

CHAPTER 25

QUALIFIED ZONE ACADEMY BOND PROGRAM

Authority

N.J.S.A. 18A:4-15 and 18A:7G-26 and 26 U.S.C. § 1397E.

Source and Effective Date

R.2002 d.167, effective June 3, 2002.
See: 34 N.J.R. 356(a), 34 N.J.R. 1899(a).

Chapter Expiration Date

Chapter 25, Qualified Zone Academy Bond Program, expires on June 3, 2007.

CHAPTER TABLE OF CONTENTS

SUBCHAPTER 1. GENERAL PROVISIONS

6A:25-1.1 Purpose and applicability of rules
6A:25-1.2 Definitions

SUBCHAPTER 2. ELIGIBILITY FOR QZAB FUNDING

6A:25-2.1 School requirements
6A:25-2.2 QZAB project requirements
6A:25-2.3 Private collaboration requirement
6A:25-2.4 Comprehensive educational plan requirements

SUBCHAPTER 3. APPLICATION FOR QZAB FUNDING

6A:25-3.1 Application requirements
6A:25-3.2 Application review and approval
6A:25-3.3 Appeals of Division and Commissioner determinations

SUBCHAPTER 1. GENERAL PROVISIONS

6A:25-1.1 Purpose and applicability of rules

(a) These rules are intended to implement the Qualified Zone Academy Bond (QZAB) Program in this State. Under 26 U.S.C. § 1397E, bond cap is allocated to the Department of Education, for bonds issued by the State, to be used by public schools with needy populations (qualified academy zones) for Federally qualified purposes such as to rehabilitate and repair schools providing such schools develop an educational plan in cooperation with business to expand learning opportunities. Bondholders receive a tax credit as an incentive for holding such bonds and the issuer (in this case, the New Jersey Economic Development Authority) is only responsible for paying the principal of the QZAB bonds, subject to State contract and appropriation from legislation. These rules outline for districts, bondholders, private entities, and others the implementation of this program. As in the initial phase of the QZAB Program, the NJEDA will issue QZABs for the State share of the costs of rehabilitation school facilities projects for qualified zone academies. Because these rules contemplate QZABs as a way of financing the costs of school facilities projects ap-

proved pursuant to the Educational Facilities Construction and Financing Act (EFCFA), P.L. 2000, c.72, frequent reference is made in these rules to EFCFA and the Department of Education rules implementing EFCFA at N.J.A.C. 6A:26.

(b) These rules apply to all district boards of education in the State as well as to the bondholders and private entities that participate in the State QZAB Program.

Amended by R.2003 d.52, effective February 3, 2003.
See: 34 N.J.R. 3417(a), 35 N.J.R. 611(a).
Rewrote (a).

6A:25-1.2 Definitions

(a) As used in this chapter, unless the context clearly indicates otherwise, the following words and terms shall have the following meanings:

“Comprehensive education plan” means a plan established by the qualified zone academy in conjunction with one or more private entities to provide education and training to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the workforce.

“EFCFA” means the Educational Facilities Construction and Financing Act, P.L. 2000, c.72 (N.J.S.A. 18A:7G-1 et seq.).

“Initial phase of the QZAB Program” means the phase of the QZAB Program funded with QZABs issued in 2001 to finance the State share of rehabilitation school facilities projects in qualified zone academies eligible for a qualified contribution from a private entity.

“New Jersey Economic Development Authority” or “NJEDA” means the authority established pursuant to N.J.S.A. 43:1B-1 et seq.

“Private entity” means any person (as defined in section 7701(a) of the Internal Revenue Code) other than the United States, a State or local government, or any agency or instrumentality thereof that enters into a collaboration with a school or school district for the purpose of establishing a qualified zone academy, and making a qualified contribution pursuant to the requirements of the Act and these guidelines. A private entity may be an individual, a trust, a partnership, or a non-profit organization as well as a for profit corporation, and for the initial phase of the QZAB Program is the private entity providing telecommunications access to districts via a State-wide program through three-year contracts with districts beginning in 2000 or 2001, and beyond the initial phase, may be the private entity providing discounted telecommunications access to districts via a Statewide program.

