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NEW JERSEY CULTURAL TRUST**New Jersey Cultural Trust Rules****Proposed New Rule: N.J.A.C. 15:27-1.2****Proposed Amendment: N.J.A.C. 15:27-2.6**

Authorized By: Tahesha Way, Lieutenant Governor and Secretary of State.

Authority: N.J.S.A. 52:16A-72 et seq., specifically, 52:16A-77.a and 52:16A-76.h.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2025-115.

Submit written comments by November 1, 2025, to:

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The agency proposal follows:

Summary

Pursuant to P.L. 2000, c. 76 (N.J.S.A. 52:16A-72 et seq.), the New Jersey Cultural Trust (Cultural Trust) was established to build a permanent, stable, and additional source of funding to support private, non-profit arts, history, and humanities organizations. The Cultural Trust's purpose is to help build endowments, create institutional stability, and fund capital projects of qualified cultural organizations in New Jersey. The New Jersey Cultural Trust meets this purpose by allocating funds from the New Jersey Cultural Trust Fund (Fund) in accordance with the purposes and procedures established by the New Jersey Cultural Trust Act (Act), N.J.S.A. 52:16A-72 et seq.

The New Jersey Cultural Trust promulgated rules for the New Jersey Cultural Trust Fund Program in September 2001, for the designation of qualified organizations, the certification of donations to the endowments of qualified organizations, the distribution of matching funds to the endowments of eligible organizations, and the award of grants for endowments, capital facilities projects, and financial and institutional stabilization in accordance with the New Jersey Cultural Trust Act.

The Cultural Trust proposes new N.J.A.C. 15:27-1.2 and an amendment at N.J.A.C. 15:27-2.6.

N.J.A.C. 15:27 sets forth the rules of the Cultural Trust for the New Jersey Cultural Trust Fund Program for the award of grants for endowments, capital facilities projects, and financial and institutional stabilization in accordance with the Act, N.J.S.A. 52:16A-72 et seq.

N.J.A.C. 15:27-1 concerns the organization of the Cultural Trust, including a summary of its Board composition and its mission. Subchapter 1 also includes the Cultural Trust's contact information. N.J.A.C. 15:27-2 concerns the Cultural Trust's grant program, including its purpose, ethical principles, general eligibility requirements, and other procedural details regarding the application for and disbursement of funds. Subchapter 2 also includes the procedures for appeals and release of funds from the Trust Fund, as well as for grant monitoring and reporting.

The Cultural Trust proposes new N.J.A.C. 15:27-1.2 to establish an executive committee of the Board, as permitted pursuant to N.J.S.A. 52:16A-76.h, to assist the Board in fulfilling its statutory functions. N.J.S.A. 52:16A-76.h provides that, "Under regulations adopted by the board, the board may establish an executive committee composed of no fewer than three board members, which committee may exercise powers vested in and perform duties imposed upon the board to the extent designated and permitted by the board." Pursuant to this provision of the statute, the proposed new rule will be the "regulations adopted by the

board" that establish the Board's executive committee. The executive committee will serve the important function of assisting the Board in performing specifically designated duties in order to ensure the efficient and effective operation and oversight of the Cultural Trust.

The Cultural Trust also proposes to amend N.J.A.C. 15:27-2.6(a)6, which outlines the required financial documentation for different organizational budget categories within an application to become designated a qualified organization. In 2015, this section was amended to align some of the qualification financial documentation requirements with the financial documentation that is required by the New Jersey Division of Consumer Affairs, Charities Registration Section. The intention of the amendment in 2015 was to reduce the financial documentation burden on applicants, particularly those with smaller operating budgets. The rulemaking in 2015 stated the intention was to "reduce ... cost for some applicants with smaller operating budgets by linking the audit requirements to those applied by the New Jersey Division of Consumer Affairs Charities Registration Section." However, due to recent changes to the statute governing Charities Registration (N.J.S.A. 45:17A-1 through 45:17A-40), there are now discrepancies between the Cultural Trust's financial documentation requirements and Charities Registration's financial documentation requirements. The discrepancies result in organizations with smaller budgets (between \$100,000 and \$500,000 in annual gross income) potentially being required to submit more costly and burdensome financial documentation in a Cultural Trust qualification application than what is required of organizations with larger budgets. This result, which is contrary to the purpose of the previous 2015 amendment, occurs due to a dissonance between the 2015 amendment and the recent change to the Charities Registration laws. This issue stems from the Cultural Trust's rules' current deference to Charities Registration financial requirements as an alternative to the Cultural Trust's own requirements only in the largest budget category, a budget category that includes some organizations for which Charities Registration recently eased financial documentation requirements.

