

**IOWA WORKFORCE DEVELOPMENT  
UNEMPLOYMENT INSURANCE APPEALS**

68-0157 (9-06) - 3091078 - EI

**ELIZABETH M LILLIS**  
Claimant

**APPEAL NO. 12A-UI-02374-LT**

**ADMINISTRATIVE LAW JUDGE  
DECISION**

**IOWA WORKFORCE  
DEVELOPMENT DEPARTMENT**

**OC: 06/28/09**  
**Claimant: Appellant (1)**

Iowa Code § 96.3(7) – Recovery of Benefit Overpayment  
Iowa Code § 421.17(27) –State Income Tax Refund Offset Authority  
871 IAC 25.16 – State Income Tax Refund Offset  
Iowa Code § 96.11(16) – Reimbursement of Setoff Costs

**STATEMENT OF THE CASE:**

The claimant filed an appeal from the February 29, 2012 (reference 04) decision that gave notice that claimant's 2011 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 17, 2012. The claimant participated.

**ISSUE:**

The issue is whether the withholding of the claimant's state income tax refund to offset a prior overpayment of benefits is authorized.

**FINDINGS OF FACT:**

Having reviewed the administrative record, the administrative law judge finds: A representative's decision dated April 5, 2001 (reference 03) notified claimant of an overpayment related to a disqualifying separation from employment. The overpayment amount was \$475.00. The claimant did not appeal the decision, which has become final. The state treasurer has notified the Iowa Workforce Development Department that the claimant has an Iowa income tax refund for 2011 of at least \$50.00.

**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 § 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. 871 IAC 25.16 specifically authorizes the Iowa Workforce Development Department to withhold the state income tax

refund owing to the claimant to apply to an overpayment of benefits which that same claimant owes to the Iowa Workforce Development Department so long as both amounts are at least \$50.00. Iowa Code § 96.11(16) allows reimbursement of setoff costs. The claimant owes the Iowa Workforce Development Department \$475.00 in benefits she received in 2009 to which she was not entitled and she has an Iowa income tax refund of at least \$50.00. Therefore, the Iowa Workforce Development Department is legally authorized to withhold that Iowa income tax refund up to the amount of the overpayment of benefits plus a \$7.00 transfer fee, which the claimant owes to the Iowa Workforce Development Department.

**DECISION:**

The representative's decision dated February 29, 2012 (reference 04) is affirmed. The Iowa Workforce Development Department has 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 the Iowa Workforce Development Department.

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Dévon M. Lewis  
Administrative Law Judge

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Decision Dated and Mailed

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