

SUBTITLE C—OFFSETS
PART I—UNEMPLOYMENT COMPENSATION
PROGRAM INTEGRITY

SEC. 252. PROHIBITION ON NONCHARGING DUE TO EMPLOYER FAULT

- (a) **IN GENERAL.**—Section 3303 of the Internal Revenue Code of 1986 is amended—
- (1) by striking subsections (f) and (g); and
 - (2) by inserting after subsection (3) the following new subsection:

“(f) PROHIBITION ON NONCHARGING DUE TO EMPLOYER FAULT.—
“(1) IN GENERAL.—A State law shall be treated as meeting the requirements of subsection (a)(1) only if such law provides that an employer’s account shall not be relieved of charges relating to a payment from the State unemployment fund if the State agency determines that—

 - “(A) the payment was made because the employer, or an agent of the employer, was at fault for failing to respond timely or adequately to the request of the agency for information relating to the claim for compensation; and**
 - “(B) the employer or agent has established a pattern of failing to respond timely or adequately to such requests.**

“(2) STATE AUTHORITY TO IMPOSE STRICTER STANDARDS.—Nothing in paragraph (1) shall limit the authority of a State to provide that an employer’s account not be relieved of charges relating to a payment from the State unemployment fund for reasons other than the reasons described in subparagraphs (A) and (B) of such paragraph, such as after the first instance of a failure to respond timely or adequately to requests described in paragraph (1)(A).”.
- (b) **EFFECTIVE DATE.**—
- (1) **IN GENERAL.**—Except as provided in paragraph (2), the amendments made by this section shall apply to erroneous payments established after the end of the 2-year period beginning on the date of the enactment of this Act.
 - (2) **AUTHORITY.**—A State may amend its State law to apply such amendments to erroneous payments established prior to the end of the period described in paragraph (1).