In short, pursuant to the existing Cultural Trust rules, to apply to be designated a qualified organization, organizations in the mid-range budget category, between \$100,000 and \$500,000, are required to submit independent financial reviews for their past two completed fiscal years, with no coordination with what Charities Registration requires. By contrast, organizations with budgets above \$500,000 (the largest budget category) are permitted to submit documentation in accordance with the Charities Registration Act, which, due to the recent change at N.J.S.A. 45:17A, now includes only an annual financial report and Internal Revenue Service Form 990. As such, with the Cultural Trust rules, as written, organizations with smaller budgets (\$100,000 to \$500,000) must submit documentation that is more burdensome and costly to develop-independent financial reviews-than organizations with budgets between \$500,000 and \$1,000,000 must submit. As demonstrated, this results in how the Cultural Trust's rules currently allow some organizations, but not others, to defer to Charities Registration's documentation requirements. To resolve this issue and to avoid its recurrence in the future, the proposed amendments would more closely align all budget categories with up-to-date Charities Registration financial documentation requirements and include deference to Charities Registration financial documentation requirements as an alternative for organizations in all budget categories.

The proposed amendments would delete the requirement for organizations with annual budgets between \$100,000 and \$500,000 to submit independent financial reviews, a form of documentation that Charities Registration neither requires nor recognizes. Instead, the proposed amendments would require that any organization with an annual total gross income of \$1,000,000, or less, submit copies of their past two annual budgets as approved by the organization's board of directors and their tax returns for the past two fiscal years. The proposed amendments also change "annual budgets" to "annual total gross income," which is the more specific metric used by the Charities Registration in defining organizational budget categories, and is the language already used at N.J.A.C. 15:27-2.6(a)6 to describe other budget categories. The proposed amendments would require that organizations with an annual total gross income of \$1,000,000 or more provide certified audits for their past two completed fiscal years. These requirements more closely align with the Charities Registration documentation requirements and budget categories

as recently updated (N.J.S.A. 45:17A-24(7)(d)). For all budget categories, the proposed amendments would offer the alternative that organizations may provide the same financial documentation as is required by the New Jersey Division of Consumer Affairs, Charities Registration Section for annual reporting for the past two completed fiscal years.

As the Cultural Trust has provided for a 60-day comment period on this notice of proposal, this notice is excepted from the rulemaking calendar requirement, pursuant to N.J.A.C. 1:30-3.3(a)5.

Social Impact

The proposed new rule and amendment will have a positive social impact by enabling the effective, accessible, and continued delivery of the Cultural Trust Program for the award of grants for endowments, capital facilities projects, and financial and institutional stabilization for organizations of all sizes. This program, which is in high demand, provides a stable source of funding to assist in the improvement, expansion, stability, and long-term health of arts, history, and humanities organizations in New Jersey.

The Cultural Trust was originally formed to address the issue of undercapitalization at cultural nonprofit organizations. This issue of undercapitalization persists and continues to threaten to disrupt the delivery of arts and cultural programming across the State. Arts, history, and humanities contribute greatly to the quality of life in New Jersey, to the health and vitality of its cities, towns, and neighborhoods, to sound education, to the teaching of tolerance and understanding, and to the celebration of the State's rich cultural diversity and identity. All organizations funded through the Cultural Trust must demonstrate public benefit through a mission devoted to the advancement of arts, history, or the humanities. The Cultural Trust Board evaluates each organization's mission and the organization's public benefit through the process of qualification, as set forth at N.J.A.C. 15:27-2.6.

Stable arts and culture organizations are the ones that can contribute most to their communities. The funding awarded from the Cultural Trust Fund will continue to ensure stronger, financially stable arts, history, and humanities organizations, and improved facilities for arts, history, and humanities organizations, for decades to come.

Economic Impact

The proposed amendment will update the process to become designated as a qualified organization, which confers eligibility to receive funds from the Cultural Trust. Therefore, the proposed amendment will continue to facilitate the distribution of moneys from the Cultural Trust Fund and provide a means by which moneys are made available for endowments and for capital facilities projects and institutional and financial stabilization projects. The funds provided to organizations play an important role in improving the economic stability of the organizations and the communities they serve, and in generating jobs in the non-profit sector. The organizations applying to become designated as a qualified organization may incur some administrative costs during the application process. However, certain factors will affect the costs incurred. Some of these factors are: the number of staff at the organization, the availability of qualified volunteers, and the size and complexity of the organization.

Moreover, the proposed amendment will update N.J.A.C. 15:27-2.6 by reducing unnecessary red tape and removing hidden costs from regulatory compliance. The across-the-board alignment with, and deference to, Charities Registration's financial documentation requirements remove a cost from some smaller non-profit organizations by easing the financial documentation requirements for those organizations having an annual total gross income of less than \$500,000.

