

1 AN ACT relating to unemployment insurance.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 341.415 is amended to read as follows:

- 4 (1) (a) Any person who has received any sum as benefits under this chapter or any
5 other state's unemployment insurance statutes or any United States
6 Department of Labor unemployment insurance benefit program, providing the
7 secretary has signed a reciprocal agreement with such other state or the United
8 States Department of Labor as provided in KRS 341.145, while any condition
9 for the receipt of such benefits was not fulfilled in his case, or while he or she
10 was disqualified from receiving benefits, or if he or she has received benefits
11 in weeks for which he or she later receives a back pay award, shall, in the
12 discretion of the secretary, either have such sum deducted from any future
13 benefits payable to him or her under this chapter or repay the Office of
14 Unemployment Insurance, Department of Workforce Investment, for the fund
15 a sum equal to the amount so received by him or her.
- 16 (b) If after due notice, the recipient of such sum fails to remit or arrange for
17 remittance of the sum, the sum may be collected in the manner provided in
18 KRS 341.300(2) for collection of past-due contributions and any sums so
19 collected shall be credited to the pooled account or the appropriate
20 reimbursing employer account.
- 21 (c) The appropriate reimbursing employer account shall not receive credit for
22 sums collected under this subsection or KRS 341.550(2)(b) if a determination
23 has been made that an improper benefit payment established after October 21,
24 2013, was due to the reimbursing employer, or an agent of the employer, in
25 accordance with the provisions of KRS 341.530(4)(a) and (b). The sums
26 collected shall be credited to the pooled account.
- 27 (d) If any benefit was paid as a result of office error as defined by administrative

1 regulation, there shall be no recoupment or recovery of an improperly paid
2 benefit, except by deduction from any future benefits payable to him or her
3 under this chapter. For purposes of this section, overpayments as a result of a
4 reversal of entitlement to benefits in the appeal or review process shall not be
5 construed to be the result of office error.

6 (2) At or after the commencement of an action under subsection (1) of this section,
7 attachment may be had against property of the recipient of improperly paid benefits
8 in the manner provided in KRS 341.300(3).

9 (3) A lien on a parity with state, county, and municipal ad valorem tax liens, is hereby
10 created in favor of the office upon all property of any recipient of improperly paid
11 benefits. This lien shall be for a sum equal to the amount of the overpayment finally
12 determined and shall continue until the amount of the overpayment plus any
13 subsequent assessment of additional improperly paid benefits, penalty, interest, and
14 fees are fully paid. The lien shall commence from such time as the recipient has
15 exhausted or abandoned the appeal procedure set forth in this chapter and the
16 amount of the overpayment is finally fixed. A notice of lien may be filed in the
17 same manner as that provided for in KRS 341.310.

18 (4) Any amount paid to a person as benefits, which he has been found liable to repay or
19 to have deducted from future benefits under subsections (1), (2), and (3) of this
20 section, which has neither been repaid nor so deducted within a period of five (5)
21 years following the last day of the benefit year within which it was paid, may be
22 deemed to be uncollectible and shall be permanently charged to the pooled account,
23 except that if such payment was made by reason of fraudulent representations, no
24 future benefits shall be paid such person within a period of ten (10) years of the last
25 day of the benefit year within which such payments were made at which time these
26 amounts may be declared uncollectible. Nothing in this subsection shall be deemed
27 to affect collection of improperly paid benefits pursuant to a judgment or other legal

1 remedy.

2 (5) In the event benefits have been paid as a result of a false statement,
3 misrepresentation, or concealment of material information by a recipient of benefits
4 and have not been repaid by the recipient within one (1) calendar year from the date
5 of the first notice, interest at the rate of one and five-tenths percent (1.5%) per
6 month or any part thereof, shall be imposed on and added to the unpaid balance
7 each successive month, providing due notice has been given to the recipient. Such
8 interest shall be paid into the unemployment compensation administration account.

9 (6) A recipient of benefits paid as a result of a false statement, misrepresentation, or
10 concealment of material information by the recipient shall be assessed a fifteen
11 percent (15%) penalty of the amount of improperly paid benefits. The penalty under
12 this subsection shall be collected in the same manner as improperly paid benefits in
13 this section and paid into the unemployment trust fund.

14 (7) The deduction from future benefits specified in subsection (1) of this section shall
15 be limited to twenty-five percent (25%) of the benefit amount otherwise payable
16 under this chapter unless the overpayment resulted from a backpay award, false
17 statement, misrepresentation, or concealment of material information by a recipient
18 of benefits. In these instances, the rate of deduction shall be one hundred percent
19 (100%). The rate of deduction from benefits payable by another state or the United
20 States of America shall be determined by the applicable state or federal statute.

21 **(8) Upon request of the recipient, the secretary may waive an overpayment of benefits**
22 **if he or she finds that recovery of the overpayment would be against equity and**
23 **good conscience and the overpayment was:**

24 **(a) Due to administrative, clerical, or office error; or**

25 **(b) Not the result of fraud, misrepresentation, willful nondisclosure, or fault**
26 **attributable to the recipient.**