

STATE OF MICHIGAN
DEPARTMENT OF TREASURYGRETCHEN WHITMER
GOVERNORRACHAEL EUBANKS
STATE TREASURER

DATE: November 25, 2019

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 2019 Boilerplate Report – Fraud Prevention Operations

Pursuant to P.A. 207 of 2018, 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. 30,023 suspicious returns were stopped, totaling over \$48.8 million in refunds that were not issued by the State of Michigan during the period of October 1, 2018 to September 30, 2019. Of the totals, 10,499 returns were denied in-whole or in-part, claiming over \$23.0 million in refunds. The remaining 19,524 returns were flagged, and notifications sent to the taxpayers; however, no response was received, resulting in \$25.7 million in refunds not issued.

During the same period, \$1,492,578 was expended on fraud prevention operations. This amount includes costs for the identity confirmation process, call center, consulting services and system enhancements.

The taxpayer call center that was implemented during the previous year saw larger than expected call volumes during tax season. The vendor also provided adjustments to the custom model.

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