

State of Arkansas
93rd General Assembly
Regular Session, 2021

As Engrossed: S4/5/21
A Bill

HOUSE BILL 1765

By: Representative Lundstrum
By: Senator K. Hammer

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING THE DIVISION OF
WORKFORCE SERVICES LAW; TO MODIFY THE UNEMPLOYMENT
INSURANCE PROGRAM TO PREVENT, DETECT, AND RECOVER
UNEMPLOYMENT INSURANCE FRAUD; TO DECLARE AN
EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE LAW CONCERNING THE DIVISION
OF WORKFORCE SERVICES LAW; TO MODIFY THE
UNEMPLOYMENT INSURANCE PROGRAM TO
PREVENT, DETECT, AND RECOVER UNEMPLOYMENT
INSURANCE FRAUD; AND TO DECLARE AN
EMERGENCY.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code Title 11, Chapter 10, Subchapter 3, is amended to add an additional section to read as follows:

11-10-325. Unemployment insurance fraud – Prevention, detection, and recovery.

(a) By July 1, 2021, the Director of the Division of Workforce Services shall adopt and implement internal administrative policies and business processes:

(1) To pursue recovery of improper overpayments of unemployment benefits to the extent permitted by state and federal law; and

(2) To allow an employer to notify the Division of Workforce



Services that an individual has refused an offer of suitable work, which shall be reviewed by the director or his or her designee for a determination as to continued eligibility for benefits.

(b) By January 1, 2022, the director shall adopt and implement internal administrative policies and business processes:

(1) To prevent and detect fraud in the unemployment insurance program to prevent the payment of unemployment insurance program benefits to:

(A) An incarcerated individual; and

(B) An individual who is listed on state and national new hire databases as currently employed and ineligible for unemployment insurance program benefits; and

(2) To engage with and routinely utilize the integrity data hub, administered by the National Association of State Workforce Agencies, or a similar program, to prevent and detect fraud in the unemployment insurance program.

SECTION 2. Arkansas Code § 11-10-706(f)(2), concerning the calculations for the unemployment stabilization tax for wages collected between July 1, 2007, through June 30, 2023, is amended to add an additional subdivision to read as follows:

(C)(i) However, after collection of the proceeds of the stabilization tax specified in subdivisions (f)(2)(A) and (B) of this section, the proceeds of the stabilization tax in an additional amount of fifteen-hundredths of one percent (0.15%) of taxable wages collected during the period April 1, 2021, through December 31, 2023, shall be deposited and credited to the Division of Workforce Services Unemployment Insurance Administration Fund, there to be used solely for the purpose of modernizing information technology systems and hardware utilized in the administration of the unemployment insurance program.

(ii) The aggregate amount to be transferred into the Division of Workforce Services Unemployment Insurance Administration Fund under this subdivision (f)(2)(C) shall not exceed thirty-five million dollars (\$35,000,000) and shall be reduced by the amount, if any, received from the United States Government for the purpose of modernizing information technology systems and hardware utilized in the administration of the unemployment insurance program.

SECTION 3. Arkansas Code § 19-5-1232(b)(2), concerning the use of the Division of Workforce Services Unemployment Insurance Administration Fund, is amended to read as follows:

(2) The fund shall be used for personal services and operating expenses of the unemployment insurance program necessary to the proper administration of the Division of Workforce Services Law, § 11-10-101 et seq., including expenses for modernizing information technology systems and hardware utilized in the administration of the unemployment insurance program, as determined by the Director of the Division of Workforce Services.

SECTION 4. DO NOT CODIFY. Report.

By December 31, 2023, the Director of the Division of Workforce Services shall submit a report to the Legislative Council describing the impact of fraud on the unemployment insurance program and the efforts of the Division of Workforce Services to prevent and detect fraud and recover improper payments.

SECTION 5. DO NOT CODIFY. Retroactivity. The effective date of this act is retroactive to April 1, 2021.

SECTION 6. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that there is an urgent need to update and modernize the information technology systems for administering unemployment insurance claims and to create and apply an overpayment prevention and recovery process due to a rise in unemployment insurance fraud claims; that to combat unemployment insurance fraud claims, the Division of Workforce Services will modernize its systems and create and apply an overpayment prevention and recovery process to prevent, detect, and recover unemployment insurance fraud; and that this act is necessary because a failure of the system could deprive Arkansans of the necessary resources to preserve their health and well-being. Therefore, an emergency is declared to exist, and this act being necessary for the preservation of the public peace, health, and safety shall become effective on April 1, 2021.

APPROVED: 4/12/21