



Reprinted
February 10, 2015

HOUSE BILL No. 1186

DIGEST OF HB 1186 (Updated February 9, 2015 5:56 pm - DI 102)

Citations Affected: IC 22-4; IC 34-30; noncode.

Synopsis: Unemployment insurance. Provides that any part of an unemployment insurance surcharge not used to pay interest on the advances made to the state from the federal unemployment trust fund must be credited against the total amount of benefits charged to the state's unemployment insurance trust fund before determining each employer's share of those benefits. Removes language that requires the extra surcharge amount be credited to each employer's experience account in proportion to the amount of the surcharge the employer paid. Requires the department of workforce development (department) to establish an unemployment benefit overpayment not later than four years from the date of the overpayment, if the overpayment is for a reason other than an individual knowingly making a false statement or representation of a material fact, knowingly failing to disclose a material fact, or failing to report wages or the receipt of deductible income and removes language concerning certain other time frames related to overpayments. Repeals certain provisions concerning overpayments and establishes procedures for the department to require the employer to withhold amounts from the earnings of an individual for whom a benefit overpayment is established and to pay those amounts to the department to satisfy the overpayment, subject to certain conditions that apply to garnishments. Provides that an
(Continued next page)

Effective: July 1, 2015.

Leonard

January 12, 2015, read first time and referred to Committee on Employment, Labor and Pensions.
February 5, 2015, amended, reported — Do Pass.
February 9, 2015, read second time, amended, ordered engrossed.

HB 1186—LS 7424/DI 102



Digest Continued

employer may not use income withholding as the basis for refusing to hire, discharging, or taking disciplinary action against an individual, and establishes civil penalties for an employer that refuses to withhold income or knowingly misrepresents an employee's income. Provides that an individual may contest an income withholding and request a hearing by an administrative law judge. Requires as a condition precedent to the payment of benefits in a year immediately following a year in which benefits were paid or following a period of disqualification for failure to apply for or accept suitable work that an individual: (1) perform insured work; (2) earn remuneration in employment in at least each of eight weeks; and (3) earn remuneration at least equal to the product of the individual's weekly benefit amount multiplied by eight. Provides that, if an employer does not have a rule regarding attendance, an individual's unsatisfactory attendance is just cause for discharge, if good cause for the absences or tardiness is not established. (Currently, the individual must show good cause for the absences or tardiness.) Establishes that a crime committed using the Internet or another computer network may be prosecuted in any county: (1) from which or to which access to the Internet or another computer network was made; or (2) in which a computer, computer data, computer software, or computer network used to access the Internet or another computer network is located. Urges the legislative council to assign to an appropriate study commission or committee during the 2015 legislative interim the task of studying fraud and benefit overpayments occurring in the unemployment insurance program in Indiana.

HB 1186—LS 7424/DI 102



Reprinted
February 10, 2015

First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

HOUSE BILL No. 1186

A BILL FOR AN ACT to amend the Indiana Code concerning labor and safety.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 22-4-10-4.5, AS ADDED BY P.L.2-2011,
2 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2015]: Sec. 4.5. (a) This section applies to a calendar year that
4 begins after December 31, 2010, to an employer:
5 (1) that is subject to this article for wages paid during the calendar
6 year;
7 (2) whose contribution rate for the calendar year was determined
8 under this chapter, IC 22-4-11, IC 22-4-11.5, or IC 22-4-37-3; and
9 (3) that:
10 (A) has been subject to this article during the preceding
11 thirty-six (36) consecutive calendar months; and
12 (B) has had a payroll in each of the three (3) preceding twelve
13 (12) month periods;
14 if, during the calendar year, the state is required to pay interest on the

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1 advances made to the state from the federal unemployment account in
2 the federal unemployment trust fund under 42 U.S.C. 1321.

3 (b) In addition to the contributions determined under this chapter,
4 IC 22-4-11, IC 22-4-11.5, or IC 22-4-37-3 for calendar year 2011, each
5 employer shall pay an unemployment insurance surcharge that is equal
6 to thirteen percent (13%) of the employer's contribution determined
7 under this chapter, IC 22-4-11, IC 22-4-11.5, or IC 22-4-37-3 for the
8 calendar year.

9 (c) For a calendar year that begins after December 31, 2011, in
10 which employers are required to pay the unemployment insurance
11 surcharge described in subsection (b), the department shall determine,
12 not later than January 31, the surcharge percentage for that year based
13 on factors that include:

- 14 (1) the interest rate charged the state for the year determined
15 under 42 U.S.C. 1322(b); and
- 16 (2) the state's outstanding loan balance to the federal
17 unemployment account on January 1 of the year.

18 (d) The unemployment insurance surcharge described in subsection
19 (b) is payable to the department quarterly at the same time as employer
20 contributions are paid under section 1 of this chapter. Failure to pay the
21 unemployment insurance surcharge as specified in this section is
22 considered a delinquency under IC 22-4-11-2.

23 (e) The department:

- 24 (1) may use amounts received under this section to pay interest on
25 the advances made to the state from the federal unemployment
26 account in the federal unemployment trust fund under 42 U.S.C.
27 1321; and
- 28 (2) shall deposit any amounts received under this section and not
29 used for the purposes described in subdivision (1) in the
30 unemployment insurance benefit fund established under
31 IC 22-4-26.

32 (f) Amounts paid under this section and used as provided in
33 subsection (e)(1) do not affect and may not be charged to the
34 experience account of any employer. Amounts paid under this section
35 and used as provided in subsection (e)(2) must be credited to each
36 employer's experience account in proportion to the amount the
37 employer paid under this section during the preceding four (4) calendar
38 quarters. **subtracted from the total amount of benefits charged to
39 the fund under IC 22-4-11-1 in determining each employer's share
40 of those benefits under IC 22-4-11-2(e).**

41 SECTION 2. IC 22-4-11-2, AS AMENDED BY P.L.154-2013,
42 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JULY 1, 2015]; Sec. 2. (a) Except as provided in IC 22-4-10-6 and
 2 IC 22-4-11.5, the department shall for each year determine the
 3 contribution rate applicable to each employer.

4 (b) The balance shall include contributions with respect to the
 5 period ending on the computation date and actually paid on or before
 6 July 31 immediately following the computation date and benefits
 7 actually paid on or before the computation date and shall also include
 8 any voluntary payments made in accordance with IC 22-4-10-5 or
 9 IC 22-4-10-5.5 (repealed):

10 (1) for each calendar year, an employer's rate shall be determined
 11 in accordance with the rate schedules in section 3.3 or 3.5 of this
 12 chapter; and

13 (2) for each calendar year, an employer's rate shall be two and
 14 five-tenths percent (2.5%), except as otherwise provided in
 15 subsection (g) or IC 22-4-37-3, unless:

16 (A) the employer has been subject to this article throughout
 17 the thirty-six (36) consecutive calendar months immediately
 18 preceding the computation date;

19 (B) there has been some annual payroll in each of the three (3)
 20 twelve (12) month periods immediately preceding the
 21 computation date; and

22 (C) the employer has properly filed all required contribution
 23 and wage reports, and all contributions, penalties, and interest
 24 due and owing by the employer or the employer's predecessors
 25 have been paid.

