



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY  
12234

Office of Facilities Planning, Room 1060 Education Building Annex  
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[www.emsc.nysed.gov/facplan/](http://www.emsc.nysed.gov/facplan/)

February 2003

TO: Superintendent of Schools

FROM: Carl T. Thurnau, P.E.  
Coordinator

SUBJECT: Qualified Zone Academy Bonds

As you may be aware, the federal government enacted legislation and regulations in 1996 providing Qualified Zone Academy Bond (QZAB) tax credits in lieu of interest payments for eligible districts (26 USC Section 1397E). This legislation allows school districts to forego interest payments on capital construction debt that would otherwise be paid by the district and its taxpayers. In order to be eligible for the program at least 35 percent of a district's student enrollment must be eligible to receive free or reduced price lunches under the National School Lunch Program, or the district must be located in a federally designated empowerment or enterprise community.

QZAB tax credits for New York State totaled approximately \$126 million for the first four years - 1998 - 2001. Another allocation of approximately \$60 million has been funded for the 2002 and 2003 years bringing New York State's allocation to date up to \$186 million. The expiration dates of these additional funds are December 31, 2004 and December 31, 2005 respectively. The tax credits can be used for rehabilitation or repair, purchase of equipment, developing course material or training of teachers or other staff for these academies. State Building Aid will be available for qualifying capital projects.

At the federal level, the Federal Department of the Treasury and the Internal Revenue Service will jointly administer the QZAB allocation. The NYS Education Department's Office of Facilities Planning will coordinate New York State's allocation.

Your district is eligible to apply for the QZAB program. Section 155.22 of the Regulations of the Commissioner of Education pertain to QZAB, were initially approved by the Regents on October 5, 2000, and became effective November 20, 2000. Section 155.22 was amended on December 19, 2001 to assure current and future allocations are exhausted. We have enclosed an application for your district to apply for a QZAB allocation. The application period will begin February 2003. Applications for the 2002 and 2003 allocation must be received in this office by April 20, 2003. Please visit our web site [www.emsc.nysed.gov/facplan](http://www.emsc.nysed.gov/facplan) to download a copy of Section 155.22.

Please send applications to:

Mr. Robert Rogers  
NYS Education Department  
Office of Facilities Planning -- Room 1060 EBA  
Albany, NY 12234

If you have any questions or concerns, please contact Mr. Rogers at (518) 474-3906.

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