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**REPORTS:** No

**HEARINGS:** No

**NEWSPAPER ARTICLES:** Yes

Brent Johnson - For Times of Trenton, 'Gov. hails trio of new laws as 'monumental' for N.J. economy  
Controversial wind tax credits among measures Murphy signed, despite critics' concerns.', *Times, The* (online), 8  
Jul 2023 001

Matthew Fazelpoor, 'Murphy signs trio of bills aimed at economic development', *NJBIZ* (online), 7 Jul 2023

CL/JA

§1  
C.34:1B-4.2  
and Note to  
C.34:1B-22  
to  
C.34:1B-28,  
C.34:1B-233,  
and  
C.52:27H-14  
§8  
C.34:1B-4.3  
§9  
Approp.

P.L. 2023, CHAPTER 97, *approved July 6, 2023*  
Senate Committee Substitute (*First Reprint*) for  
Senate, No.3748

1 AN ACT concerning the production of certain films and digital  
2 media content, supplementing P.L.1974, c.80 (C.34:1B-1 et  
3 seq.), amending various parts of the statutory law, and making an  
4 appropriation.  
5

6 **BE IT ENACTED** by the Senate and General Assembly of the State  
7 of New Jersey:  
8

9 1. (New section) a. The Motion Picture and Television  
10 Development Commission, established pursuant to section 3 of  
11 P.L.1977, c.44 (C.34:1B-24), transferred in, but not of, the Division  
12 of Business Assistance, Marketing, and International Trade  
13 pursuant to section 24 of P.L.2008, c.27 (C.34:1B-233), and  
14 continued and transferred in, but not of, the Business Action Center  
15 in the Department of State pursuant to Reorganization Plan No.  
16 003-2011, is transferred in the New Jersey Economic Development  
17 Authority. Notwithstanding the provisions of any law to the  
18 contrary, the commission shall operate under the supervision and  
19 direction of the Chief Executive Officer of the New Jersey  
20 Economic Development Authority.

21 b. Whenever, in any law, rule, regulation, order, contract,  
22 document, judicial or administrative proceeding or otherwise,  
23 reference is made to the Motion Picture and Television  
24 Development Commission, the same shall mean and refer to the  
25 Motion Picture and Television Development Commission in the  
26 New Jersey Economic Development Authority.

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Senate floor amendments adopted June 26, 2023.

1 c. The obligation of the Division of Business Assistance,  
2 Marketing, and International Trade to provide staff services  
3 necessary to support the functions of the Motion Picture and  
4 Television Development Commission pursuant to subsection c. of  
5 section 24 of P.L.2008, c.27 (C.34:1B-233) is transferred to the  
6 New Jersey Economic Development Authority.

7 d. The transfer directed by this section shall be made in  
8 accordance with the "State Agency Transfer Act," P.L.1971, c.375  
9 (C.52:14D-1 et seq.) and shall include all files, books, papers,  
10 records, equipment, and other property held by the commission,  
11 including, without limitation, funds and other resources, and  
12 personnel. All funds to be transferred shall be deposited in  
13 accounts as may be required by law.

14  
15 2. Section 5 of P.L.1974, c.80 (C.34:1B-5) is amended to read  
16 as follows:

17 5. The authority shall have the following powers:

18 a. To adopt bylaws for the regulation of its affairs and the  
19 conduct of its business;

20 b. To adopt and have a seal and to alter the same at pleasure;

21 c. To sue and be sued;

22 d. To acquire in the name of the authority by purchase or  
23 otherwise, on such terms and conditions and such manner as it may  
24 deem proper, or by the exercise of the power of eminent domain in  
25 the manner provided by the "Eminent Domain Act of 1971,"  
26 P.L.1971, c.361 (C.20:3-1 et seq.), any lands or interests therein or  
27 other property which it may determine is reasonably necessary for  
28 any project; provided, however, that the authority in connection  
29 with any project shall not take by exercise of the power of eminent  
30 domain any real property except upon consent thereto given by  
31 resolution of the governing body of the municipality in which such  
32 real property is located; and provided further that the authority shall  
33 be limited in its exercise of the power of eminent domain in  
34 connection with any project in qualifying municipalities as defined  
35 under the provisions of P.L.1978, c.14 (C.52:27D-178 et seq.), or to  
36 municipalities which had a population, according to the latest  
37 federal decennial census, in excess of 10,000;

38 e. To enter into contracts with a person upon such terms and  
39 conditions as the authority shall determine to be reasonable,  
40 including, but not limited to, reimbursement for the planning,  
41 designing, financing, construction, reconstruction, improvement,  
42 equipping, furnishing, operation and maintenance of the project and  
43 to pay or compromise any claims arising therefrom;