26 (c) In addition to the conditions and requirements set forth and
 27 provided in subsection (b)(2)(A), (b)(2)(B), and (b)(2)(C), an
 28 employer's rate is equal to the sum of the employer's contribution rate
 29 determined or estimated by the department under this article plus two
 30 percent (2%) unless all required contributions and wage reports have
 31 been filed within thirty-one (31) days following the computation date
 32 and all contributions, penalties, and interest due and owing by the
 33 employer or the employer's predecessor for periods before and
 34 including the computation date have been paid:

35 (1) within thirty-one (31) days following the computation date; or

36 (2) within ten (10) days after the department has given the
 37 employer a written notice by registered mail to the employer's last
 38 known address of:

39 (A) the delinquency; or

40 (B) failure to file the reports;

41 whichever is the later date. The board or the board's designee may
 42 waive the imposition of rates under this subsection if the board finds



1 the employer's failure to meet the deadlines was for excusable cause.
 2 The department shall give written notice to the employer before this
 3 additional condition or requirement shall apply. An employer's rate
 4 under this subsection may not exceed twelve percent (12%).

5 (d) However, if the employer is the state or a political subdivision
 6 of the state or any instrumentality of a state or a political subdivision,
 7 or any instrumentality which is wholly owned by the state and one (1)
 8 or more other states or political subdivisions, the employer may
 9 contribute at a rate of one and six-tenths percent (1.6%) until it has
 10 been subject to this article throughout the thirty-six (36) consecutive
 11 calendar months immediately preceding the computation date.

12 (e) On the computation date every employer who had taxable wages
 13 in the previous calendar year shall have the employer's experience
 14 account charged with the amount determined under the following
 15 formula:

16 **STEP ONE: Divide:**

17 (A) the employer's taxable wages for the preceding calendar
 18 year; by

19 (B) the total taxable wages for the preceding calendar year.

20 **STEP TWO: Subtract:**

21 **(A) the amount described in IC 22-4-10-4.5(e)(2), if any;**
 22 **from**

23 **(B) the total amount of benefits charged to the fund under**
 24 **section 1 of this chapter.**

25 ~~STEP TWO: THREE:~~ Multiply the quotient determined under
 26 STEP ONE by the ~~total amount of benefits charged to the fund~~
 27 ~~under section 1 of this chapter:~~ **difference determined under**
 28 **STEP TWO.**

29 (f) One (1) percentage point of the rate imposed under subsection
 30 (c), or the amount of the employer's payment that is attributable to the
 31 increase in the contribution rate, whichever is less, shall be imposed as
 32 a penalty that is due and shall be deposited upon collection into the
 33 special employment and training services fund established under
 34 IC 22-4-25-1. The remainder of the contributions paid by an employer
 35 pursuant to the maximum rate shall be:

36 (1) considered a contribution for the purposes of this article; and

37 (2) deposited in the unemployment insurance benefit fund
 38 established under IC 22-4-26.

39 (g) Except as otherwise provided in IC 22-4-37-3, this subsection,
 40 instead of subsection (b)(2), applies to an employer in the construction
 41 industry. As used in the subsection, "construction industry" means
 42 business establishments whose proper primary classification in the



1 current edition of the North American Industry Classification System
 2 Manual - United States, published by the National Technical
 3 Information Service of the United States Department of Commerce is
 4 23 (construction). For each calendar year beginning after December 31,
 5 2013, an employer's rate shall be equal to the lesser of four percent
 6 (4%) or the average of the contribution rates paid by all employers in
 7 the construction industry subject to this article during the twelve (12)
 8 months preceding the computation date, unless:

9 (1) the employer has been subject to this article throughout the
 10 thirty-six (36) consecutive calendar months immediately
 11 preceding the computation date;

12 (2) there has been some annual payroll in each of the three (3)
 13 twelve (12) month periods immediately preceding the
 14 computation date; and

15 (3) the employer has properly filed all required contribution and
 16 wage reports, and all contributions, penalties, and interest due and
 17 owing by the employer or the employer's predecessors have been
 18 paid.

19 SECTION 3. IC 22-4-13-1, AS AMENDED BY P.L.108-2006,
 20 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2015]: Sec. 1. (a) Whenever an individual receives benefits or
 22 extended benefits to which the individual is not entitled under:

23 (1) this article; or

24 (2) the unemployment insurance law of the United States;
 25 the department shall establish that an overpayment has occurred and
 26 establish the amount of the overpayment. **For an overpayment**
 27 **described in subsection (e), the department has four (4) years from**
 28 **the date of the overpayment to establish that the overpayment**
 29 **occurred and the amount of the overpayment.**

30 (b) An individual described in subsection (a) is liable to repay the
 31 established amount of the overpayment.

32 (c) Any individual who knowingly:

33 (1) makes, or causes to be made by another, a false statement or
 34 representation of a material fact knowing it to be false; or

35 (2) fails, or causes another to fail, to disclose a material fact; and
 36 as a result thereof has received any amount as benefits to which the
 37 individual is not entitled under this article, shall be liable to repay such
 38 amount, with interest at the rate of one-half percent (0.5%) per month,
 39 to the department for the unemployment insurance benefit fund or to
 40 have such amount deducted from any benefits otherwise payable to the
 41 individual under this article. ~~within the six (6) year period following~~
 42 ~~the later of the date the department establishes that an overpayment has~~



1 occurred or the date that the determination of an overpayment becomes
2 final following the exhaustion of all appeals.

3 (d) Any individual who for any reason other than misrepresentation
4 or nondisclosure as specified in subsection (c); has received any
5 amount as benefits to which the individual is not entitled under this
6 article or fails to report wages received during a week in which
7 benefits were paid or because of the subsequent receipt of income
8 deductible from benefits which is allocable to the week or weeks for
9 which such benefits were paid becomes and as a result is not entitled
10 to such benefits under this article shall be liable to repay such amount
11 to the department for the unemployment insurance benefit fund or to
12 have such amount deducted from any benefits otherwise payable to the
13 individual under this article. ~~within the three (3) year period following~~
14 ~~the later of the date the department establishes that the overpayment~~
15 ~~occurred or the date that the determination that an overpayment~~
16 ~~occurred becomes final following the exhaustion of all appeals.~~

17 (e) **An individual who for any reason not described in subsection**
18 **(c) or (d) has received any amount as benefits to which the**
19 **individual is not entitled under this article is liable to repay that**
20 **amount to the department for the unemployment insurance benefit**
21 **fund or to have that amount deducted from any benefits otherwise**
22 **payable to the individual under this article.**

23 (e) (f) When benefits are paid to an individual who was eligible or
24 qualified to receive such payments, but when such payments are made
25 because of the failure of representatives or employees of the
26 department to transmit or communicate to such individual notice of
27 suitable work offered, through the department, to such individual by an
28 employing unit, then and in such cases, the individual shall not be
29 required to repay or refund amounts so received, but such payments
30 shall be deemed to be benefits improperly paid.

