

**IOWA WORKFORCE DEVELOPMENT
UNEMPLOYMENT INSURANCE APPEALS BUREAU**

BRITTANY BURNS
Claimant

APPEAL 22A-UI-07829-AR-T

**ADMINISTRATIVE LAW JUDGE
DECISION**

**IOWA WORKFORCE DEVELOPMENT
DEPARTMENT**

OC: 03/29/20
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:

On April 1, 2022, claimant filed an appeal from the March 24, 2022 (reference 03) decision that allowed claimant's overpayment to be withheld from claimant's Iowa income tax refund. Claimant was properly notified of the hearing. A telephone hearing was held on May 9, 2022. Claimant, Brittany Burns, participated personally. Official notice was taken of the administrative record.

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: An unemployment insurance decision dated December 3, 2020, (reference 02), notified the claimant of an overpayment related to an earlier disqualification due to ability to and availability for work. The overpayment amount was \$210.00. The claimant did not appeal the decision, which has become final. The state treasurer has notified Iowa Workforce Development (IWD) that the claimant has an Iowa income tax refund for 2021 of at least \$50.00.

Claimant testified that she believes her roommate stole the benefit card issued to her as the result of her claim for unemployment insurance benefits. She was unaware that an overpayment had occurred until she received the notice of tax offset. Claimant has notified IWD of the concern regarding potential identity theft. That issue will be remanded to the Integrity Bureau for further investigation.

REASONING AND CONCLUSIONS OF LAW:

For the reasons that follow, the administrative law judge concludes the withholding of the Iowa income tax refund to recover the prior overpayment is valid.

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 IWD to withhold the state income tax refund owing to the claimant to apply to an overpayment of benefits which that same claimant owes to IWD so long as both amounts are at least \$50.00. Iowa Code section 96.11(16) allows reimbursement of setoff costs. The claimant owes IWD \$210.00 in benefits she received in 2020, to which she was not entitled, and she has an Iowa income tax refund of at least \$50.00. Therefore, IWD 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 IWD.

DECISION:

The unemployment insurance decision dated March 24, 2022, (reference 03), is affirmed, pending the outcome of the issues on appeal. IWD 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 IWD.

REMAND:

The issue of potential identity theft is remanded to the Integrity Bureau for additional investigation and any action deemed appropriate by the Bureau.



Alexis D. Rowe
Administrative Law Judge

June 8, 2022
Decision Dated and Mailed

ar/kmj