

ZUNI PUBLIC SCHOOL DISTRICT #89

PO DRAWER A, 10 N SANDY SPRINGS RD.

ZUNI, NM 87327 PH:505-782-5511 FAX:505-782-5870

SUPERINTENDENT

Mrs. Randy Stickney, Superintendent



BOARD OF EDUCATION

Mr. Jerome Haskie, President
Ms. Mildred Lementino, Vice President
Mr. Carleton Bowekaty, Secretary
Mr. Clayton Seowtewa, Board Member
Ms. Valerie Bellson, Board Member

February 6, 2024

Senator Ben Ray Lujan
498 Russell Senate Office Building
Washington, DC 20510

Esteemed Senator Lujan,

I currently serve as President of the New Mexico Association of School Business Officials (NMAASBO) which represents over 1,000 financial officials of all school districts and charter schools throughout the state. As President of NMAASBO I am writing to request help with an IRS related issue that came to the forefront for our district officials during the latter part of January.

Every year, entities throughout the country that have made payments to vendors for the purchase of goods and/or services are required to send those vendors a Form 1099 showing the amount that they were paid. This allows each entity to file their annual tax return. During 2023 the IRS made numerous changes to the manner and method that employers use to file those forms. Unfortunately, these changes were not effectively communicated to those that had to complete the forms and file the returns.

If an employer has to file 10 or more Form 1099s, they are required to use the IRS system Filing Information Returns Electronically, also known as FIRE. This system has been in place for many years. In order to use the system an employer has to request a Transmitter Control Code (TCC). This code is required in order to access the IRS filing system. When school district business officials tried to access the FIRE system and file their returns, they were notified the IRS was requiring that all entities that use the FIRE system were required to obtain a new TCC. The deadline to request that TCC was August 24, 2023.

The issue that I would like to address is the fact that the IRS never notified anyone that a new TCC would be required to submit electronic forms through the FIRE system. The only information ever received was a line at the bottom of a FIRE status email received in January 2023 stating that TCC security updates would be coming soon. An update is not the same as a requirement to request a new TCC. No other information was ever received.

ZUNI PUBLIC SCHOOL DISTRICT #89

I have visited with school business officials throughout NM and across the country and have yet to find anyone who was notified that this change had been made. When an entity submits an application for a TCC one requirement is an email address of the responsible official for the entity requesting the TCC. The IRS has those email addresses and could have sent out a mass email notifying all TCC holders that they would need to reapply for a new TCC. This was not done. The IRS could have also monitored how many requests for new TCCs were submitted by the August deadline to make sure that the requirement was being met. It does not appear that that happened either.

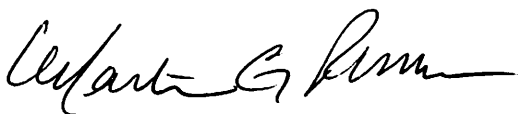
I personally tried calling the IRS for help creating a new TCC; and I received the message that the lines were very busy and to call back later, which I did with no success. I visited with one person who was on hold for 4 hours before they were able to talk to an agent.

The IRS issues fines if 1099s are submitted late. Those fines range from \$60 to \$130 depending on how late the forms were submitted. I was able to successfully receive a new TCC and get the District forms filed on time. If I had not been able to do that, the District might have been liable for fines ranging from \$6,480 to \$65,880, all due to a change that the IRS did not communicate to employers.

I am requesting that your office request from the IRS an explanation of why the communication regarding the requirement to request new TCCs failed so miserably and also that no fines be imposed on entities that were unable to timely file their 1099s due to the requirement to request a new TCC.

I appreciate your help with this issue. Should you have any questions regarding my request or the new Transmitter Control Code issue, please let me know.

Sincerely,



Martin G. Romine
Director of Finance
Zuni Public School District
505-782-5511 X6301