31 (f) (g) Where it is finally determined by a deputy, an administrative
32 law judge, the review board, or a court of competent jurisdiction that
33 an individual has received benefits to which the individual is not
34 entitled under this article, the department shall relieve the affected
35 employer's experience account of any benefit charges directly resulting
36 from such overpayment, **except as provided under IC 22-4-11-1.5.**
37 However, an employer's experience account will not be relieved of the
38 charges resulting from an overpayment of benefits which has been
39 created by a retroactive payment by such employer directly or
40 indirectly to the claimant for a period during which the claimant
41 claimed and was paid benefits unless the employer reports such
42 payment by the end of the calendar quarter following the calendar



1 quarter in which the payment was made or unless and until the
 2 overpayment has been collected. Those employers electing to make
 3 payments in lieu of contributions shall not have their account relieved
 4 as the result of any overpayment unless and until such overpayment has
 5 been repaid to the unemployment insurance benefit fund.

6 ~~(g)~~ (h) Where any individual is liable to repay any amount to the
 7 department for the unemployment insurance benefit fund for the
 8 restitution of benefits to which the individual is not entitled under this
 9 article, the amount due may be collectible without interest, except as
 10 otherwise provided in subsection (c), by civil action in the name of the
 11 state of Indiana, on relation of the department, which remedy by civil
 12 action shall be in addition to all other existing remedies and to the
 13 methods for collection provided in this article.

14 ~~(h)~~ (i) Liability for repayment of benefits paid to an individual
 15 (other than an individual employed by an employer electing to make
 16 payments in lieu of contributions) for any week may be waived upon
 17 the request of the individual if:

18 (1) the benefits were received by the individual without fault of
 19 the individual;

20 (2) the benefits were the result of payments made:

21 (A) during the pendency of an appeal before an administrative
 22 law judge or the review board under IC 22-4-17 under which
 23 the individual is determined to be ineligible for benefits; or

24 (B) because of an error by the employer or the department; and

25 (3) repayment would cause economic hardship to the individual.

26 SECTION 4. IC 22-4-13-4 IS REPEALED [EFFECTIVE JULY 1,
 27 2015]. Sec. 4: (a) This section applies to an individual:

28 (1) for whom the department has established an overpayment by
 29 a final written determination under section 1(a) or 1(b) of this
 30 chapter; and

31 (2) whose overpayment amount that is due and payable equals or
 32 exceeds:

33 (A) the individual's weekly benefit amount; multiplied by

34 (B) four (4).

35 (b) Notwithstanding any other law and subject to subsection (c), an
 36 individual is entitled to repay the established amount of an
 37 overpayment over a period:

38 (1) beginning on the date the determination of the amount of the
 39 overpayment is final; and

40 (2) ending on a date not later than the date occurring thirty-six
 41 (36) months after the date specified in subdivision (1).

42 (c) An individual to whom this section applies may repay an



1 overpayment over time as provided in subsection (b) not more than
 2 once during the individual's lifetime.

3 SECTION 5. IC 22-4-13.3 IS ADDED TO THE INDIANA CODE
 4 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 5 JULY 1, 2015]:

6 **Chapter 13.3. Administrative Withholding for Benefit**
 7 **Overpayments**

8 **Sec. 1. Whenever:**

9 (1) the department establishes an overpayment for an
 10 individual under IC 22-4-13-1(c) or IC 22-4-13-1(d); and

11 (2) the overpayment becomes final following the exhaustion of
 12 all appeals;

13 the department may, in addition to any other manner of collecting
 14 the overpayment provided by law, require each employer of an
 15 individual for whom an overpayment is established to withhold
 16 amounts from the individual's income and pay those amounts to
 17 the department in accordance with this chapter.

18 **Sec. 2. (a)** The department shall provide a notice to an
 19 individual who is subject to withholding under section 1 of this
 20 chapter.

21 (b) The notice provided under subsection (a) must contain the
 22 following:

23 (1) That the individual's income will be withheld.

24 (2) That a notice to withhold the individual's income applies
 25 to all current and subsequent employers.

26 (3) That a notice to withhold income will be provided to each
 27 of the individual's employers and will include the information
 28 listed in section 3 of this chapter.

29 (4) That the individual may contest the withholding and assert
 30 exemptions from withholding by requesting an administrative
 31 review.

32 (5) The grounds and procedures for the individual to contest
 33 the withholding.

34 **Sec. 3. (a)** The department shall provide a notice to withhold
 35 income to each employer of an individual who is subject to
 36 withholding under section 1 of this chapter.

37 (b) A notice to withhold income provided under subsection (a)
 38 is binding on the employer and must contain the following:

39 (1) The Social Security number of the individual who is
 40 subject to withholding.

41 (2) The total amount to be withheld from the individual's
 42 income, including any interest, penalties, or assessments



1 accrued under this article.

2 (3) An explanation of an employer's duties under section 4 of
3 this chapter upon the employer's receipt of the notice to
4 withhold income.

5 (4) A description of the limitations on income withholding
6 established by section 7(d) of this chapter.

7 (5) A description of:

8 (A) the prohibition established under section 5 of this
9 chapter against an employer using income withholding as
10 the basis for refusing to hire, discharging, or taking
11 disciplinary action against an individual; and

12 (B) the penalties established under section 6 of this chapter
13 for an employer that refuses to withhold income or
14 knowingly misrepresents an employee's income.

15 **Sec. 4. An employer that receives a notice to withhold income**
16 **under section 3 of this chapter shall do the following:**

17 (1) Verify the individual's employment to the department.

18 (2) Withhold from the income due to the individual each pay
19 period an amount:

20 (A) determined in accordance with; and

21 (B) subject to the limitations of and priority established by;
22 IC 24-4.5-5-105 in the same manner as a garnishment. An
23 income withholding under this chapter is not an assignment
24 of wages under IC 22-2-6.

25 (3) Begin withholding the amount determined under
26 subdivision (2) from the individual's income beginning with
27 the first pay period that occurs not later than fourteen (14)
28 days after the date the employer receives the notice sent under
29 section 3 of this chapter.

30 (4) Remit the amount withheld under subdivision (2) to the
31 department by check or electronic payment (as defined by
32 IC 5-27-2-3) not later than seven (7) days after the date of
33 each regularly scheduled pay day.

34 (5) Continue withholding under this section until:

35 (A) the department notifies the employer to discontinue the
36 withholding; or

37 (B) the full amount required to be paid to the department
38 has been paid, as indicated by a written statement to the
39 employer from the department.

