

CHAPTER 25

QUALIFIED ZONE ACADEMY BOND PROGRAM

Authority

N.J.S.A. 18A:4-15, 18A:7G-26 and 18A:36A-18;
and 26 U.S.C. §1397E.

Source and Effective Date

R.2007 d.308, effective September 7, 2007.
See: 39 N.J.R. 2177(a), 39 N.J.R. 4115(a).

Chapter Expiration Date

Chapter 25, Qualified Zone Academy Bond Program, expires on
September 7, 2012.

Chapter Historical Note

Chapter 25, Qualified Zone Academy Bond Program, was adopted as
new rules by R.2002 d.167, effective June 3, 2002. See: 34 N.J.R.
356(a), 34 N.J.R. 1899(a).

Chapter 25, Qualified Zone Academy Bond Program, was readopted
as R.2007 d.308, effective September 7, 2007. As a part of R.2007
d.308, Subchapter 4, Charter School Eligibility for QZAB Funding, and
Subchapter 5, Charter School Application for QZAB Funding, were
adopted as new rules, effective October 1, 2007. See: Source and Effec-
tive Date. See, also, section annotations.

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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 (such as 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. Since the initial phase of the
QZAB Program, QZABs financed the costs of school facil-
ities projects approved pursuant to the Educational Facilities
Construction and Financing Act (EFCFA), P.L. 2000, c. 72.
These rules also enable charter schools to participate in the
program.

(b) These rules apply to all district boards of education and
charter schools 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).
Amended by R.2007 d.308, effective October 1, 2007.
See: 39 N.J.R. 2177(a), 39 N.J.R. 4115(a).

In (a), substituted "such as" for "in this case," "Since" for "These
rules outline for districts, bondholders, private entities, and others the
implementation of this program. As in", "QZABs financed" for "the
NJEDA will issue QZABs for the State share of the costs of rehabil-
itation school facilities projects for qualified zone academies. Because
these rules contemplate QZABs as a way of financing", deleted "
frequent reference is made in these rules to EFCFA and the Department
of Education rules implementing EFCFA at N.J.A.C. 6A:26" following
"c.72", and inserted the last sentence; and in (b), inserted "and charter
schools".

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:

"Charter school" means a public school that is established
in accordance with N.J.S.A. 18A:36A-1 et seq.

"Charter school capital project" means a rehabilitation
project for a charter school as described in N.J.A.C. 6A:25-
4.2.

"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 en-
hance the academic curriculum, increase graduation and em-

ployment rates, and better prepare students for the rigors of college and the workforce.

“Department” means the New Jersey Department of Education.

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

“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.

“Qualified zone academy” means any public school (or academic program within a public school) 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.

“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, 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.

Amended by R.2007 d.308, effective October 1, 2007.

See: 39 N.J.R. 2177(a), 39 N.J.R. 4115(a).

In (a), added definitions “Charter school”, “Charter school capital project” and “Department”; deleted definition “Initial phase of the QZAB Program”; rewrote definition “Private entity”; in definition “Qualified zone academy”, deleted “which is established by and operated under the supervision of a district and” preceding “that”; in definition “Qualified contribution”, deleted the last sentence; and in definition “QZAB Program”, deleted “, which shall consist of the initial phase and subsequent phases” preceding “, subject”.

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 school 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 school district or the Department on behalf of the school 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.

Amended by R.2007 d.308, effective October 1, 2007.

See: 39 N.J.R. 2177(a), 39 N.J.R. 4115(a).

In (a)1, inserted “school”; and in (b), inserted “school” preceding “district” twice, and substituted “Department” for “Division”.

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 school district’s approved 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;