

1 State of Arkansas
2 93rd General Assembly
3 Regular Session, 2021
4

As Engrossed: S4/5/21

A Bill

HOUSE BILL 1765

5 By: Representative Lundstrum
6 By: Senator K. Hammer
7

For An Act To Be Entitled

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

16 TO AMEND THE LAW CONCERNING THE DIVISION
17 OF WORKFORCE SERVICES LAW; TO MODIFY THE
18 UNEMPLOYMENT INSURANCE PROGRAM TO
19 PREVENT, DETECT, AND RECOVER UNEMPLOYMENT
20 INSURANCE FRAUD; AND TO DECLARE AN
21 EMERGENCY.
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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27 SECTION 1. Arkansas Code Title 11, Chapter 10, Subchapter 3, is
28 amended to add an additional section to read as follows:

29 11-10-325. Unemployment insurance fraud – Prevention, detection, and
30 recovery.

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

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

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



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

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

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

8 (A) An incarcerated individual; and

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

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

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

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

30 (ii) The aggregate amount to be transferred into the
31 Division of Workforce Services Unemployment Insurance Administration Fund
32 under this subdivision (f)(2)(C) shall not exceed thirty-five million dollars
33 (\$35,000,000) and shall be reduced by the amount, if any, received from the
34 United States Government for the purpose of modernizing information
35 technology systems and hardware utilized in the administration of the
36 unemployment insurance program.

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

5 (2) The fund shall be used for personal services and operating
6 expenses of the unemployment insurance program necessary to the proper
7 administration of the Division of Workforce Services Law, § 11-10-101 et
8 seq., including expenses for modernizing information technology systems and
9 hardware utilized in the administration of the unemployment insurance
10 program, as determined by the Director of the Division of Workforce Services.
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12 SECTION 4. DO NOT CODIFY. Report.

13 By December 31, 2023, the Director of the Division of Workforce
14 Services shall submit a report to the Legislative Council describing the
15 impact of fraud on the unemployment insurance program and the efforts of the
16 Division of Workforce Services to prevent and detect fraud and recover
17 improper payments.
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19 SECTION 5. DO NOT CODIFY. Retroactivity. The effective date of this
20 act is retroactive to April 1, 2021.
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22 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the
23 General Assembly of the State of Arkansas that there is an urgent need to
24 update and modernize the information technology systems for administering
25 unemployment insurance claims and to create and apply an overpayment
26 prevention and recovery process due to a rise in unemployment insurance fraud
27 claims; that to combat unemployment insurance fraud claims, the Division of
28 Workforce Services will modernize its systems and create and apply an
29 overpayment prevention and recovery process to prevent, detect, and recover
30 unemployment insurance fraud; and that this act is necessary because a
31 failure of the system could deprive Arkansans of the necessary resources to
32 preserve their health and well-being. Therefore, an emergency is declared to
33 exist, and this act being necessary for the preservation of the public peace,
34 health, and safety shall become effective on April 1, 2021.
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36 /s/Lundstrum