

1 AN ACT relating to unemployment insurance benefits, making an appropriation  
2 therefore, and declaring an emergency.

3 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

4 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 341 IS CREATED TO  
5 READ AS FOLLOWS:

6 *(1) For the purposes of Sections 1 to 3 of this Act:*

7 *(a) "National Directory of New Hires" means the database that stores personal*  
8 *and financial data on employed individuals across the country and contains*  
9 *information and data on individuals receiving unemployment*  
10 *compensation;*

11 *(b) "New hire records" means the directory of newly hired and rehired*  
12 *employees reported under state and federal law and managed by the federal*  
13 *Office of Child Support Enforcement, Administration for Children and*  
14 *Families, United States Department of Health and Human Services, and the*  
15 *Cabinet for Health and Family Services;*

16 *(c) Office" means the Kentucky Office of Unemployment Insurance;*

17 *(d) "Secretary" means the secretary of the Kentucky Labor Cabinet;*

18 *(e) "Two-factor authentication" means authentication that requires entry of a*  
19 *username and password followed by entry of another method of*  
20 *identification; and*

21 *(f) "Unemployment insurance rolls" means unemployed workers receiving*  
22 *unemployment insurance in Kentucky.*

23 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 341 IS CREATED TO  
24 READ AS FOLLOWS:

25 *Notwithstanding any state law to the contrary, for unemployment insurance claims*  
26 *filed between January 27, 2020, and December 31, 2020:*

27 *(1) Upon request of the alleged overpayment recipient, the secretary may waive an*

1 overpayment of benefits if he or she finds that recovery of the overpayment:

2 (a) Was without fault on the part of the recipient; and

3 (b) Would be contrary to equity and good conscience;

4 (2) (a) Requests for waiver of overpayment of benefits under subsection (1) of this  
5 section shall be made within thirty (30) days after the date the secretary  
6 mails to the alleged overpayment recipient the notification of the  
7 overpayment determination via first-class United States Mail. The secretary  
8 shall resend any notices of overpayment sent prior to the effective date of  
9 this Act. The new notices shall restart the thirty (30) day period for the  
10 alleged overpayment recipient to request repayment waiver.

11 (b) Notice of the secretary's determination shall include information explaining  
12 how the alleged overpayment recipient may request a waiver of overpayment  
13 and explain how the alleged overpayment recipient may appeal the  
14 secretary's final determination by requesting an administrative hearing  
15 under KRS Chapter 13B.

16 (c) The secretary shall not initiate overpayment recovery until lapse of the  
17 thirty (30) day period provided in this subsection.

18 (d) Overpayments collected shall be returned to the federal government if the  
19 overpayments were paid from Coronavirus Aid, Relief, and Economic  
20 Security (CARES) Act dollars and a waiver was not granted pursuant to  
21 subsection (1) of this section.

22 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 341 IS CREATED TO  
23 READ AS FOLLOWS:

24 (1) To ensure the integrity of the unemployment insurance program, to verify  
25 eligibility, to prevent fraudulent filing, and to prevent overpayment of claims, for  
26 all claims made after July 1, 2023, the office shall:

27 (a) Use state or commercially available databases to check new hire records

- 1           against the state's unemployment insurance rolls on a weekly basis;
- 2           (b) Check state data, federal data, or a commercially available database on a
- 3           weekly basis;
- 4           (c) Check new hire records against the National Directory of New Hires on a
- 5           weekly basis;
- 6           (d) Check the unemployment insurance rolls against the Kentucky Department
- 7           of Corrections list of incarcerated individuals on a weekly basis;
- 8           (e) Enter into a cooperative agreement with the United States Department of
- 9           Labor's Office of Inspector General to proactively detect and investigate
- 10           cases of unemployment fraud;
- 11           (f) Review the individual's case and make a final determination of his or her
- 12           eligibility when the office receives information that an individual who is
- 13           participating in the unemployment compensation insurance program has
- 14           had a change in circumstances that may affect his or her eligibility;
- 15           (g) Provide employers with electronic notice of new unemployment claims,
- 16           access to information about pending unemployment insurance claims, and
- 17           status of appealed claims via the Kentucky One Stop Business Portal;
- 18           (h) Promulgate, adopt, and implement internal administrative regulations and
- 19           policies to recover improper overpayments of unemployment benefits;
- 20           (i) Require at least two-factor authentication from every benefit applicant prior
- 21           to payment of any benefit; and
- 22           (j) Maintain records of any and all applications for waiver of overpayment.
- 23           (2) The office shall provide the Office of the Attorney General with all records it
- 24           requests for the purposes of investigating and prosecuting fraudulent
- 25           unemployment insurance activity.
- 26           (3) The office shall complete an annual report for the Legislative Research
- 27           Commission which details efforts to recover improper benefit payments, causes of

1        *improper unemployment benefit payments, measures implemented to avoid*  
2        *improper benefit payments, summarizes all cases where repayment was not*  
3        *attempted due to a statutory exception, and analyzes any cost savings to the*  
4        *Commonwealth. The office shall provide this report to the Legislative Research*  
5        *Commission annually, no later than October 1 of each year.*

6        ➔Section 4. Whereas the COVID-19 pandemic has caused significant hardship  
7        for unemployment insurance recipients who have previously been overpaid benefits  
8        which they are now required to repay, an emergency is declared to exist, and this Act  
9        takes effect upon its passage and approval by the Governor or upon its otherwise  
10       becoming a law.