

INTEREST-FREE SCHOOL BONDS AVAILABLE

In 1997, Congress enacted the Qualified Zone Academy Bond program that allows certain schools to finance the renovation and or equipping of school facilities on an interest-free basis through the use of federal tax credits. The total amount of school indebtedness eligible for the credit is \$800 million nationwide.

The U.S. Treasury allocated the available indebtedness for 1998 and 1999 to the states based on a poverty formula. States through their state education agencies are responsible for allocating the credits to local education agencies.

Who qualifies?

A public school, a single school district, or a coalition of districts may apply, if the applicant or coalition is located in an Empowerment Zone or Empowerment Community, or if 35 percent of the students at the school site are eligible for free or reduced-cost lunches. A public-private partnership with a business or other private entity is also required and the private partner must contribute 10 percent of the bonds. This contribution can be in the form of equipment, volunteers, internships, technical services, etc.

How do QZAB's work?

The local school district, or a state or local government agency, issues the bonds. A financial institution purchases the QZAB bonds and sets the terms for repayment, usually 15 years. The purchaser receives a federal tax credit each year and the school district is responsible for the principal.

Where to get more information?

The U.S. Treasury issued a document, 26 CFR Part 1 [TD 8755] RIN1545-AV74, published in the Federal Register January 7, 1998. The Internal Revenue Service issued additional clarifications July 1, 1999.

What is the future of the QZAB program?

Legislation before Congress would reauthorize and expand the QZAB program and would establish a much larger program using tax credits. H.R. 1660 and H. R. 1760 in the House and S. 1454 in the Senate would authorize about \$25 billion in interest-free bonding authority for school modernization and construction. A majority of the House have signed as cosponsors, a total of 228 members, and 20 Senators are cosponsors. Public support is needed to bring it to a vote.



**REQUEST FOR ALLOCATION OF QUALIFIED ZONE
ACADEMY BONDS**

NORTH DAKOTA DEPARTMENT OF PUBLIC INSTRUCTION
SFN 52259 (11-10)

School District:	Superintendent:	
Address:	Telephone Number:	
City, State, Zip:	Fax Number:	E-Mail Address:

In accordance with the provisions of federal laws and regulations governing Qualified Zone Academy Bonds (QZAB), request is hereby made for an allocation of such QZAB in the amount of _____ dollars (\$_____).

Date: _____

Superintendent: _____



For State Department Use Only:

Criteria Met

Amount Allocated: \$ _____

Located in Empowerment Zone or Community

Date Approved: _____

35% or more students eligible for free/reduced lunches

Signed: _____

Construction Approval Required: Yes No



Send To: Department of Public Instruction
Attn: Cyndy Laber
School Finance & Organization
600 E Boulevard Ave
Bismarck, ND 58585-0440