

**IOWA WORKFORCE DEVELOPMENT  
UNEMPLOYMENT INSURANCE APPEALS BUREAU**

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**MERCEDES M CLAY**  
Claimant

**APPEAL 17A-UI-03670-CL-T**

**ADMINISTRATIVE LAW JUDGE  
DECISION**

**IOWA WORKFORCE  
DEVELOPMENT DEPARTMENT**

**OC: 01/25/15  
Claimant: Appellant (1)**

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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 March 23, 2017, (reference 07) unemployment insurance decision that gave notice that claimant's 2016 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 14, 2017. The claimant participated.

**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 February 25, 2016, (reference 06) notified claimant of an overpayment related to her separation from employment with New Found Hope Inc. The overpayment amount was \$1293.47. The claimant appealed the decision, which has been affirmed. The state treasurer has notified Iowa Workforce Development that the claimant has an Iowa income tax refund for 2016, 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. 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 \$1293.47 in benefits she received in 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 March 23, 2017, (reference 07) is affirmed. Iowa Workforce Development 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 Iowa Workforce Development.

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Christine A. Louis  
Administrative Law Judge  
Unemployment Insurance Appeals Bureau  
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Decision Dated and Mailed

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