40 (6) Notify the department, if the individual subject to
41 withholding terminates employment, including the
42 individual's last known address and the name of any new



1 employer, if known.

2 **Sec. 5. (a) An employer may not use the withholding of income**

3 **to collect an overpayment to the department as a basis for:**

4 (1) refusing to hire a potential employee;

5 (2) discharging an employee; or

6 (3) taking disciplinary action against an employee.

7 (b) If:

8 (1) an employee reasonably believes that an employer took an

9 action described in subsection (a); and

10 (2) the employee was adversely affected by the employer's

11 action;

12 **the employee may bring a suit against the employer in a court with**

13 **jurisdiction.**

14 (c) If a court determines that an employer took an action

15 **described in subsection (a), the employer may be:**

16 (1) ordered to hire or reinstate an employee who was

17 adversely affected by the employer's action without loss of

18 pay or benefits; and

19 (2) fined an amount not to exceed one thousand dollars

20 (\$1,000).

21 **Sec. 6. (a) An employer that refuses to withhold income as**

22 **required by this chapter or knowingly misrepresents the income of**

23 **an employee:**

24 (1) is liable to the department for the amount that the

25 employer failed to withhold from an employee's income; and

26 (2) may be ordered to pay punitive damages to the

27 department in an amount not to exceed one thousand dollars

28 (\$1,000) for each pay period the employer failed to withhold

29 income as required or knowingly misrepresented the income

30 of the employee.

31 (b) The department may institute a civil action in a court with

32 **jurisdiction requesting that the court direct the employer to appear**

33 **and to show cause why the penalties described in this section**

34 **should not be assessed.**

35 (c) At the hearing on the order to show cause, the court, upon a

36 **finding that the employer refused to withhold income as required**

37 **or knowingly misrepresented an employee's income:**

38 (1) shall require the employer to pay the amount the employer

39 failed or refused to withhold from the employee's income;

40 (2) may order the employer to provide accurate information

41 concerning an employee's income;

42 (3) may assess against the employer punitive damages under



1 subsection (a)(2); and

2 (4) may order the employer to otherwise comply with this
3 chapter.

4 Sec. 7. (a) An employer that complies with a notice described in
5 section 3 of this chapter that is regular on its face is not liable in
6 any civil action for any conduct taken in compliance with the
7 notice.

8 (b) An employer that complies with a notice described in section
9 3 of this chapter is discharged from liability to an employee for the
10 part of the employee's income that was withheld in compliance
11 with the notice.

12 (c) If a court issues an order to stay a withholding of income, the
13 department is not liable in any civil action to an individual who is
14 the subject of the income withholding for amounts withheld from
15 the individual's income before the stay becomes effective.

16 (d) Administrative income withholdings issued under this
17 chapter are subject to the limitations set forth in IC 24-4.5-5-105.
18 A withholding under this chapter is not an assignment of wages
19 under IC 22-2-6.

20 (e) The department may adopt rules under IC 4-22-2, including
21 emergency rules in the manner provided under IC 4-22-2-37.1, to
22 carry out the department's responsibilities under this chapter.

23 Sec. 8. (a) An individual who receives a notice under section 2 of
24 this chapter may contest the withholding and assert exemptions by
25 requesting, in writing, not later than fifteen (15) days after the date
26 on the notice, an administrative hearing by an administrative law
27 judge of the department.

28 (b) An administrative hearing under this section may be
29 conducted in either of the following ways:

30 (1) As a written records or "paper" hearing conducted by
31 review of written materials and other records.

32 (2) As a telephone or in person hearing conducted by review
33 of written materials and testimony.

34 (c) An individual who contests an income withholding is entitled
35 to:

36 (1) an opportunity to inspect and copy records relating to the
37 overpayment;

38 (2) an opportunity to enter into a written agreement with the
39 department to establish a schedule for repayment of the
40 overpayment; and

41 (3) an opportunity for an administrative hearing conducted by
42 an administrative law judge of the department.



1 **(d) An individual may contest an income withholding on the**
 2 **following grounds:**

3 **(1) That the existence, past due status, or the amount of the**
 4 **overpayment is incorrect.**

5 **(2) That the amount withheld was incorrectly calculated.**

6 **(3) That the overpayment is unenforceable as a matter of law.**

7 **(e) The department is not required to provide more than one (1)**
 8 **hearing based on the same grounds or objections. If:**

9 **(1) the department has already provided a hearing on the**
 10 **existence or the amount of the overpayment; and**

11 **(2) the employee does not have new evidence concerning the**
 12 **overpayment;**

13 **the department may not repeat the hearing on the existence or**
 14 **amount of the overpayment.**

15 **(f) The department's evidence concerning the existence, past due**
 16 **status, and amount of the overpayment is automatically admitted**
 17 **as evidence in the administrative hearing and must be considered**
 18 **by the administrative law judge.**

19 SECTION 6. IC 22-4-14-5, AS AMENDED BY P.L.175-2009,
 20 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2015]: Sec. 5. (a) As further conditions precedent to the
 22 payment of benefits to an individual with respect to benefit periods
 23 established on and after July 1, 1995, but before January 1, 2010:

24 (1) the individual must have established, after the last day of the
 25 individual's last base period, if any, wage credits (as defined in
 26 IC 22-4-4-3 and within the meaning of IC 22-4-22-3) equal to at
 27 least one and one-quarter (1.25) times the wages paid to the
 28 individual in the calendar quarter in which the individual's wages
 29 were highest; and

30 (2) the individual must have established wage credits in the last
 31 two (2) calendar quarters of the individual's base period in a total
 32 amount of not less than one thousand six hundred fifty dollars
 33 (\$1,650) and an aggregate in the four (4) calendar quarters of the
 34 individual's base period of not less than two thousand seven
 35 hundred fifty dollars (\$2,750).

36 (b) As a further condition precedent to the payment of benefits to an
 37 individual with respect to a benefit year established on and after July
 38 1, 1995, an insured worker may not receive benefits in a benefit year
 39 unless after the beginning of the immediately preceding benefit year
 40 during which the individual received benefits, the individual:

41 **(1) performed insured work; and earned wages in employment**
 42 **under IC 22-4-8 in an amount not less than the individual's**



1 weekly benefit amount established for the individual in the
2 preceding benefit year in each of eight (8) weeks:

3 **(2) earned remuneration in employment in at least each of**
4 **eight (8) weeks; and**

5 **(3) earned remuneration equal to or exceeding the product of**
6 **the individual's weekly benefit amount multiplied by eight (8).**

7 (c) As further conditions precedent to the payment of benefits to an
8 individual with respect to benefit periods established on and after
9 January 1, 2010:

10 (1) the individual must have established, after the last day of the
11 individual's last base period, if any, wage credits (as defined in
12 IC 22-4-4-3 and within the meaning of wages under IC 22-4-22-3)
13 equal to at least one and five-tenths (1.5) times the wages paid to
14 the individual in the calendar quarter in which the individual's
15 wages were highest; and

16 (2) the individual must have established wage credits in the last
17 two (2) calendar quarters of the individual's base period in a total
18 amount of not less than two thousand five hundred dollars
19 (\$2,500) and a total amount in the four (4) calendar quarters of
20 the individual's base period of not less than four thousand two
21 hundred dollars (\$4,200).