44 f. To establish and maintain reserve and insurance funds with  
45 respect to the financing of the project or the school facilities project  
46 and any project financed pursuant to the "Municipal Rehabilitation  
47 and Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et  
48 al.);

- 1 g. To sell, convey or lease to any person all or any portion of a  
2 project for such consideration and upon such terms as the authority  
3 may determine to be reasonable;
- 4 h. To mortgage, pledge or assign or otherwise encumber all or  
5 any portion of a project, or revenues, whenever it shall find such  
6 action to be in furtherance of the purposes of this act, P.L.2000,  
7 c.72 (C.18A:7G-1 et al.), the "Municipal Rehabilitation and  
8 Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.),  
9 P.L.2007, c.137 (C.52:18A-235 et al.), and sections 3 through 18 of  
10 P.L.2009, c.90 (C.52:27D-489c et al.);
- 11 i. To grant options to purchase or renew a lease for any of its  
12 projects on such terms as the authority may determine to be  
13 reasonable;
- 14 j. To contract for and to accept any gifts or grants or loans of  
15 funds or property or financial or other aid in any form from the  
16 United States of America or any agency or instrumentality thereof,  
17 or from the State or any agency, instrumentality or political  
18 subdivision thereof, or from any other source and to comply,  
19 subject to the provisions of P.L.1974, c.80 (C.34:1B-1 et seq.),  
20 section 6 of P.L.2001, c.401 (C.34:1B-4.1), P.L.2000, c.72  
21 (C.18A:7G-1 et al.), the "Municipal Rehabilitation and Economic  
22 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), and  
23 P.L.2007, c.137 (C.52:18A-235 et al.), with the terms and  
24 conditions thereof;
- 25 k. In connection with any action undertaken by the authority in  
26 the performance of its duties and any application for assistance or  
27 commitments therefor and modifications thereof, to require and  
28 collect such fees and charges as the authority shall determine to be  
29 reasonable, including but not limited to fees and charges for the  
30 authority's administrative, organizational, insurance, operating,  
31 legal, and other expenses;
- 32 l. To adopt, amend and repeal regulations to carry out the  
33 provisions of P.L.1974, c.80 (C.34:1B-1 et seq.), section 6 of  
34 P.L.2001, c.401 (C.34:1B-4.1), P.L.2000, c.72 (C.18A:7G-1 et al.),  
35 the "Municipal Rehabilitation and Economic Recovery Act,"  
36 P.L.2002, c.43 (C.52:27BBB-1 et al.), and P.L.2007, c.137  
37 (C.52:18A-235 et al.);
- 38 m. To acquire, purchase, manage and operate, hold and dispose  
39 of real and personal property or interests therein, take assignments  
40 of rentals and leases and make and enter into all contracts, leases,  
41 agreements and arrangements necessary or incidental to the  
42 performance of its duties;
- 43 n. To purchase, acquire and take assignments of notes,  
44 mortgages and other forms of security and evidences of  
45 indebtedness;
- 46 o. To purchase, acquire, attach, seize, accept or take title to any  
47 project or school facilities project by conveyance or by foreclosure,  
48 and sell, lease, manage or operate any project or school facilities

1 project for a use specified in this act, P.L.2000, c.72 (C.18A:7G-1  
2 et al.), the "Municipal Rehabilitation and Economic Recovery Act,"  
3 P.L.2002, c.43 (C.52:27BBB-1 et al.), P.L.2007, c.137 (C.52:18A-  
4 235 et al.), and sections 3 through 18 of P.L.2009, c.90 (C.52:27D-  
5 489c et al.);

6 p. To borrow money and to issue bonds of the authority and to  
7 provide for the rights of the holders thereof, as provided in  
8 P.L.1974, c.80 (C.34:1B-1 et seq.), section 6 of P.L.2001, c.401  
9 (C.34:1B-4.1), P.L.2000, c.72 (C.18A:7G-1 et al.), the "Municipal  
10 Rehabilitation and Economic Recovery Act," P.L.2002, c.43  
11 (C.52:27BBB-1 et al.), P.L.2007, c.137 (C.52:18A-235 et al.), and  
12 sections 3 through 18 of P.L.2009, c.90 (C.52:27D-489c et al.);

13 q. To extend credit or make loans to any person for the  
14 planning, designing, acquiring, constructing, reconstructing,  
15 improving, equipping and furnishing of a project or school facilities  
16 project, which credits or loans may be secured by loan and security  
17 agreements, mortgages, leases and any other instruments, upon such  
18 terms and conditions as the authority shall deem reasonable,  
19 including provision for the establishment and maintenance of  
20 reserve and insurance funds, and to require the inclusion in any  
21 mortgage, lease, contract, loan and security agreement or other  
22 instrument, of such provisions for the construction, use, operation  
23 and maintenance and financing of a project or school facilities  
24 project as the authority may deem necessary or desirable;

