



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

Office of Facilities Planning, Room 1060 Education Building Annex  
Tel. (518) 474-3906 Fax (518) 486-5918  
[www.emsc.nysed.gov/facplan/](http://www.emsc.nysed.gov/facplan/)

October 2008

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 \$244 million for the first eight years – 1998 - 2005. Another allocation of approximately \$57 million has been funded for the 2006 and 2007 years bringing New York State's allocation to date up to approximately \$301 million. The expiration dates of these additional funds are December 31, 2008 and December 31, 2009 respectively. The tax credits can be used for rehabilitation or repair of existing facilities to serve the academy. 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.

We have \$ 11,656,000 of funding that has become available from the 2007 allocation and your district is eligible to apply for the QZAB program. 2007 funding expires at the end of 2009, therefore please do not apply for this funding unless you are anticipating a capital project that could use QZA Bonds sold prior to December 31, 2009. 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 immediately. Applications for the available 2007 allocation must be received in this office by November 15, 2008. 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. John O'Donnell  
NYS Education Department  
Office of Facilities Planning – Room 1060 EBA  
Albany, NY 12234

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

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