

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF ALABAMA

IN RE: )  
 )  
Barry and Marsha Garrett, ) Case No. 22-12105  
 )  
Debtors. )

ORDER SUSTAINING OBJECTION (DOC. 30)

The debtors objected to proof of claim no. 3 of the Alabama Department of Labor, which filed a priority claim for overpayment of unemployment compensation benefits. The Department of Labor states that the claim is entitled to priority status as a tax or penalty owed to a governmental unit under Bankruptcy Code § 507(a)(8). The debtors contend that the claim should be allowed in full but as unsecured because the claim is not entitled to priority status under the Code.

The court has reviewed the relevant law and finds that a claim for overpayment of unemployment compensation benefits is not entitled to priority status under Code § 507(a)(8). *See generally In re Clardy*, No. 22-30089, 2022 WL 17366085 (Bankr. W.D. Ky. Dec. 1, 2022). The court thus sustains the objection as follows: claim no. 3 of the Alabama Department of Labor is allowed in full but reclassified as unsecured.

Dated: April 19, 2023

  
HENRY A. CALLAWAY  
U.S. BANKRUPTCY JUDGE