22 SECTION 7. IC 22-4-15-1, AS AMENDED BY P.L.121-2014,
23 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
24 JULY 1, 2015]: Sec. 1. (a) Regarding an individual's most recent
25 separation from employment before filing an initial or additional claim
26 for benefits, an individual who voluntarily left the employment without
27 good cause in connection with the work or was discharged from the
28 employment for just cause is ineligible for waiting period or benefit
29 rights for the week in which the disqualifying separation occurred and
30 until:

31 (1) the individual has earned remuneration in employment in at
32 least eight (8) weeks; and

33 (2) the remuneration earned equals or exceeds the product of the
34 weekly benefit amount multiplied by eight (8).

35 If the qualification amount has not been earned at the expiration of an
36 individual's benefit period, the unearned amount shall be carried
37 forward to an extended benefit period or to the benefit period of a
38 subsequent claim.

39 (b) When it has been determined that an individual has been
40 separated from employment under disqualifying conditions as outlined
41 in this section, the maximum benefit amount of the individual's current
42 claim, as initially determined, shall be reduced by an amount



- 1 determined as follows:
- 2 (1) For the first separation from employment under disqualifying
- 3 conditions, the maximum benefit amount of the individual's
- 4 current claim is equal to the result of:
- 5 (A) the maximum benefit amount of the individual's current
- 6 claim, as initially determined; multiplied by
- 7 (B) seventy-five percent (75%);
- 8 rounded (if not already a multiple of one dollar (\$1)) to the next
- 9 higher dollar.
- 10 (2) For the second separation from employment under
- 11 disqualifying conditions, the maximum benefit amount of the
- 12 individual's current claim is equal to the result of:
- 13 (A) the maximum benefit amount of the individual's current
- 14 claim determined under subdivision (1); multiplied by
- 15 (B) eighty-five percent (85%);
- 16 rounded (if not already a multiple of one dollar (\$1)) to the next
- 17 higher dollar.
- 18 (3) For the third and any subsequent separation from employment
- 19 under disqualifying conditions, the maximum benefit amount of
- 20 the individual's current claim is equal to the result of:
- 21 (A) the maximum benefit amount of the individual's current
- 22 claim determined under subdivision (2); multiplied by
- 23 (B) ninety percent (90%);
- 24 rounded (if not already a multiple of one dollar (\$1)) to the next
- 25 higher dollar.
- 26 (c) The disqualifications provided in this section shall be subject to
- 27 the following modifications:
- 28 (1) An individual shall not be subject to disqualification because
- 29 of separation from the individual's employment if:
- 30 (A) the individual left to accept with another employer
- 31 previously secured permanent full-time work which offered
- 32 reasonable expectation of continued covered employment and
- 33 betterment of wages or working conditions and thereafter was
- 34 employed on said job;
- 35 (B) having been simultaneously employed by two (2)
- 36 employers, the individual leaves one (1) such employer
- 37 voluntarily without good cause in connection with the work
- 38 but remains in employment with the second employer with a
- 39 reasonable expectation of continued employment; or
- 40 (C) the individual left to accept recall made by a base period
- 41 employer.
- 42 (2) An individual whose unemployment is the result of medically



- 1 substantiated physical disability and who is involuntarily
 2 unemployed after having made reasonable efforts to maintain the
 3 employment relationship shall not be subject to disqualification
 4 under this section for such separation.
- 5 (3) An individual who left work to enter the armed forces of the
 6 United States shall not be subject to disqualification under this
 7 section for such leaving of work.
- 8 (4) An individual whose employment is terminated under the
 9 compulsory retirement provision of a collective bargaining
 10 agreement to which the employer is a party, or under any other
 11 plan, system, or program, public or private, providing for
 12 compulsory retirement and who is otherwise eligible shall not be
 13 deemed to have left the individual's work voluntarily without
 14 good cause in connection with the work. However, if such
 15 individual subsequently becomes reemployed and thereafter
 16 voluntarily leaves work without good cause in connection with the
 17 work, the individual shall be deemed ineligible as outlined in this
 18 section.
- 19 (5) An otherwise eligible individual shall not be denied benefits
 20 for any week because the individual is in training approved under
 21 Section 236(a)(1) of the Trade Act of 1974, nor shall the
 22 individual be denied benefits by reason of leaving work to enter
 23 such training, provided the work left is not suitable employment,
 24 or because of the application to any week in training of provisions
 25 in this law (or any applicable federal unemployment
 26 compensation law), relating to availability for work, active search
 27 for work, or refusal to accept work. For purposes of this
 28 subdivision, the term "suitable employment" means with respect
 29 to an individual, work of a substantially equal or higher skill level
 30 than the individual's past adversely affected employment (as
 31 defined for purposes of the Trade Act of 1974), and wages for
 32 such work at not less than eighty percent (80%) of the individual's
 33 average weekly wage as determined for the purposes of the Trade
 34 Act of 1974.
- 35 (6) An individual is not subject to disqualification because of
 36 separation from the individual's employment if:
- 37 (A) the employment was outside the individual's labor market;
 - 38 (B) the individual left to accept previously secured full-time
 39 work with an employer in the individual's labor market; and
 - 40 (C) the individual actually became employed with the
 41 employer in the individual's labor market.
- 42 (7) An individual who, but for the voluntary separation to move



1 to another labor market to join a spouse who had moved to that
 2 labor market, shall not be disqualified for that voluntary
 3 separation, if the individual is otherwise eligible for benefits.
 4 Benefits paid to the spouse whose eligibility is established under
 5 this subdivision shall not be charged against the employer from
 6 whom the spouse voluntarily separated.

7 (8) An individual shall not be subject to disqualification if the
 8 individual voluntarily left employment or was discharged due to
 9 circumstances directly caused by domestic or family violence (as
 10 defined in IC 31-9-2-42). An individual who may be entitled to
 11 benefits based on this modification may apply to the office of the
 12 attorney general under IC 5-26.5 to have an address designated by
 13 the office of the attorney general to serve as the individual's
 14 address for purposes of this article.

15 As used in this subsection, "labor market" means the area surrounding
 16 an individual's permanent residence, outside which the individual
 17 cannot reasonably commute on a daily basis. In determining whether
 18 an individual can reasonably commute under this subdivision, the
 19 department shall consider the nature of the individual's job.

