



# THE PORT OF SEATTLE

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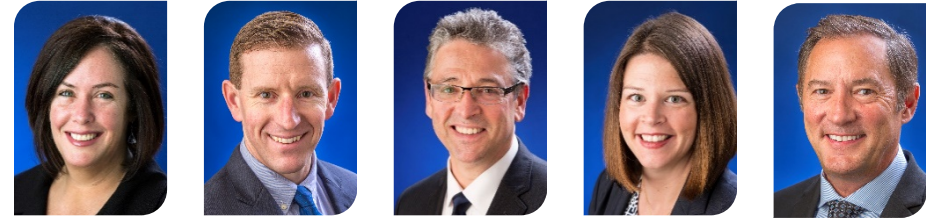




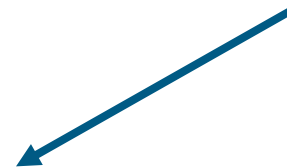
# Port of Seattle Organization



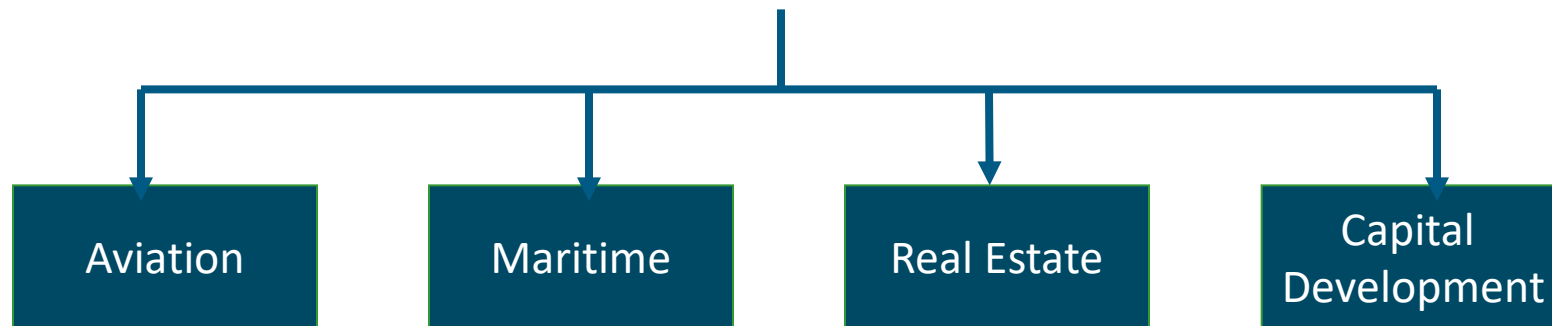
King County Voters



Commissioners



Executive Director



# Port Commissioners



**Stephanie  
Bowman**



**Ryan  
Calkins**



**Fred  
Felleman**

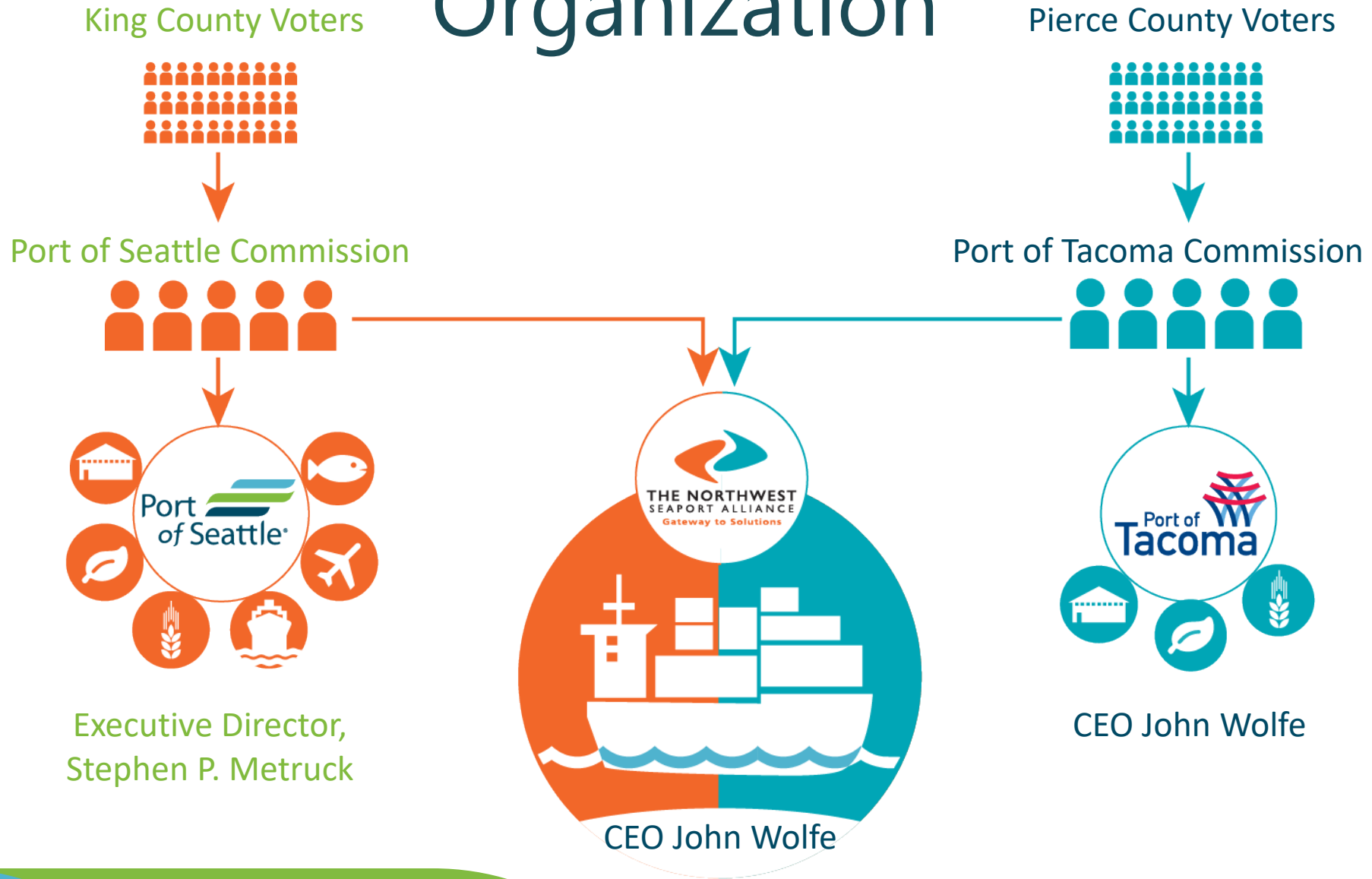


**Courtney  
Gregoire**



**Peter  
Steinbrueck**

# The Northwest Seaport Alliance Organization





# SEA TAC AIRPORT





# Port of Seattle Cruise Facilities



Bell Street Pier Cruise Terminal  
Pier 66

Smith Cove Cruise Terminal  
Pier 91





# **FEDERAL TAX REFORM – TAX CUTS AND JOBS ACT EFFECTIVE 2018 TO 2025**

Karin Outram, Payroll Manager  
Duane Hill, Senior Disbursement Manager

# Port of Seattle Payroll

- 2000+ employees
- Run both a bi-weekly payroll and a weekly payroll
- 1,000+ non-represented employees
- 1,000+ represented employees
- 35+ bargaining units
- System: PeopleSoft HCM
- 97 percent of employees are on direct deposit



# Port of Seattle Payroll

- Staff Size = Five
- Full Service team
  - Tax payments and reporting, DRS, deferred compensation, union dues, child support payments, garnishments, wage verifications, payroll accounting, w-2 reporting
- Gross Payroll \$165,000,000 in 2017

# Impacts that Payroll is managing

- **Tax Rates and Brackets**

Seven tax brackets, but adjusts tax rates and taxable income levels.

- Tax rates were reduced for 6 of the 7 brackets between 1% to 4%.
- The following slides show a comparison of the 2017 and 2018 rates for single and married employee, filing jointly.



# Single Brackets

## 2017 Tax Rate

10%  
15%  
25%  
28%  
33%  
35%  
39.6%

## Taxable Income

\$0-\$9,325  
\$9,326 - \$37,950  
\$37,951 - \$91,900  
\$91,901 - \$191,650  
\$191,651 - \$416,700  
\$416,701 - \$418,400  
\$418,401+

## 2018 Tax Rate

10%  
12%  
22%  
24%  
32%  
35%  
37%

## Taxable Income

\$0 - \$9,525  
\$9,526 - \$38,700  
\$38,701 - \$82,500  
\$82,501 - \$157,500  
\$157,501 - \$200,000  
\$200,001 - \$500,000  
\$500,000+

# Married, Filing Jointly

## 2017 Tax Rate

10%	\$0 - \$18,650
15%	\$18,651 - \$75,900
25%	\$75,901 - \$153,100
28%	\$153,101 - \$233,350
33%	\$233,351 - \$416,700
35%	\$416,701 - \$470,700
39.6%	\$470,701+

## Taxable Income

## 2018 Tax Rate

10%	\$0 - \$19,050
12%	\$19,051 - \$77,400
