

HOUSE BILL 4

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2lr0737

(PRE-FILED)

By: **Delegate Watson**

Requested: October 12, 2021

Introduced and read first time: January 12, 2022

Assigned to: Economic Matters

Committee Report: Favorable

House action: Adopted

Read second time: February 26, 2022

CHAPTER _____

1 AN ACT concerning

2 **Unemployment Insurance – Recovery of Benefits – Refund of Payments**

3 FOR the purpose of requiring the Secretary of Labor to investigate claims that the
4 Secretary recovered unemployment insurance benefits in excess of the amount
5 included in a notice provided to a claimant and refund the claimant any excess funds;
6 and generally relating to unemployment insurance.

7 BY repealing and reenacting, with amendments,

8 Article – Labor and Employment

9 Section 8–809

10 Annotated Code of Maryland

11 (2016 Replacement Volume and 2021 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
13 That the Laws of Maryland read as follows:

14 **Article – Labor and Employment**

15 8–809.

16 (a) The Secretary may recover benefits paid to a claimant if the Secretary finds
17 that the claimant was not entitled to the benefits because:

18 (1) the claimant was not unemployed;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (2) the claimant received or retroactively was awarded wages; or

2 (3) due to a redetermination of an original claim by the Secretary, the
3 claimant is disqualified or otherwise ineligible for benefits.

4 (b) If the Secretary finds that a claimant knowingly made a false statement or
5 representation or knowingly failed to disclose a material fact to obtain or increase a benefit
6 or other payment under this title, in addition to disqualification of the claimant, the
7 Secretary may recover from the claimant:

8 (1) all benefits paid to the claimant for each week for which the false
9 statement or representation was made or for which the claimant failed to disclose a
10 material fact;

11 (2) a monetary penalty of 15% of all benefits paid to the claimant for each
12 week for which the false statement or representation was made or for which the claimant
13 failed to disclose a material fact; and

14 (3) interest of 1.5% per month on the amount of all benefits paid to the
15 claimant for each week for which the false statement or representation was made or for
16 which the claimant failed to disclose a material fact plus the amount of the monetary
17 penalty accruing from the date that the claimant is notified by the Secretary that the
18 claimant was not entitled to benefits received.

19 (c) (1) If the Secretary decides to recover benefits from a claimant under
20 subsection (a) or (b) of this section, the Secretary shall notify the claimant of:

21 (i) the amount to be recovered;

22 (ii) the basis for the recovery of benefits, including any evidence that
23 the Secretary used to make the determination;

24 (iii) the weeks for which benefits were paid;

25 (iv) the amount of any monetary penalty assessed under subsection
26 (b)(2) of this section and the reason for the assessment of the monetary penalty;

27 (v) the provision of this title under which the Secretary determined
28 that the claimant was ineligible for benefits; and

29 (vi) the appeal rights available to a claimant.

30 (2) The Secretary shall allow a claimant to appeal a determination
31 regarding the recovery of benefits within 30 days after the mailing or other delivery of the
32 notice.

1 (d) (1) The Secretary may recover an amount under subsection (a) of this
2 section:

3 (i) by deduction from benefits payable to the claimant in the future;

4 (ii) in the manner provided in § 8–630 of this title for the collection
5 of past due contributions;

6 (iii) by assessment in the same manner as provided in § 8–629 of this
7 title for the assessment of past due contributions; or

8 (iv) through other reasonable means of collection, including those
9 permitted under:

10 1. State law for the collection of debts owed to the State; or

11 2. federal law.

12 (2) (i) If the Secretary seeks to recover an amount under subsection (a)
13 of this section by assessment, the Secretary shall allow a claimant to elect, within 30 days
14 of the date of the notice of assessment, to have the amount collected by suit instead of by
15 assessment.

16 (ii) The Secretary shall adopt regulations to provide general
17 guidance about:

18 1. the processes under which the Secretary may recover
19 benefits; and

20 2. the application of § 8–629 of this title to the recovery of
21 benefits by assessment under this section.

22 (e) The Secretary may recover an amount under subsection (b) of this section:

23 (1) in the manner provided in § 8–630 of this title for the collection of past
24 due contributions;

25 (2) through other reasonable means of collection, including those permitted
26 under:

27 (i) State law for the collection of debts owed to the State; or

28 (ii) federal law; or

29 (3) if the deduction is made by another jurisdiction under an
30 intergovernmental agreement providing for the recovery of overpaid benefits, by deduction
31 from benefits for which the claimant is eligible in the future under the law of the

1 jurisdiction that made the deduction, excluding the monetary penalty assessed under
2 subsection (b)(2) of this section and interest due under subsection (b)(3) of this section.

3 (f) (1) The Secretary may reconsider a decision to recover benefits under
4 subsection (a) of this section within 1 year after the date that the decision was made.

5 (2) The Secretary may not make a determination to recover benefits under
6 subsection (a) or (b) of this section later than 3 years after the date that the benefits were
7 paid to the claimant.

8 (3) If an amount under subsection (a) or (b) of this section has not been
9 recovered within 5 years after the date of the decision to recover the amount, the Secretary
10 may consider the amount uncollectible.

11 (4) If the Secretary determines that the best interests of the State will be
12 served, the Secretary may adjust, compromise, or settle interest due under subsection (b)
13 of this section or under § 8-1305 of this title.

14 (g) Notwithstanding any other provision of this section, the Secretary may
15 recover, under a governmental offset agreement, an overpayment of benefits paid to any
16 claimant under:

17 (1) the unemployment insurance law of another state; or

18 (2) a federal unemployment insurance benefit program.

19 **(H) (1) FOLLOWING THE RECOVERY OF BENEFITS FROM A CLAIMANT**
20 **UNDER SUBSECTION (A) OR (B) OF THIS SECTION, IF A CLAIMANT NOTIFIES THE**
21 **SECRETARY THAT THE ACTUAL AMOUNT RECOVERED EXCEEDED THE AMOUNT**
22 **STATED IN THE NOTICE PROVIDED UNDER SUBSECTION (C) OF THIS SECTION, THE**
23 **SECRETARY SHALL:**

24 **(I) WITHIN 30 DAYS AFTER RECEIPT OF THE NOTICE,**
25 **INVESTIGATE THE CLAIM; AND**

26 **(II) WITHIN 14 DAYS AFTER COMPLETING THE INVESTIGATION,**
27 **REFUND THE CLAIMANT ANY DIFFERENCE BETWEEN THE AMOUNT STATED IN THE**
28 **NOTICE PROVIDED UNDER SUBSECTION (C) OF THIS SECTION AND THE AMOUNT**
29 **ACTUALLY RECOVERED.**

30 **(2) THE SECRETARY SHALL SUBMIT A MONTHLY REPORT TO THE**
31 **GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT**
32 **ARTICLE, THAT INCLUDES:**

1 **(I) THE TOTAL NUMBER OF CLAIMS INVESTIGATED UNDER THIS**
2 **SUBSECTION;**

3 **(II) THE STATUS OF EACH INVESTIGATION;**

4 **(III) THE AMOUNT OF FUNDS IN DISPUTE;**

5 **(IV) THE LEGISLATIVE DISTRICT OF EACH CLAIMANT WHO HAS**
6 **NOTIFIED THE DEPARTMENT OF A DISCREPANCY; AND**

7 **(V) THE DATE ANY CONTESTED FUNDS WERE RETURNED.**

8 **(3) THE SECRETARY SHALL ADOPT REGULATIONS TO CARRY OUT**
9 **THIS SUBSECTION.**

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 October 1, 2022.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.