20 (d) "Discharge for just cause" as used in this section is defined to
 21 include but not be limited to:

- 22 (1) separation initiated by an employer for falsification of an
 23 employment application to obtain employment through
 24 subterfuge;
- 25 (2) knowing violation of a reasonable and uniformly enforced rule
 26 of an employer, including a rule regarding attendance;
- 27 (3) if an employer does not have a rule regarding attendance, an
 28 individual's unsatisfactory attendance, if ~~the individual cannot~~
 29 ~~show~~ good cause for absences or tardiness **is not established**;
- 30 (4) damaging the employer's property through willful negligence;
- 31 (5) refusing to obey instructions;
- 32 (6) reporting to work under the influence of alcohol or drugs or
 33 consuming alcohol or drugs on employer's premises during
 34 working hours;
- 35 (7) conduct endangering safety of self or coworkers;
- 36 (8) incarceration in jail following conviction of a misdemeanor or
 37 felony by a court of competent jurisdiction; or
- 38 (9) any breach of duty in connection with work which is
 39 reasonably owed an employer by an employee.

40 (e) To verify that domestic or family violence has occurred, an
 41 individual who applies for benefits under subsection (c)(8) shall
 42 provide one (1) of the following:



- 1 (1) A report of a law enforcement agency (as defined in
2 IC 10-13-3-10).
- 3 (2) A protection order issued under IC 34-26-5.
- 4 (3) A foreign protection order (as defined in IC 34-6-2-48.5).
- 5 (4) An affidavit from a domestic violence service provider
6 verifying services provided to the individual by the domestic
7 violence service provider.
- 8 SECTION 8. IC 22-4-15-2, AS AMENDED BY P.L.121-2014,
9 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
10 JULY 1, 2015]: Sec. 2. (a) With respect to benefit periods established
11 on and after July 3, 1977, an individual is ineligible for waiting period
12 or benefit rights, or extended benefit rights, if the department finds that,
13 being totally, partially, or part-totally unemployed at the time when the
14 work offer is effective or when the individual is directed to apply for
15 work, the individual fails without good cause:
- 16 (1) to apply for available, suitable work when directed by the
17 commissioner, the deputy, or an authorized representative of the
18 department of workforce development or the United States
19 training and employment service;
- 20 (2) to accept, at any time after the individual is notified of a
21 separation, suitable work when found for and offered to the
22 individual by the commissioner, the deputy, or an authorized
23 representative of the department of workforce development or the
24 United States training and employment service, or an employment
25 unit; or
- 26 (3) to return to the individual's customary self-employment when
27 directed by the commissioner or the deputy.
- 28 (b) With respect to benefit periods established on and after July 6,
29 1980, the ineligibility shall continue for the week in which the failure
30 occurs and until the individual earns:
- 31 **(1) remuneration in employment equal to or exceeding the weekly**
32 **benefit amount of the individual's claim in at least each of eight**
33 **(8) weeks; and**
- 34 **(2) remuneration equal to or exceeding the product of the**
35 **individual's weekly benefit amount multiplied by eight (8).**
- 36 If the qualification amount has not been earned at the expiration of an
37 individual's benefit period, the unearned amount shall be carried
38 forward to an extended benefit period or to the benefit period of a
39 subsequent claim.
- 40 (c) With respect to extended benefit periods established on and after
41 July 5, 1981, the ineligibility shall continue for the week in which the
42 failure occurs and until the individual earns remuneration in



1 employment equal to or exceeding the weekly benefit amount of the
2 individual's claim in each of four (4) weeks.

3 (d) If an individual failed to apply for or accept suitable work as
4 outlined in this section, the maximum benefit amount of the
5 individual's current claim, as initially determined, shall be reduced by
6 an amount determined as follows:

7 (1) For the first failure to apply for or accept suitable work, the
8 maximum benefit amount of the individual's current claim is
9 equal to the result of:

10 (A) the maximum benefit amount of the individual's current
11 claim, as initially determined; multiplied by

12 (B) seventy-five percent (75%);

13 rounded (if not already a multiple of one dollar (\$1)) to the next
14 higher dollar.

15 (2) For the second failure to apply for or accept suitable work, the
16 maximum benefit amount of the individual's current claim is
17 equal to the result of:

18 (A) the maximum benefit amount of the individual's current
19 claim determined under subdivision (1); multiplied by

20 (B) eighty-five percent (85%);

21 rounded (if not already a multiple of one dollar (\$1)) to the next
22 higher dollar.

23 (3) For the third and any subsequent failure to apply for or accept
24 suitable work, the maximum benefit amount of the individual's
25 current claim is equal to the result of:

26 (A) the maximum benefit amount of the individual's current
27 claim determined under subdivision (2); multiplied by

28 (B) ninety percent (90%);

29 rounded (if not already a multiple of one dollar (\$1)) to the next
30 higher dollar.

31 (e) In determining whether or not any such work is suitable for an
32 individual, the department shall consider:

33 (1) the degree of risk involved to such individual's health, safety,
34 and morals;

35 (2) the individual's physical fitness and prior training and
36 experience;

37 (3) the individual's length of unemployment and prospects for
38 securing local work in the individual's customary occupation; and

39 (4) the distance of the available work from the individual's
40 residence.

41 However, work under substantially the same terms and conditions
42 under which the individual was employed by a base-period employer,



1 which is within the individual's prior training and experience and
2 physical capacity to perform, shall be considered to be suitable work
3 unless the claimant has made a bona fide change in residence which
4 makes such offered work unsuitable to the individual because of the
5 distance involved. During the fifth through the eighth consecutive week
6 of claiming benefits, work is not considered unsuitable solely because
7 the work pays not less than ninety percent (90%) of the individual's
8 prior weekly wage. After eight (8) consecutive weeks of claiming
9 benefits, work is not considered unsuitable solely because the work
10 pays not less than eighty percent (80%) of the individual's prior weekly
11 wage. However, work is not considered suitable under this section if
12 the work pays less than Indiana's minimum wage as determined under
13 IC 22-2-2. For an individual who is subject to section 1(c)(8) of this
14 chapter, the determination of suitable work for the individual must
15 reasonably accommodate the individual's need to address the physical,
16 psychological, legal, and other effects of domestic or family violence.

17 (f) Notwithstanding any other provisions of this article, no work
18 shall be considered suitable and benefits shall not be denied under this
19 article to any otherwise eligible individual for refusing to accept new
20 work under any of the following conditions:

21 (1) If the position offered is vacant due directly to a strike,
22 lockout, or other labor dispute.

23 (2) If the remuneration, hours, or other conditions of the work
24 offered are substantially less favorable to the individual than
25 those prevailing for similar work in the locality.

26 (3) If as a condition of being employed the individual would be
27 required to join a company union or to resign from or refrain from
28 joining a bona fide labor organization.

29 (4) If as a condition of being employed the individual would be
30 required to discontinue training into which the individual had
31 entered with the approval of the department.