25 r. To guarantee up to 90% of the amount of a loan to a person,  
26 if the proceeds of the loan are to be applied to the purchase and  
27 installation, in a building devoted to industrial or commercial  
28 purposes, or in an office building, of an energy improvement  
29 system;

30 s. To employ consulting engineers, architects, attorneys, real  
31 estate counselors, appraisers, and such other consultants and  
32 employees as may be required in the judgment of the redevelopment  
33 utility to carry out the purposes of P.L.1974, c.80 (C.34:1B-1 et  
34 seq.), section 6 of P.L.2001, c.401 (C.34:1B-4.1), P.L.2000, c.72  
35 (C.18A:7G-1 et al.), the "Municipal Rehabilitation and Economic  
36 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), P.L.2007,  
37 c.137 (C.52:18A-235 et al.), and sections 3 through 18 of P.L.2009,  
38 c.90 (C.52:27D-489c et al.), and to fix and pay their compensation  
39 from funds available to the redevelopment utility therefor, all  
40 without regard to the provisions of Title 11A of the New Jersey  
41 Statutes;

42 t. To do and perform any acts and things authorized by  
43 P.L.1974, c.80 (C.34:1B-1 et seq.), section 6 of P.L.2001, c.401  
44 (C.34:1B-4.1), P.L.2000, c.72 (C.18A:7G-1 et al.), the "Municipal  
45 Rehabilitation and Economic Recovery Act," P.L.2002, c.43  
46 (C.52:27BBB-1 et al.), P.L.2007, c.137 (C.52:18A-235 et al.), and  
47 sections 3 through 18 of P.L.2009, c.90 (C.52:27D-489c et al.),

- 1 under, through or by means of its own officers, agents and  
2 employees, or by contract with any person;
- 3 u. To procure insurance against any losses in connection with  
4 its property, operations or assets in such amounts and from such  
5 insurers as it deems desirable;
- 6 v. To do any and all things necessary or convenient to carry out  
7 its purposes and exercise the powers given and granted in P.L.1974,  
8 c.80 (C.34:1B-1 et seq.), section 6 of P.L.2001, c.401 (C.34:1B-  
9 4.1), P.L.2000, c.72 (C.18A:7G-1 et al.), the "Municipal  
10 Rehabilitation and Economic Recovery Act," P.L.2002, c.43  
11 (C.52:27BBB-1 et al.), P.L.2007, c.137 (C.52:18A-235 et al.), and  
12 sections 3 through 18 of P.L.2009, c.90 (C.52:27D-489c et al.);
- 13 w. To construct, reconstruct, rehabilitate, improve, alter, equip,  
14 maintain or repair or provide for the construction, reconstruction,  
15 improvement, alteration, equipping or maintenance or repair of any  
16 development property and lot, award and enter into construction  
17 contracts, purchase orders and other contracts with respect thereto,  
18 upon such terms and conditions as the authority shall determine to  
19 be reasonable, including, but not limited to, reimbursement for the  
20 planning, designing, financing, construction, reconstruction,  
21 improvement, equipping, furnishing, operation and maintenance of  
22 any such development property and the settlement of any claims  
23 arising therefrom and the establishment and maintenance of reserve  
24 funds with respect to the financing of such development property;
- 25 x. When authorized by the governing body of a municipality  
26 exercising jurisdiction over an urban growth zone, to construct,  
27 cause to be constructed or to provide financial assistance to projects  
28 in an urban growth zone which shall be exempt from the terms and  
29 requirements of the land use ordinances and regulations, including,  
30 but not limited to, the master plan and zoning ordinances, of such  
31 municipality;
- 32 y. To enter into business employment incentive agreements as  
33 provided in the "Business Employment Incentive Program Act,"  
34 P.L.1996, c.26 (C.34:1B-124 et al.);
- 35 z. To enter into agreements or contracts, execute instruments,  
36 and do and perform all acts or things necessary, convenient or  
37 desirable for the purposes of the redevelopment utility to carry out  
38 any power expressly provided pursuant to P.L.1974, c.80 (C.34:1B-  
39 1 et seq.), P.L.2000, c.72 (C.18A:7G-1 et al.), and P.L.2007, c.137  
40 (C.52:18A-235 et al.), including, but not limited to, entering into  
41 contracts with the State Treasurer, the Commissioner of Education,  
42 districts, the New Jersey Schools Development Authority, and any  
43 other entity which may be required in order to carry out the  
44 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.2007, c.137  
45 (C.52:18A-235 et al.), and sections 3 through 18 of P.L.2009, c.90  
46 (C.52:27D-489c et al.);
- 47 aa. (Deleted by amendment, P.L.2007, c.137);

