



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY

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GOVERNOR

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STATE TREASURER

**DATE:** November 24, 2021

**TO:** State Budget Office,  
Senate and House of Representatives Standing Committees on Appropriations,  
Chairpersons of General Government Appropriations Subcommittee

**FROM:** Kyle Thelen, State Assistant Administrator  
Tax Compliance Bureau  
Michigan Department of Treasury

**SUBJECT:** FY 2021 Boilerplate Report – Fraud Prevention Operations

Pursuant to P.A. 166 of 2020, section 949, subsection 2, the following information is being provided as an update regarding the fraud prevention program within the Michigan Department of Treasury.

Using the identity confirmation batch process through the contract with Experian Information Solutions, Inc. 19,816 suspicious returns were stopped, totaling over \$27.6 million in refunds that were not issued by the State of Michigan during the period of October 1, 2020 to September 30, 2021. Of the totals, 3,971 returns were denied in-whole or in-part, claiming over \$14.5 million in refunds. The remaining 15,845 returns were flagged, and notifications sent to the taxpayers; however, no response was received, resulting in approximately \$13.0 million in refunds not issued.

Between October 1, 2020 and September 30, 2021 there was \$1,001,589 expended on fraud prevention operations. This amount includes costs for the identity confirmation process, call center, consulting services and system enhancements.

During the 2021 fiscal year, the final option year under the original contract expired. Therefore, Treasury was required to bid out the fraud prevention services. The selected vendor is Experian Information Solutions, Inc. The overall program expenditures increased during the fiscal year, compared to the previous fiscal year, likely due to the increased call volume experienced during tax season.

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