32 (g) Notwithstanding subsection (e), with respect to extended benefit
33 periods established on and after July 5, 1981, "suitable work" means
34 any work which is within an individual's capabilities. However, if the
35 individual furnishes evidence satisfactory to the department that the
36 individual's prospects for obtaining work in the individual's customary
37 occupation within a reasonably short period are good, the
38 determination of whether any work is suitable work shall be made as
39 provided in subsection (e).

40 (h) With respect to extended benefit periods established on and after
41 July 5, 1981, no work shall be considered suitable and extended
42 benefits shall not be denied under this article to any otherwise eligible



1 individual for refusing to accept new work under any of the following
2 conditions:

3 (1) If the gross average weekly remuneration payable to the
4 individual for the position would not exceed the sum of:

5 (A) the individual's average weekly benefit amount for the
6 individual's benefit year; plus

7 (B) the amount (if any) of supplemental unemployment
8 compensation benefits (as defined in Section 501(c)(17)(D) of
9 the Internal Revenue Code) payable to the individual for such
10 week.

11 (2) If the position was not offered to the individual in writing or
12 was not listed with the department of workforce development.

13 (3) If such failure would not result in a denial of compensation
14 under the provisions of this article to the extent that such
15 provisions are not inconsistent with the applicable federal law.

16 (4) If the position pays wages less than the higher of:

17 (A) the minimum wage provided by 29 U.S.C. 206(a)(1) (the
18 Fair Labor Standards Act of 1938), without regard to any
19 exemption; or

20 (B) the state minimum wage (IC 22-2-2).

21 (i) The department of workforce development shall refer individuals
22 eligible for extended benefits to any suitable work (as defined in
23 subsection (g)) to which subsection (h) would not apply.

24 (j) An individual is considered to have refused an offer of suitable
25 work under subsection (a) if an offer of work is withdrawn by an
26 employer after an individual:

27 (1) tests positive for drugs after a drug test given on behalf of the
28 prospective employer as a condition of an offer of employment;
29 or

30 (2) refuses, without good cause, to submit to a drug test required
31 by the prospective employer as a condition of an offer of
32 employment.

33 (k) The department's records concerning the results of a drug test
34 described in subsection (j) may not be admitted against a defendant in
35 a criminal proceeding.

36 SECTION 9. IC 22-4-35-2, AS AMENDED BY P.L.108-2006,
37 SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
38 JULY 1, 2015]: Sec. 2. All criminal actions for violations of this article
39 shall be prosecuted by the prosecuting attorney, ~~of any county~~; or with
40 the assistance of the attorney general or a United States attorney, if
41 requested by the commissioner, **in any county**;

42 (1) in which the employer has a place of business; ~~or~~



- 1 **(2) in which** the alleged violator resides; **or**
- 2 **(3) if an offense is committed using the Internet or another**
- 3 **computer network (as defined in IC 35-43-2-3):**
- 4 **(A) from which or to which access to the Internet or**
- 5 **another computer network was made; or**
- 6 **(B) in which a computer, computer data, computer**
- 7 **software, or computer network that was used to access the**
- 8 **Internet or another computer network is located.**
- 9 SECTION 10. IC 34-30-2-87.4 IS ADDED TO THE INDIANA
- 10 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 11 [EFFECTIVE JULY 1, 2015]: **Sec. 87.4. IC 22-4-13.3-7 (Concerning**
- 12 **the withholding of overpaid unemployment benefits).**
- 13 SECTION 11. [EFFECTIVE JULY 1, 2015] **(a) The general**
- 14 **assembly urges the legislative council to assign to an appropriate**
- 15 **study commission or committee during the 2015 legislative interim**
- 16 **the task of studying fraud and benefit overpayments occurring in**
- 17 **the unemployment insurance program in Indiana.**
- 18 **(b) If the appropriate commission or committee is assigned the**
- 19 **topic described in subsection (a), the commission or committee**
- 20 **shall issue to the legislative council a final report containing the**
- 21 **commission's or committee's findings and recommendations,**
- 22 **including any recommended legislation concerning the topic, in an**
- 23 **electronic format under IC 5-14-6 not later than November 1, 2015.**
- 24 **(c) This SECTION expires January 1, 2016.**



COMMITTEE REPORT

Mr. Speaker: Your Committee on Employment, Labor and Pensions, to which was referred House Bill 1186, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 5, line 26, after "overpayment." insert "**For an overpayment described in subsection (e), the department has four (4) years from the date of the overpayment to establish that the overpayment occurred and the amount of the overpayment.**".

Page 6, line 19, delete "within the three (3) year" and insert ".".

Page 6, delete lines 20 through 23.

Page 7, delete lines 27 through 42, begin a new paragraph and insert:

"SECTION 4. IC 22-4-13-4 IS REPEALED [EFFECTIVE JULY 1, 2015]. Sec. 4: (a) This section applies to an individual:

(1) for whom the department has established an overpayment by a final written determination under section 1(a) or 1(b) of this chapter; and

(2) whose overpayment amount that is due and payable equals or exceeds:

(A) the individual's weekly benefit amount; multiplied by

(B) four (4).

(b) Notwithstanding any other law and subject to subsection (c), an individual is entitled to repay the established amount of an overpayment over a period:

(1) beginning on the date the determination of the amount of the overpayment is final; and

(2) ending on a date not later than the date occurring thirty-six

(36) months after the date specified in subdivision (1).

(c) An individual to whom this section applies may repay an overpayment over time as provided in subsection (b) not more than once during the individual's lifetime."

Delete pages 8 through 10.

Page 11, delete lines 1 through 6, begin a new paragraph and insert:

"SECTION 5. IC 22-4-13.3 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]:

Chapter 13.3. Administrative Withholding for Benefit Overpayments

Sec. 1. Whenever:

(1) the department establishes an overpayment for an



individual under IC 22-4-13-1(c) or IC 22-4-13-1(d); and
 (2) the overpayment becomes final following the exhaustion of all appeals;

the department may, in addition to any other manner of collecting the overpayment provided by law, require each employer of an individual for whom an overpayment is established to withhold amounts from the individual's income and pay those amounts to the department in accordance with this chapter.

Sec. 2. (a) The department shall provide a notice to an individual who is subject to withholding under section 1 of this chapter.

(b) The notice provided under subsection (a) must contain the following:

- (1) That the individual's income will be withheld.
- (2) That a notice to withhold the individual's income applies to all current and subsequent employers.
- (3) That a notice to withhold income will be provided to each of the individual's employers and will include the information listed in section 3 of this chapter.
- (4) That the individual may contest the withholding and assert exemptions from withholding by requesting an administrative review.
- (5) The grounds and procedures for the individual to contest the withholding.

Sec. 3. (a) The department shall provide a notice to withhold income to each employer of an individual who is subject to withholding under section 1 of this chapter.

