

**IOWA WORKFORCE DEVELOPMENT
UNEMPLOYMENT INSURANCE APPEALS BUREAU**

TRICIA J PAEPER
Claimant

APPEAL 17A-UI-02344-JP-T

**ADMINISTRATIVE LAW JUDGE
DECISION**

**IOWA WORKFORCE DEVELOPMENT
DEPARTMENT**

**OC: 08/31/14
Claimant: Appellant (1)**

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

STATEMENT OF THE CASE:

The claimant filed an appeal from the February 27, 2017, (reference 05), unemployment insurance decision that gave notice that claimant's 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 telephone conference hearing was scheduled to be held on March 24, 2017. Claimant participated. Official notice was taken of the administrative record of claimant's benefit payment history, overpayment history, and fact-finding documents, with no objection.

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 14, 2015, (reference 03) notified claimant of an overpayment because she incorrectly or failed to report earnings from ABCM CORPORATION and "A TO Z CORPORATION. The overpayment amount was \$4361.00 (from August 31, 2014 through March 21, 2015). Claimant did not appeal the decision, which has become final. Claimant sent in a letter in May 2015 or June 2015 to the local Iowa Workforce Development (IWD) office in Waterloo to establish or setup a payment plan regarding her overpayment. Claimant never heard back from IWD regarding her letter. Claimant never contacted IWD to follow up about the letter she sent.

A representative's decision dated February 11, 2016, (reference 04) notified claimant that her 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. Claimant did not

contact IWD after she received the February 11, 2016, (reference 04) decision. Claimant did not appeal the February 11, 2016, (reference 04) decision and her income tax was withheld.

The state treasurer has notified Iowa Workforce Development that claimant has an Iowa income tax refund for the 2016 tax year, of at least \$50.00. Claimant has not made any payments towards her overpayment except for her prior income tax withholding and her current overpayment amount is \$3965.00. Claimant does not have a payment plan with IWD.

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 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. Claimant owes Iowa Workforce Development \$3965.00 in benefits she received from August 31, 2014 through March 21, 2015, 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.

DECISION:

The unemployment insurance decision dated February 27, 2017, (reference 05) is affirmed. Iowa Workforce Development has legal authority to withhold the Iowa income tax refund owed to claimant to apply to the overpayment of benefits, which that individual owes to Iowa Workforce Development.

Jeremy Peterson
Administrative Law Judge

Decision Dated and Mailed

jp/