



STATE OF MICHIGAN
DEPARTMENT OF TREASURY

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TO: State Budget Office
Senate Appropriations Chair on General Government
House of Representatives Appropriations Chair on General Government

FROM: Kyle Thelen
Tax Compliance Bureau
Michigan Department of Treasury

SUBJECT: FY 2017 - Boilerplate Report

Pursuant to P.A. 286 of 2016 section 949(2), the following information is being provided as an update regarding the fraud prevention program.

Using the identity confirmation batch process through the contract with Experian Information Solutions, Inc., 1,193 suspicious returns were stopped, totaling \$1.35 million in refunds that were not issued by the State of Michigan during fiscal year 2017.

During fiscal year 2017, a total of \$883,972 was expended on fraud prevention operations. Of the total, \$657,966 related to the identity confirmation batch process, and \$226,006 was for system programming enhancements and consulting services to review and determine best practices in the identity confirmation process.

Furthermore, over 23,000 taxpayers were able to successfully pass the online identity confirmation quiz, allowing their refund to be processed more quickly. The Department of Treasury contacted an additional 4,000 taxpayers whom responded that they did not file the return in question, preventing \$16 million in refunds from being processed and issued.

During the next fiscal year, the costs for fraud prevention operations will increase due to the implementation of a taxpayer call center which will provide additional assistance to taxpayers experiencing difficulties with the online identity confirmation quiz.

If you have any questions or concerns, please contact Kyle Thelen, State Assistant Administrator, Tax Compliance Bureau, at (517) 636-4269.