Federal Standards Statement

A Federal standards analysis is not required because the proposed new rule and amendment are not subject to any Federal standards or requirements.

Jobs Impact

The proposed new rule and amendment have the potential to ensure the continuation of jobs within the arts, history, and humanities fields and to create new jobs in the institutions that apply to become designated as a qualified organization, develop their endowments, and receive funds from the Cultural Trust. Additionally, there is the potential for a continued

increase in education and commercial art, cultural tourism, and collateral businesses serving tourists.

Agriculture Industry Impact

Pursuant to P.L. 1998, c. 48, and N.J.S.A. 52:14B-1 et seq., the Cultural Trust has evaluated the proposed Cultural Trust program in order to determine the nature and extent of the impact on the agriculture industry. The Cultural Trust has determined that the proposed new rule and amendment will have no impact on the agriculture industry.

Regulatory Flexibility Analysis

Qualifying organizations, some of which may be small businesses, as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., must follow the application procedure and comply with the conditions imposed by the Cultural Trust. The administrative costs of applying for, and complying with the conditions of, qualification are minor and are minimized by the Cultural Trust staff being available for comprehensive technical assistance in the application process.

Organizations must keep financial records to comply with Cultural Trust requirements. Some organizations applying to become designated as a qualified organization will need the services of a professional accountant to prepare audited financial statements. This cost, which will vary depending on the audit's complexity and the professional fees, is required in order for the Cultural Trust to establish a basis for ensuring the integrity of the use of State funds. Among the other factors that will affect the total cost of compliance are the following: the number of staff at the organization, the availability of qualified volunteers, and the size and complexity of the organization.

The proposed amendment aims to reduce this cost for applicants with smaller operating budgets from \$100,000 to \$500,000, by simplifying reporting requirements by linking the financial documentation requirements to those already required by the New Jersey Division of Consumer Affairs, Charities Registration Section for which these applicants necessarily maintain such documentation. The proposed amendment seeks to change the language from "annual budget" to "total gross income" in order to make the language consistent throughout the Cultural Trust's rules and to promote alignment with how the Charities Registration Act uses the terms. The proposed amendment would have the following real effects based on current Charities Registration documentation requirements: (a) organizations with an annual total gross income of more than \$100,000, but less than \$500,000, would be required to submit tax returns and Board-approved budgets, instead of independent financial reviews, as required by current Cultural Trust rules; (b) organizations with an annual total gross income between \$500,000 and \$1,000,000 would be required to submit tax returns and Board-approved budgets as is presently required and will continue not to be required to submit audited financial statements. This proposed amendment not only eases the financial documentation requirements for organizations with smaller operating budgets, but also ensures that the Cultural Trust does not require any financial documentation over and above what other State regulatory entities require. This aligns the Cultural Trust with existing State regulations already determined to be sufficient for public oversight purposes and reduces costs to the regulated community in a common-sense manner.

Housing Affordability Impact Analysis

In accordance with N.J.S.A. 52:14B-4, as amended effective July 17, 2008, by P.L. 2008, c. 46, the Cultural Trust has evaluated the proposed new rule and amendment to determine the impact, if any, on the affordability of housing. The Cultural Trust has determined that the proposed new rule and amendment will have no impact on housing affordability and that there is an extreme unlikelihood that the proposed new rule and amendment would evoke a change in the average costs associated with housing in New Jersey because the proposed new rule and amendment concern the Cultural Trust Program and the award of grants to nonprofits.

Smart Growth Development Impact Analysis

The proposed new rule and amendment will not have an impact on the achievement of smart growth or the implementation of the State Development and Redevelopment Plan. The proposed new rule and amendment are unlikely to evoke a change in housing production within

Planning Areas 1 or 2, or within designated centers, pursuant to the State Development and Redevelopment Plan because the proposed new rule and amendment concern the Cultural Trust Program and the award of grants to nonprofits.

Racial and Ethnic Community Criminal Justice and Public Safety Impact

The Cultural Trust has evaluated this rulemaking and determined that there is an extreme unlikelihood it would have an impact on pretrial detention, sentencing, probation, or parole policies concerning adults and juveniles in the State. Accordingly, no further analysis is required.

Full text of the proposal follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

SUBCHAPTER 1. ORGANIZATIONAL RULE

15:27-1.2 Establishing an executive committee of the Board

(a) The Board hereby establishes, pursuant to N.J.S.A. 52:16A-76.h, an executive committee of the Board.

1. The executive committee shall comprise at least three Board members. The Board shall elect the executive committee at an open public meeting by majority vote, in accordance with the Board's bylaws.

2. The Board shall appoint an executive committee chairperson, as well as all other executive committee positions it deems necessary to carry out the committee's powers and duties. The Board shall make these appointments at an open public meeting by majority vote, in accordance with the Board's bylaws.

