

**IOWA WORKFORCE DEVELOPMENT
UNEMPLOYMENT INSURANCE APPEALS**

DONALD JESSEN
Claimant

APPEAL NO. 22A-UI-06869-JT-T

**ADMINISTRATIVE LAW JUDGE
DECISION**

**IOWA WORKFORCE DEVELOPMENT
DEPARTMENT**

OC: 04/26/20
Claimant: Appellant (1)

Iowa Code § 8A.504 – Set-off Procedures
Iowa Code § 96.11(16) – Off-set Administrative Fee
Iowa Admin. Code r. 871-25.16 - Income Tax Offset

STATEMENT OF THE CASE:

On March 14, 2022, Donald Jessen (claimant) filed a timely appeal from the March 10, 2022 (reference 06) decision that notified the claimant the State of Iowa was withholding the claimant's Iowa income tax refund and offsetting it against an unemployment insurance overpayment plus a \$7.00 transfer fee. After due notice was issued, a hearing was held on April 28, 2022. The claimant participated. Exhibit A, the emailed appeal, was received into evidence. The administrative law judge took official notice of the following Agency administrative records: The administrative law judge decisions in Appeal Numbers 21A-UI-17759-JT-T, 21A-UI-17760-JT-T and 21A-UI-17761-JTT and the Agency's calculation of the current outstanding overpayment amount.

ISSUE:

Whether Iowa Workforce Development has authority to withhold the claimant's Iowa income tax refund to off-set or recover a prior overpayment of unemployment insurance benefits plus and administrative fee.

FINDINGS OF FACT:

Having reviewed all of the evidence in the record, the administrative law judge finds:

The claimant has an outstanding overpayment of unemployment insurance benefits. Iowa Workforce Development records indicate the current outstanding overpayment amount is \$8,400.00. The claimant filed a 2021 single individual Iowa income tax return and was due a refund of more than \$50.00. The claimant estimates the Iowa income tax refund to be about \$63.00. The amount of the overpayment exceeds the amount of the Iowa income tax refund. On March 10, 2022, the State of Iowa notified the claimant that the State was withholding the claimant's Iowa income tax refund and offsetting it against the unemployment insurance overpayment balance plus a \$7.00 transfer fee.

REASONING AND CONCLUSIONS OF LAW:

Iowa Code section 8A.504 provides a procedure for state agencies “to set off against any claim owed to a person by a state agency any liability of that person owed to a state agency.” Iowa Code section 96.11(16) directs Iowa Workforce Development to assess “an additional amount for the reimbursement of setoff costs incurred by the department of administrative services.”

Iowa Administrative Code rule 871-25.16 provides:

State payment offset. An individual who is owed a payment from the state of at least \$50 and owes an overpayment of benefits of at least \$50 is subject to an offset against the individual's payment from the state to recover all or a part of the individual's overpayment of benefits and to reimburse the department of revenue for administrative costs to execute the offset. All overpayments, whether fraud or nonfraud, are included in this process.

(1) The individual's name and social security number are given to the department of revenue.

(2) The department of revenue notifies the department that an overpaid individual is owed a payment from the state. The department then notifies the overpaid individual of the potential offset against the individual's payment from the state.

(3) In the case of a joint or combined income tax filing, the individual has ten days from the postmark date on the decision to request a split of the refund to ensure the other party's portion of the refund is not offset. When a request is made, the department notifies the department of revenue to make the split. The department then notifies the overpaid individual of the amount of the offset. If the request for split of the refund is not made timely, the entire income tax refund becomes subject to offset.

(4) Any appeal by the individual is limited to the validity of the department's authority to recoup the overpayment through offset.

(5) In the event that the amount of the offset exceeds the remaining overpayment, the department shall issue to the individual a special check equal to the amount of the excess.

This rule is intended to implement Iowa Code section 96.11 and 421.17(26,29).

The claimant is owed a payment from the state of at least \$50.00 and owes an overpayment of benefits of at least \$50.00. Iowa Workforce Development has complied with the off-set procedure set forth at Iowa Code section 8A.504. Iowa Workforce Development has authority to offset the claimant's Iowa income tax refund against the outstanding overpayment balance.

DECISION:

The March 10, 2022 (reference 06) decision is affirmed. Iowa Workforce Development has authority to withhold the claimant's Iowa income tax refund.



James E. Timberland
Administrative Law Judge

May 9, 2022

Decision Dated and Mailed

jet/ac