(b) A notice to withhold income provided under subsection (a) is binding on the employer and must contain the following:

- (1) The Social Security number of the individual who is subject to withholding.
- (2) The total amount to be withheld from the individual's income, including any interest, penalties, or assessments accrued under this article.
- (3) An explanation of an employer's duties under section 4 of this chapter upon the employer's receipt of the notice to withhold income.
- (4) A description of the limitations on income withholding established by section 7(d) of this chapter.
- (5) A description of:
 - (A) the prohibition established under section 5 of this chapter against an employer using income withholding as



the basis for refusing to hire, discharging, or taking disciplinary action against an individual; and

(B) the penalties established under section 6 of this chapter for an employer that refuses to withhold income or knowingly misrepresents an employee's income.

Sec. 4. An employer that receives a notice to withhold income under section 3 of this chapter shall do the following:

- (1) Verify the individual's employment to the department.
- (2) Withhold from the income due to the individual each pay period an amount:
 - (A) determined in accordance with; and
 - (B) subject to the limitations of and priority established by; IC 24-4.5-5-105 in the same manner as a garnishment. An income withholding under this chapter is not an assignment of wages under IC 22-2-6.
- (3) Begin withholding the amount determined under subdivision (2) from the individual's income beginning with the first pay period that occurs not later than fourteen (14) days after the date the employer receives the notice sent under section 3 of this chapter.
- (4) Remit the amount withheld under subdivision (2) to the department by check or electronic payment (as defined by IC 5-27-2-3) not later than seven (7) days after the date of each regularly scheduled pay day.
- (5) Continue withholding under this section until:
 - (A) the department notifies the employer to discontinue the withholding; or
 - (B) the full amount required to be paid to the department has been paid, as indicated by a written statement to the employer from the department.
- (6) Notify the department, if the individual subject to withholding terminates employment, including the individual's last known address and the name of any new employer, if known.

Sec. 5. (a) An employer may not use the withholding of income to collect an overpayment to the department as a basis for:

- (1) refusing to hire a potential employee;
- (2) discharging an employee; or
- (3) taking disciplinary action against an employee.

(b) If:

- (1) an employee reasonably believes that an employer took an action described in subsection (a); and



(2) the employee was adversely affected by the employer's action;
the employee may bring a suit against the employer in a court with jurisdiction.

(c) If a court determines that an employer took an action described in subsection (a), the employer may be:

- (1) ordered to hire or reinstate an employee who was adversely affected by the employer's action without loss of pay or benefits; and
- (2) fined an amount not to exceed one thousand dollars (\$1,000).

Sec. 6. (a) An employer that refuses to withhold income as required by this chapter or knowingly misrepresents the income of an employee:

- (1) is liable to the department for the amount that the employer failed to withhold from an employee's income; and
- (2) may be ordered to pay punitive damages to the department in an amount not to exceed one thousand dollars (\$1,000) for each pay period the employer failed to withhold income as required or knowingly misrepresented the income of the employee.

(b) The department may institute a civil action in a court with jurisdiction requesting that the court direct the employer to appear and to show cause why the penalties described in this section should not be assessed.

(c) At the hearing on the order to show cause, the court, upon a finding that the employer refused to withhold income as required or knowingly misrepresented an employee's income:

- (1) shall require the employer to pay the amount the employer failed or refused to withhold from the employee's income;
- (2) may order the employer to provide accurate information concerning an employee's income;
- (3) may assess against the employer punitive damages under subsection (a)(2); and
- (4) may order the employer to otherwise comply with this chapter.

Sec. 7. (a) An employer that complies with a notice described in section 3 of this chapter that is regular on its face is not liable in any civil action for any conduct taken in compliance with the notice.

(b) An employer that complies with a notice described in section 3 of this chapter is discharged from liability to an employee for the



part of the employee's income that was withheld in compliance with the notice.

(c) If a court issues an order to stay a withholding of income, the department is not liable in any civil action to an individual who is the subject of the income withholding for amounts withheld from the individual's income before the stay becomes effective.

(d) Administrative income withholdings issued under this chapter are subject to the limitations set forth in IC 24-4.5-5-105. A withholding under this chapter is not an assignment of wages under IC 22-2-6.

(e) The department may adopt rules under IC 4-22-2, including emergency rules in the manner provided under IC 4-22-2-37.1, to carry out the department's responsibilities under this chapter.

Sec. 8. (a) An individual who receives a notice under section 2 of this chapter may contest the withholding and assert exemptions by requesting, in writing, not later than fifteen (15) days after the date on the notice, an administrative hearing by an administrative law judge of the department.

(b) An administrative hearing under this section may be conducted in either of the following ways:

- (1) As a written records or "paper" hearing conducted by review of written materials and other records.
- (2) As a telephone or in person hearing conducted by review of written materials and testimony.

(c) An individual who contests an income withholding is entitled to:

- (1) an opportunity to inspect and copy records relating to the overpayment;
- (2) an opportunity to enter into a written agreement with the department to establish a schedule for repayment of the overpayment; and
- (3) an opportunity for an administrative hearing conducted by an administrative law judge of the department.

(d) An individual may contest an income withholding on the following grounds:

- (1) That the existence, past due status, or the amount of the overpayment is incorrect.
- (2) That the amount withheld was incorrectly calculated.
- (3) That the overpayment is unenforceable as a matter of law.

(e) The department is not required to provide more than one (1) hearing based on the same grounds or objections. If:

- (1) the department has already provided a hearing on the



existence or the amount of the overpayment; and
(2) the employee does not have new evidence concerning the overpayment;
the department may not repeat the hearing on the existence or amount of the overpayment.

(f) The department's evidence concerning the existence, past due status, and amount of the overpayment is automatically admitted as evidence in the administrative hearing and must be considered by the administrative law judge."

Page 19, after line 38, begin a new paragraph and insert:

"SECTION 19. IC 34-30-2-87.4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 87.4. IC 22-4-13.3-7 (Concerning the withholding of overpaid unemployment benefits).**"

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1186 as introduced.)

GUTWEIN

Committee Vote: yeas 7, nays 4.

HOUSE MOTION

Mr. Speaker: I move that House Bill 1186 be amended to read as follows:

Page 21, after line 12, begin a new paragraph and insert:

"SECTION 11. [EFFECTIVE JULY 1, 2015] **(a) The general assembly urges the legislative council to assign to an appropriate study commission or committee during the 2015 legislative interim the task of studying fraud and benefit overpayments occurring in the unemployment insurance program in Indiana.**

(b) If the appropriate commission or committee is assigned the topic described in subsection (a), the commission or committee shall issue to the legislative council a final report containing the



commission's or committee's findings and recommendations, including any recommended legislation concerning the topic, in an electronic format under IC 5-14-6 not later than November 1, 2015.

(c) This SECTION expires January 1, 2016."

Renumber all SECTIONS consecutively.

(Reference is to HB 1186 as printed February 6, 2015.)

MOSELEY

