

STATE OF MICHIGAN
DEPARTMENT OF TREASURYRICK SNYDER
GOVERNORNICK A. KHOURI
STATE TREASURER

DATE: November 30, 2018

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 2018 Boilerplate Report - Fraud Prevention Operations

Pursuant to P.A. 107 of 2017, 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. 15,733 suspicious returns were stopped, totaling over \$13.8 million in refunds that were not issued by the State of Michigan during the period of October 1, 2017 to September 30, 2018. Of the totals, 4,226 returns were denied in-whole or in-part, claiming over \$3.9 million in refunds. The remaining 11,507 returns were stopped with no response, claiming over \$9.9 million in refunds.

During the same period, \$1,115,175 was expended on fraud prevention operations. This amount includes costs for the identity confirmation process, call center, and consulting services and system enhancements.

A taxpayer call center was implemented during this period to provide additional assistance to taxpayers who experience difficulties with the online identity confirmation process. In the next fiscal year, further tuning of the custom model will be completed by the vendor.

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