

**IOWA WORKFORCE DEVELOPMENT
UNEMPLOYMENT INSURANCE APPEALS**

SHERYL L JABER
Claimant

APPEAL 15A-UI-13519-JCT

**ADMINISTRATIVE LAW JUDGE
DECISION**

**IOWA WORKFORCE
DEVELOPMENT DEPARTMENT**

**OC: 10/05/03
Claimant: Appellant (1R)**

Iowa Code § 421.17(27) – State Income Tax Refund Offset Authority
Iowa Code § 8A.504 – Setoff Procedures (IDAS)
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 December 3, 2015, (reference 02) unemployment insurance decision that gave notice that claimant's 2015, 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 December 30, 2015. The claimant participated personally. Department exhibits D-1 and D-2 were admitted.

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 December 3, 2015, (reference 02) notified claimant of an overpayment related to unemployment insurance benefits. The overpayment amount was \$2286.00. The claimant did not appeal the decision, which has become final. The state treasurer has notified Iowa Workforce Development that the claimant has an Iowa income tax refund for 2015, of at least \$50.00. The claimant has an outstanding overpayment in the amount of \$847.00.

In conjunction with the claimant's appeal letter, dated December 9, 2015, (Department Exhibit D-1), the claimant made a request to divide the joint tax fund proportionally between her and her spouse, Kristine K. Klosterman. The claimant sent in a supplemental request for income tax offset to be split on December 22, 2015 (Department Exhibit D-2).

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. 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 § 96.11(16) allows reimbursement of setoff costs. The claimant owes Iowa Workforce Development \$847.00 in benefits she received, to which she was not entitled and she 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 amount of the overpayment of benefits, plus a \$7.00 transfer fee, which the claimant owes to Iowa Workforce Development.

REMAND: The issue of whether the income tax offset should be split (between the claimant and her spouse) is remanded to the Benefits Bureau for an initial determination.

DECISION:

The unemployment insurance decision dated December 3, 2015, (reference 02) is affirmed. Iowa Workforce Development does 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.

Jennifer L. Coe
Administrative Law Judge

Decision Dated and Mailed

jlc/css