By: Delegate Charkoudian  
Introduced and read first time: February 10, 2022  
Assigned to: Economic Matters

A BILL ENTITLED

AN ACT concerning

Unemployment Insurance – Procedures for Recovery of Overpayment of Benefits – Alterations

FOR the purpose of requiring the Secretary of Labor to conduct a predetermination investigation before seeking the recovery of unemployment insurance benefits paid to a claimant; altering certain procedures by which the Secretary may recover an overpayment of insurance benefits; and generally relating to unemployment insurance benefits.

BY repealing and reenacting, without amendments,

Article – Labor and Employment  
Section 8–101(a) and 8–1305(b)(2)(i)  
Annotated Code of Maryland  
(2016 Replacement Volume and 2021 Supplement)

BY repealing and reenacting, with amendments,

Article – Labor and Employment  
Section 8–101(u–1) and (x–1), 8–809, and 8–1305(b)(2)(ii)  
Annotated Code of Maryland  
(2016 Replacement Volume and 2021 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

That the Laws of Maryland read as follows:

Article – Labor and Employment

8–101.

(a) In this article the following words have the meanings indicated.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
[Brackets] indicate matter deleted from existing law.
“Mailed or otherwise delivered” means to cause to be delivered by electronic transmission E–MAILING or physical mailing.

“MAILED OR OTHERWISE DELIVERED” INCLUDES THE INCLUSION OF A DOCUMENT IN OR ATTACHMENT OF A DOCUMENT TO AN E–MAIL.

“MAILED OR OTHERWISE DELIVERED” DOES NOT INCLUDE POSTING ON AN ONLINE PORTAL.

“Send” means to cause to be delivered by electronic transmission E–MAILING or physical mailing.

“SEND” INCLUDES THE INCLUSION OF A DOCUMENT IN OR THE ATTACHMENT OF A DOCUMENT TO AN E–MAIL.

“SEND” DOES NOT INCLUDE POSTING ON AN ONLINE PORTAL.

8–809.

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

(1) the claimant was not unemployed;

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

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

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

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

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

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

(c) (1) **BEFORE THE SECRETARY MAKES A FINDING UNDER SUBSECTION (A) OR (B) OF THIS SECTION, THE SECRETARY SHALL CONDUCT A PREDETERMINATION INVESTIGATION BY:**

(I) PROMPTLY SENDING WRITTEN NOTICE TO THE CLAIMANT THAT INCLUDES THE FOLLOWING INFORMATION:

1. THE SECRETARY BELIEVES THE CLAIMANT MAY HAVE BEEN OVERPAID;

2. THE SPECIFIC ALLEGED FACTS OR LEGAL BASIS FOR THE SECRETARY’S BELIEF THAT THE CLAIMANT MAY HAVE BEEN OVERPAID; AND

3. INSTRUCTIONS THAT EXPLAIN HOW THE CLAIMANT MAY CONTEST THE BASIS FOR THE SECRETARY’S BELIEF THAT THE CLAIMANT MAY HAVE BEEN OVERPAID; AND

(II) ALLOWING THE CLAIMANT 30 DAYS AFTER THE MAILING OR OTHER DELIVERY OF THE WRITTEN NOTICE REQUIRED UNDER THIS PARAGRAPH TO RESPOND IN WRITING OR BY TELEPHONE, AS CHOSEN BY THE CLAIMANT.

(2) [If] AFTER THE PREDETERMINATION INVESTIGATION UNDER THIS SUBSECTION IS COMPLETED, IF the Secretary decides to recover benefits from a claimant under subsection (a) or (b) of this section, the Secretary shall [notify] SEND WRITTEN NOTICE TO the claimant of:

(i) the amount to be recovered;

(ii) the basis for the recovery of benefits, including [any evidence] THE FACTUAL AND EVIDENTIARY INFORMATION that the Secretary used to make the determination;

(iii) the weeks for which benefits were paid;

(iv) [the amount of any] WHETHER THE SECRETARY HAS ASSESSED ANY monetary penalty [assessed] under subsection (b)(2) of this section and, IF SO, THE PRECISE AMOUNT OF THE MONETARY PENALTY AND the [reason] SPECIFIC FACTUAL AND EVIDENTIARY BASIS for the assessment of the monetary penalty;

(v) the provision of this title under which the Secretary determined that the claimant was ineligible for benefits; [and]
(vi) the appeal rights available to a claimant, INCLUDING

INSTRUCTIONS THAT EXPLAIN:

1. THAT THE CLAIMANT MAY APPEAL AN OVERPAYMENT DETERMINATION WITH A FAIR HEARING BEFORE THE LOWER APPEALS DIVISION; AND

2. HOW AND WHEN TO APPEAL THE OVERPAYMENT DETERMINATION; AND

(VII) HOW AND WHEN TO FILE AN APPLICATION TO REQUEST A WAIVER OF THE OVERPAYMENT RECOUPEMENT.

[(2) (3)] The Secretary shall allow a claimant to appeal a determination regarding the recovery of benefits within 30 days after the mailing or other delivery of the notice UNDER PARAGRAPH (2) OF THIS SUBSECTION.

(d) (1) [The] SUBJECT TO SUBSECTION (F) OF THIS SECTION, THE Secretary may recover an amount under subsection (a) of this section:

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

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

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

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

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

2. federal law.

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

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

1. the processes under which the Secretary may recover
2. the application of § 8–629 of this title to the recovery of benefits by assessment under this section.

(e) [The] Subject to subsection (f) of this section, the Secretary may recover an amount under subsection (b) of this section:

1. in the manner provided in § 8–630 of this title for the collection of past due contributions;

2. through other reasonable means of collection, including those permitted under:

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

(ii) federal law; or

3. if the deduction is made by another jurisdiction under an intergovernmental agreement providing for the recovery of overpaid benefits, by deduction from benefits for which the claimant is eligible in the future under the law of the jurisdiction that made the deduction, excluding the monetary penalty assessed under subsection (b)(2) of this section and interest due under subsection (b)(3) of this section.

(f) The Secretary may not recover an amount under subsection (d) or (e) of this section until the requirements of subsection (c) of this section have been met.

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

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

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

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

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

1. the unemployment insurance law of another state; or
(2) a federal unemployment insurance benefit program.

8–1305.

(b) In addition to the penalty under subsection (a) of this section, a person who violates § 8–1301 of this subtitle:

(2) shall be disqualified from receiving benefits for any week of unemployment, including the week in which a determination is made that the individual filed a claim involving a false statement, false representation, or failure to disclose a material fact, until:

(i) the Secretary determines that:

1. the benefit unlawfully received has been repaid in full; and

2. the monetary penalty of 15% and interest at a rate of 1.5% a month on the total amount of benefit unlawfully received plus the monetary penalty have been paid in full; or

(ii) the Secretary determines that:

1. in the Secretary’s sole discretion under § 8–809(f)(3) of this title, the benefit unlawfully received and interest are uncollectible; and

2. the claimant has paid the 15% monetary penalty in full; and

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