



# SENATE BILL 468: QZAB Use Modification.

2017-2018 General Assembly

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<b>Committee:</b>	Senate Finance. If favorable, re-refer to Rules and Operations of the Senate	<b>Date:</b>	May 2, 2017
<b>Introduced by:</b>	Sen. Brown	<b>Prepared by:</b>	Cindy Avrette
<b>Analysis of:</b>	First Edition		Staff Attorney

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**OVERVIEW:** Senate Bill 468 would make modifications to the conditions for the award of the State's allocation of Qualified Zone Academy Bonds (QZABs).

**CURRENT LAW:** In 1997, Congress created the qualified zone academy bonds (QZABS) to allow qualifying schools to raise funds for: (i) the rehabilitating or repairing the public school facility in which the academy is established; (ii) providing equipment for use at such academy; (iii) developing course materials for education to be provided at such academy; and (iv) training teachers and other school personnel in such academy. 26 U.S.C. 54E. The State Board of Education (SBE) is designated as the State agency in North Carolina for administering the QZAB program. As a result, the SBE must define the areas and schools eligible under federal law to participate; design an application process to solicit proposals; determine the eligibility of an applicant; and award the State's allocation of funds; establish the conditions of the use of the funds; and confirm that the terms of any QZAB bonds issued are consistent with federal law.

G.S. 115C-489.6(a) specifically provides that among the conditions established by the SBE, the following must be included: (i) requiring that the bond proceeds only be used for the rehabilitation or repairing of the public school facility including wiring and other infrastructure improvements related to technology and related equipment.

**BILL ANALYSIS:** Senate Bill 468 would provide that the conditions established by the SBE for the uses of a QZAB allocation must be for the purposes listed in 26 U.S.C. 54E (listed above) and prioritized so that the QZAB funds are first used in counties determined to have greater economic distress under G.S. 143B-437.08 (Tier 1 counties). The SBE must establish an application process and require any information needed to allow the SBE to accomplish the prioritization and efficient use of the bond proceeds.

**EFFECTIVE DATE:** The bill is effective when it becomes law and applies to bond proceeds used on or after that date.

*Drupti Chowan, counsel to Senate Education Committee, substantially contributed to this summary.*

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