MOTION 2018-10: 1 **A MOTION OF THE PORT OF SEATTLE COMMISSION** 2 3 4 modifying the executive director employment agreement 5 with Stephen Metruck to increase the amount of relocation reimbursement due to changes in federal tax 6 7 law to account for taxes withheld from reimbursement 8 payments; providing an effective date. 9 10 PROPOSED 11 SEPTEMBER 11, 2018 12 13 **TEXT OF THE MOTION** 14 15 The Port Commission hereby modifies the employment agreement approved by the 16 Commission on December 19, 2017, appointing Stephen Metruck as Executive Director of the 17 Port of Seattle, to increase the amount of relocation reimbursements to account for taxes withheld from payments, and to increase the maximum amount of relocation reimbursement 18 19 from \$100,000 to \$133,000, in consideration of changes in federal tax law. 20 21 This motion shall be applied retroactively to the effective date of the employment agreement. 22 23 STATEMENT IN SUPPORT OF THE MOTION 24 25 The Port's employment agreement with Executive Director Stephen Metruck approved 26 December 19, 2017, provides for relocation expense reimbursement to assist him in moving his 27 residence from outside the state of Washington to the Seattle area. The maximum amount of 28 all relocation reimbursement was set at \$100,000, subject to the terms of Attachment B of the 29 employment agreement (attached). 30 31 Federal tax law in effect at the time the agreement was approved allowed individuals to claim a 32 deduction for moving expenses paid in commencement of work at a new principal place of 33 work. The port anticipated Executive Director Metruck would be able to deduct federal income 34 taxes on the reimbursements. 35 The federal Tax Cuts and Jobs Act, signed into law on December 22, 2017, made several 36 37 changes to the taxability and deductibility of relocation reimbursements. Effective December 38 31, 2017, an employee can no longer deduct moving expenses, nor can an employer pay or 39 reimburse an employee's moving expenses on a tax-free basis. 40

- 41 Due to these changes in the tax law, Executive Director Metruck would be required to pay taxes
- on his relocation reimbursements, and thus the relocation benefit would be reduced below the
 amount authorized by the commission prior to enactment of the tax law.
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This action would increase Executive Director Metruck's relocation reimbursement and would increase the maximum total amount of the relocation reimbursement to reflect anticipated taxes on the approved relocation benefit. The action would be applied retroactively to reimbursements previously approved. He has previously submitted reimbursement receipts for some expenses and it is assumed he will request reimbursement to the maximum originally anticipated amount of \$100,000.

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52 Adoption of this revision will honor the intent of the employment agreement. All other terms 53 and conditions of the employment agreement shall remain the same.

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55 ADDITIONAL INFORMATION ATTACHED

56 Employment agreement executed December 19, 2017