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Sheila Y. Oliver, Lieutenant Governor
Diane Gutierrez-Scaccetti, Commissioner
Kevin S. Corbett, President & CEO


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September 20, 2022

RE: Bipartisan Infrastructure Law Disposition Requirements

Dear Subrecipients:

As the administrators of Federal Transit Administration (FTA) funds in New Jersey, NJ TRANSIT's Department of Local Programs and Community Mobility is required to report and monitor vehicles and assets purchased with federal funds. The Infrastructure Investment and Jobs Act (IIJA) changed asset disposition requirements that will flow down to all subrecipients with federal assets. These requirements will extend beyond the useful life of the federal assets. Traditionally, vehicles that reached their useful life were "retired" from our reports and NJ TRANSIT signed off as lienholder on vehicle titles. NJ TRANSIT was not involved in the disposition of these assets when they were retired, but recent legislation has changed the requirements. Below please find a detailed explanation of these changes.

Current information in FTA Circular 5010 Chapter IV states that state recipients must dispose of federally assisted property acquired under an Award by the state in accordance with state laws and procedures. The new disposition provisions under 49 USC § 5334(h)(4)(B) apply to all recipients of Chapter 53 federal financial assistance.

The IIJA changed the provisions for transit asset disposition [49 USC § 5334(h)(4)(B)]. For rolling stock, equipment and aggregate supplies that have met their minimum useful life and were (1) purchased with federal assistance, (2) have a fair market value of more than \$5,000 and (3) sold after November 15, 2021, the subrecipient may retain a portion of the funds – not to exceed \$5,000. **Any remaining federal share must be returned to the FTA. The federal share of the sales proceeds can no longer be retained for public transportation use by the subrecipient.**

Rolling stock, equipment, and supplies can be retained by the subrecipient past its minimum useful life as long it continues to be used for public transportation purposes. Once it is no longer needed for public transportation services, it could be disposed of consistent with the procedures outlined below or retained for other uses once the federal interest is extinguished.

The distribution of the local and federal shares starts with examining the sales proceeds of the item sold for fair market value. Of that amount, the subrecipient retains \$5,000. For example, if a bus, purchased with federal assistance is sold for the fair market value of \$12,000, the subrecipient retains \$5,000. The subrecipient is required to return the remaining federal share to the FTA.

The Local Programs and Community Mobility Department will update the program requirements to address these updates soon which will affect both current and future agreements. For now, if you have disposed of any federally funded assets since November 15, 2021, please contact Lea Sheridan at lsheridan@njtransit.com immediately. Additionally, before disposing of any federally funded assets please contact Lea for concurrence.

Thank you,

Lea Q. Sheridan

Manager of Quality Assurance & Compliance