22%	\$77,401 - \$165,000
24%	\$165,001 - \$315,000
32%	\$315,001 - \$400,000
35%	\$400,001 - \$600,000
37%	\$600,001+

## Taxable Income





# Withholding on Supplemental Wages

- Previous Rate was 25% and was scheduled to increase to 28%
- New Rate Effective 1/1/2018 - 22%

# Transportation fringe benefits.

- The new tax law ended the employer deduction for transportation fringe benefits.
- However, if the employer provides free parking, van pooling, or monthly transit passes, employees can receive the benefit tax-free up to \$260 per month.
- \$20 per month exclusion for bicycle assistance does not apply for 2018 through 2025; any such reimbursements are taxable to the employee and subject to payroll taxes.



# Reimbursements to employees

- Many employers reimburse employees for their business driving. If the reimbursement is done under an accountable plan up to the IRS standard mileage rate, there is no taxable compensation reportable to employees or subject to payroll taxes. The mileage rate for 2018 is 54.5 cents per mile
- If employees travel on business, the company can use certain government-set rates to reimburse travel costs. The government rates run from October 1, 2017, through September 1, 2018.
- **Reimbursements for moving expenses are no longer excludable from gross income for the employee or deductible by the company. They are now a taxable fringe benefit subject to payroll taxes.**

# Port of Seattle Challenges

- Tax Tables were not updated until late February 2018
  - Waiting for information from the IRS
  - Waiting for tax table updates from PeopleSoft
- New Tax Forms (W-4's) not immediately available
- Taxing employees for the portion of the parking fringe benefit that exceeded \$260 per month.
  - Taxes deducted on \$10 per month of imputed income

# Port of Seattle Challenges

- Lots of Questions from employees once the new tax tables were implemented.
  - Why is my check different?
  - Did you over pay me?
  - Should I adjust my contributions to Deferred Comp or my HSA accounts?
  - Does this have an impact on my 2017 tax return?

**We do not provide tax advice,** check with your tax accountant



# Port of Seattle Challenges

- Newly hired employees who had relocation expenses in 2017 that were reimbursed in 2018 are adversely impacted!
  - now a taxable fringe benefit subject to payroll taxes
  - Has impacted several of our employees

# QUESTIONS