3. The Board may vest the executive committee with any of the Board's statutory powers, including those listed at N.J.S.A. 52:16A-77, and may assign the executive committee any of the Board's statutory duties. To do so, the Board must adopt a resolution stating the specific power to be vested, or specific duty to be assigned.

4. A true copy of the minutes of every meeting of the executive committee shall be delivered promptly, after the certification of the chair thereof, to the Governor. No action taken at a meeting by the executive committee shall have effect until approved by the Governor or until 10 days after the copy of the minutes shall have been delivered. If, within the 10-day period, the Governor returns the copy of the minutes with a veto of any action taken by the executive committee or any member thereof at a meeting, such action shall be null and void and of no effect. The Governor may approve all or part of the action taken at a meeting prior to the expiration of the 10-day period.

SUBCHAPTER 2. NEW JERSEY CULTURAL TRUST FUND GRANT PROGRAM

15:27-2.6 Requirements for designation as a "qualified organization"

(a) In applying for designation as a qualified organization, the following are required:

1.-5. (No change.)

6. An organization with [an] annual [budget] **total gross income** under [\$100,000] **\$1,000,000** and no endowment or no endowment holding in excess of \$100,000 must submit copies of their past two annual budgets as approved by the organization's board of directors and their tax returns for the past two fiscal years, if they are required to file such returns, **or the same financial documentation as is required by the New Jersey Division of Consumer Affairs, Charities Registration Section for annual reporting for the past two completed fiscal years pursuant to N.J.S.A. 45:17A-24.** [Organizations with an annual budget in excess of \$100,000, but under \$ 500,000, must submit independent financial reviews for their past two completed fiscal years.] Organizations with **an** annual total gross income of [\$500,000] **\$1,000,000** or more must provide certified audits for their past two completed fiscal years, or the same financial documentation as is required by the New Jersey Division of Consumer Affairs, Charities Registration Section for annual reporting for the past two completed fiscal years **pursuant to N.J.S.A. 45:17A-24.**

(b)-(c) (No change.)

TRANSPORTATION

(a)

DIVISION OF PROCUREMENT

Construction Services

Proposed Amendments: N.J.A.C. 16:44-1.1, 2.1, 4.1, 4.2, 5.1, 5.3, 7.1, 7.4, 7.5, 8.1, 9.1, 10.2, 10.4, 10.5, 11.1, 11.8, and 12.2

Proposed Repeals and New Rules: N.J.A.C. 16:44-3, 7.2, and 7.3

Proposed New Rules: N.J.A.C. 16:44-1.2, 1.3, and 12

Authorized By: Francis K. O'Connor, Commissioner, Department of Transportation.

Authority: N.J.S.A. 27:1A-5, 27:1A-6, 27:7-21, and 27:7-35.1 et seq.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2025-108.

Submit comments by November 1, 2025, to:

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Submit electronically at njdotRules@dot.state.nj.us.

This rulemaking may be viewed or downloaded from the Department of Transportation's website at: <http://www.nj.gov/transportation/about/rules/proposals.shtml>.

The agency proposal follows:

Summary

State law mandates that the Department of Transportation (Department) utilize competitive bidding practices and qualify prospective bidders as to the character and amount of work which a contractor may bid when awarding contracts for Department construction projects. The purpose of N.J.A.C. 16:44, Construction Services, is to provide current and prospective contractors with the procedures and criteria used in the bidder classification process, information about the bidding procedure for Department construction projects, certain contractual requirements, payment provisions, contractor eligibility, and debarment and suspension procedures. These rules contribute to an efficient bidding process and provide uniform standards by which all contractors are evaluated, rated, and classified. A new subchapter is added to establish provisions for contested cases and formal hearings.

The amendments, recodifications, repeals, and new rules simplify the contractor classification process, simplify implementation by the Department, and reorganize the rules to make them more concise and easier to read. Throughout the rulemaking, the term "project rating" has been deleted. The Department believes that the terms "work classification" and "work classification limit" are better descriptions and are now defined terms. The definition of "substantial completion" is now included in this chapter. It had previously been located at N.J.A.C. 16:45, which was allowed to expire in 2015. The Department believes that the amendments and new rules will encourage more contractors to become prequalified.

This notice is excepted from the rulemaking calendar requirement pursuant to N.J.A.C. 1:30-3.3(a)5, since the Department has provided a 60-day comment period for this notice of proposal.

The proposed amendments, repeals, and new rules are as follows:

N.J.A.C. 16:44-1

The heading of Subchapter 1 is proposed for amendment to include "contact information." The heading at N.J.A.C. 16:44-1.1 is proposed for amendment to delete "scope." The section is amended for clarity and to add language found at existing N.J.A.C. 16:44-3.2. The word "qualified"