECISION**

**IOWA WORKFORCE  
DEVELOPMENT DEPARTMENT**

**OC: 06/12/11  
Claimant: Appellant (1)**

Iowa Code § 8A.504 – Setoff Procedures (IDAS)  
Iowa Code § 421.17(27) – State Income Tax Refund Offset Authority  
Iowa Code § 96.11(16) – Reimbursement of Setoff Costs  
Iowa Admin. Code r. 871-25.16 – State Income Tax Refund Offset  
Iowa Code § 96.3(7) – Recovery of Benefit Overpayment

**STATEMENT OF THE CASE:**

The claimant filed an appeal from the March 23, 2017, (reference 07) unemployment insurance decision that gave notice that claimant's 2016, Iowa income tax refund was going to be withheld to apply to an overpayment of unemployment insurance benefits, which the claimant owed to Iowa Workforce Development. After due notice was issued, a hearing was scheduled to be held by telephone conference call on April 20, 2017. The claimant participated. Note that the claimant's name on the C2T conferencing system is incorrectly entered as Clifton Scott, but was correctly entered as Scott Farber in the participant section.

**ISSUE:**

Is the withholding of the claimant's state income tax refund to offset a prior overpayment of benefits authorized?

**FINDINGS OF FACT:**

Having reviewed the administrative record, the administrative law judge finds: A representative's decision dated May 7, 2012, (reference 02) notified claimant of an overpayment related to disqualifying separation from Riverside Staffing Service, which was not appealed and has become final. The remaining overpayment amount was \$1383.00, \$661.00 of which was recovered by withholding the 2013, 2014 and 2015, Iowa state income tax refunds, leaving a balance of \$722.00. The state treasurer has notified Iowa Workforce Development that the claimant has an Iowa income tax refund for 2016, of at least \$50.00 and intends to withhold \$169.00, not including a \$7.00 transfer fee, leaving him with a balance of \$553.00.

**REASONING AND CONCLUSIONS OF LAW:**

The issue is whether the withholding of the Iowa income tax refund to recover the prior overpayment is valid. The administrative law judge concludes that it is.

Iowa Code section 421.17(27) via the Iowa Department of Revenue sets forth a procedure whereby one state agency may obtain funds owed by a second state agency to an individual to apply to a debt, which that same individual owes to the first state agency. Iowa Admin. Code r. 871-25.16 specifically authorizes Iowa Workforce Development to withhold the state income tax refund owing to the claimant to apply to an overpayment of benefits which that same claimant owes to Iowa Workforce Development so long as both amounts are at least \$50.00. Iowa Code section 96.11(16) allows reimbursement of setoff costs. The claimant owes Iowa Workforce Development the \$722.00 remainder of overpaid benefits he received in 2011, to which he was not entitled and he has an Iowa income tax refund of at least \$50.00. Therefore, Iowa Workforce Development is legally authorized to withhold that Iowa income tax refund up to the remaining amount of the overpayment of benefits, not including a \$7.00 transfer fee, which the claimant owes to Iowa Workforce Development.

**DECISION:**

The unemployment insurance decision dated March 23, 2017, (reference 07) is affirmed. Iowa Workforce Development does have legal authority to withhold the Iowa income tax refund owed to the claimant to apply to the overpayment of benefits, which that individual owes to Iowa Workforce Development.

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Dévon M. Lewis  
Administrative Law Judge

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Decision Dated and Mailed

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