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Hello Friend,

**SCHOOL LAW ALERT:
"QUALIFIED ZONE ACADEMY BOND ("QZAB") PROGRAM EXTENDED"**

*- By James M. Crowley,
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The Working Families Tax Relief Act of 2004 extended the qualified zone academy bond ("QZAB") program by authorizing the issuance of up to \$400 million of QZAB's annually for calendar years 2004 and 2005. The QZAB program, originally created under the Taxpayer Relief Act of 1997, was intended to encourage the formation of partnerships between public schools and local businesses. A QZAB allows a school district to borrow money on an interest-free basis through the issuance of bonds, which provide a tax credit to the bondholders in lieu of interest payments. The tax credit on the QZAB eliminates the cost of interest only, not the principal.

A QZAB can be issued by a school district that establishes a Qualified Zone Academy (see requirements in extended article) and receives a written commitment from private entities to contribute equipment, technical assistance or training, employee services or other property or services to the Qualified Zone Academy with a value equal to at least 10% of the value of the QZAB.

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