"Qualified zone academy" means any public school (or academic program within a public school) which is established by and operated under the supervision of a district and that meets the eligibility criteria of the QZAB Program.

"Qualified contribution" means contributions made by private entities that are of a type and quality acceptable to the qualified zone academy, and consist of technical assistance in developing curriculum or in training teachers, services of employees as volunteer mentors, internships, field trips, or other educational opportunities for students, or any other property or service specified by the qualified zone academy. Cash received from a private entity constitutes a qualified contribution if it is used to purchase any property or service described above. For the initial phase of the QZAB Program, the qualified contribution means the prospective telecommunications access provided to districts via a Statewide program through three-year contracts with districts beginning in 2000 or 2001, and beyond the initial phase, may mean the prospective telecommunications access provided to districts via a Statewide program.

"QZAB funding" means the financing of school facilities projects through QZABs issued pursuant to the QZAB Program.

"QZAB Program" means this State's implementation of the Federal qualified zone academy bond provisions of 26 U.S.C. § 1397E, which shall consist of the initial phase and subsequent phases, subject to Federal appropriation available therefor.

"Rehabilitation" means the definition of this term provided in 26 U.S.C. § 47, which is broader than the meaning defined in N.J.A.C. 6A:26-1.2, because the Federal meaning encompasses both rehabilitation as that term is defined in N.J.A.C. 6A:26-1.2 and attached additions to existing school facilities. Such additions generally increase the gross square footage of the original facility.

(b) Terms not defined in this chapter shall have the meanings defined for qualified zone academy bonds by 26 U.S.C. § 1397E and regulations thereunder (see 26 CFR 1.1397E-1) and the meanings defined for the State program of school construction under EFCFA and N.J.A.C. 6A:26.

Amended by R.2003 d.52, effective February 3, 2003.
See: 34 N.J.R. 3417(a), 35 N.J.R. 611(a).

In "Private entity" and "Qualified contribution" added "and beyond the initial phase, may be the private entity providing discounted telecommunications access to districts via a Statewide program" in the second sentence.

SUBCHAPTER 2. ELIGIBILITY FOR QZAB FUNDING

6A:25-2.1 School requirements

(a) To qualify for designation as a qualified zone academy and receive QZAB funding, a school shall:

1. Be in a district as that term is defined in N.J.S.A. 18A:7G-3 and N.J.A.C. 6A:26-1.2; and

2. Have a student body composed of at least 35 percent of students that qualify for the Richard B. Russell National School Lunch Program based on a reasonable expectation as of the date of issuance of the QZABs; or be located in a Federal empowerment zone; or be located in a Federal enterprise community.

(b) The district or the Division on behalf of the district must supply the eligibility information required by (a) above for each school seeking designation as a qualified zone academy on the QZAB application form.

6A:25-2.2 QZAB project requirements

(a) To be eligible for QZAB funding, a school facilities project shall:

1. Be located in a school facility of a school that qualifies pursuant to N.J.A.C. 6A:25-2.1(a);

2. Be included in a district's approved long-range facilities plan even if the project was originally approved as a waiver project under section 4b of EFCFA (N.J.S.A. 18A:7G-46) or a retroactive project under section 9c of EFCFA (N.J.S.A. 18A:7G-9c) prior to the approval of the district's long-range facilities plan;

3. Be approved as a school facilities project by the Department as follows:

- i. Pursuant to N.J.A.C. 6A:26-3.3;
- ii. Pursuant to section 4b of EFCFA; or
- iii. Pursuant to section 9c of EFCFA;

4. Not be completed at the time of submission of an application for QZAB Program funding;

5. Consist of rehabilitation work, including equipment related to the rehabilitation of the school facility that houses a qualified zone academy; and

6. Be located in a school facility eligible for a private business contribution by a private entity.

(b) A district or the Division on behalf of a district, may apply for one or more school facilities projects in one or more school facilities, provided that each school and each project meet all of the requirements to qualify for the QZAB Program under this chapter.

Amended by R.2003 d.52, effective February 3, 2003.
See: 34 N.J.R. 3417(a), 35 N.J.R. 611(a).

In (b), deleted " , in the case of the initial phase of the QZAB program," following "A district or".