



HOMEPAGE

Revenue chief Reames restored agency's image

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Rick Reames JEFF BLAKE online@thestate.com

When outgoing Department of Revenue chief Rick Reames took over the agency in 2014, the recent hacking scandal was still fresh in the public's mind.

That 2012 scandal – which compromised the tax returns and identities of millions of current and former S.C. residents – was a “wake-up event” for governments and businesses about cyber security, Reames said. “The time was ripe to move the agency forward and to try to restore its image and improve services we deliver,” Reames said.

As a response, during his two-year tenure leading the state's tax agency, Reames:

- Made security “non-negotiable” for employees
- Modernized the state's withholding tables, a plan that puts more money in taxpayers' paychecks
- Launched a probe into the use of Richland County's penny sales tax

On Jan. 3, Reames will turn over the agency to Hartley Powell of Columbia, a lawyer and KPMG tax professional appointed by Gov. Nikki Haley.

It's unclear what's next for Reames, who is considered a rising S.C. GOP star. He said he has no plans to run for office but declined to comment further.

INCREASED SECURITY

The 2012 Department of Revenue hacking was one of the first massive data breaches that affected millions of people. Now, those hacking incidents are a dime a dozen at big-box stores, banks and other major companies, Reames said.

As a result of the hacking at the Revenue Department, Reames has worked to ensure that security is baked into the culture of the agency. That includes more security training for all new employees and recertifying existing employees each year. He restructured the agency so that the Chief Information Security Office division and internal auditor report directly to the agency head.

In addition, the department purchased new software, hardware and monitoring technologies.

S.C. House Majority Leader Gary Simrill, R-York, oversees the House budget subcommittee that decides Revenue Department spending.

Simrill applauded Reames for deciding to use a privatized tax and revenue processing system instead of an in-house system. That was “not only the best move forward, but it was a money-saving move,” Simrill said.

RICHLAND PENNY PROBE

Earlier this year, the Department of Revenue alleged that Richland County was illegally spending its penny sales tax money and argued the state agency has a duty to ensure the dollars are spent properly. The tax agency turned over findings from its 2015 audit to the State Law Enforcement Division.

The Department of Revenue threatened to withhold the sales tax money from the county, causing the county to sue, accusing the tax agency of an “unprecedented”

and illegal power grab. Judge Thomas Cooper ordered last summer that the Department of Revenue had to release an estimated \$17 million in penny tax revenues to Richland County.

However, Cooper said, the revenue agency may still pursue its claims of corruption and fraud in court. That case will continue, Reames said. "The agency continues to be committed to ensuring accountability over the taxpayers' dollars," Reames said.

REDUCING TAX WITHOLDINGS

Reames also led the charge to change the amount withheld from state taxpayers' paychecks.

That will put \$100 million in S.C. workers' paychecks throughout the next year and cut the amount in tax refunds the state pays out at the end of the year. Nearly all S.C. taxpayers now get a state tax refund each spring. In part, that is because the state has not changed its tax withholding tables in 25 years.

But over the next decade, annual changes to the withholding tables will put \$1 billion back in S.C. workers' paychecks, the department said. The changes will begin in January, and the Department of Revenue is urging businesses to prepare.

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More in taxpayers' paychecks

One change outgoing Revenue Director Rick Reames has pushed is cutting the amount withheld from taxpayers' paychecks for state income tax, which starts Jan. 1, 2017. The amount will vary, depending on a taxpayer's filing status. But, according to initial estimates, a married couple filing jointly with two children and a combined taxable income of \$10,000 or more would see an added:

+ \$73 in Year 1

+ \$365 in Year 5

+ \$730 in Year 10

SOURCE: S.C. Department of Revenue

TERMS OF SERVICE