1       bb. To make and contract to make loans to local units to finance  
2 the cost of school facilities projects and to acquire and contract to  
3 acquire bonds, notes or other obligations issued or to be issued by  
4 local units to evidence the loans, all in accordance with the  
5 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), and P.L.2007,  
6 c.137 (C.52:18A-235 et al.);

7       cc. Subject to any agreement with holders of its bonds issued to  
8 finance a project or school facilities project, obtain as security or to  
9 provide liquidity for payment of all or any part of the principal of  
10 and interest and premium on the bonds of the authority or for the  
11 purchase upon tender or otherwise of the bonds, lines of credit,  
12 letters of credit, reimbursement agreements, interest rate exchange  
13 agreements, currency exchange agreements, interest rate floors or  
14 caps, options, puts or calls to hedge payment, currency, rate, spread  
15 or similar exposure or similar agreements, float agreements,  
16 forward agreements, insurance contract, surety bond, commitment  
17 to purchase or sell bonds, purchase or sale agreement, or  
18 commitments or other contracts or agreements, and other security  
19 agreements or instruments in any amounts and upon any terms as  
20 the authority may determine and pay any fees and expenses required  
21 in connection therewith;

22       dd. To charge to and collect from local units, the State and any  
23 other person, any fees and charges in connection with the  
24 authority's actions undertaken with respect to school facilities  
25 projects, including, but not limited to, fees and charges for the  
26 authority's administrative, organization, insurance, operating and  
27 other expenses incident to the financing of school facilities projects;

28       ee. To make loans to refinance solid waste facility bonds through  
29 the issuance of bonds or other obligations and the execution of any  
30 agreements with counties or public authorities to effect the  
31 refunding or rescheduling of solid waste facility bonds, or otherwise  
32 provide for the payment of all or a portion of any series of solid  
33 waste facility bonds. Any county or public authority refunding or  
34 rescheduling its solid waste facility bonds pursuant to this  
35 subsection shall provide for the payment of not less than fifty  
36 percent of the aggregate debt service for the refunded or  
37 rescheduled debt of the particular county or public authority for the  
38 duration of the loan; except that, whenever the solid waste facility  
39 bonds to be refinanced were issued by a public authority and the  
40 county solid waste facility was utilized as a regional county solid  
41 waste facility, as designated in the respective adopted district solid  
42 waste management plans of the participating counties as approved  
43 by the department prior to November 10, 1997, and the utilization  
44 of the facility was established pursuant to tonnage obligations set  
45 forth in their respective interdistrict agreements, the public  
46 authority refunding or rescheduling its solid waste facility bonds  
47 pursuant to this subsection shall provide for the payment of a  
48 percentage of the aggregate debt service for the refunded or

1 rescheduled debt of the public authority not to exceed the  
2 percentage of the specified tonnage obligation of the host county for  
3 the duration of the loan. Whenever the solid waste facility bonds  
4 are the obligation of a public authority, the relevant county shall  
5 execute a deficiency agreement with the authority, which shall  
6 provide that the county pledges to cover any shortfall and to pay  
7 deficiencies in scheduled repayment obligations of the public  
8 authority. All costs associated with the issuance of bonds pursuant  
9 to this subsection may be paid by the authority from the proceeds of  
10 these bonds. Any county or public authority is hereby authorized to  
11 enter into any agreement with the authority necessary, desirable or  
12 convenient to effectuate the provisions of this subsection.

13 The authority shall not issue bonds or other obligations to effect  
14 the refunding or rescheduling of solid waste facility bonds after  
15 December 31, 2002. The authority may refund its own bonds issued  
16 for the purposes herein at any time;

17 ff. To pool loans for any local government units that are  
18 refunding bonds and do and perform any and all acts or things  
19 necessary, convenient or desirable for the purpose of the authority  
20 to achieve more favorable interest rates and terms for those local  
21 governmental units;

22 gg. To finance projects approved by the board, provide staff  
23 support to the board, oversee and monitor progress on the part of  
24 the board in carrying out the revitalization, economic development  
25 and restoration projects authorized pursuant to the "Municipal  
26 Rehabilitation and Economic Recovery Act," P.L.2002, c.43  
27 (C.52:27BBB-1 et al.) and otherwise fulfilling its responsibilities  
28 pursuant thereto;

29 hh. To offer financial assistance to qualified film production  
30 companies as provided in the "New Jersey Film Production  
31 Assistance Act," P.L.2003, c.182 (C.34:1B-178 et al.);

32 ii. To finance or develop private or public parking facilities or  
33 structures, which may include the use of solar photovoltaic  
34 equipment, in municipalities qualified to receive State aid pursuant  
35 to the provisions of P.L.1978, c.14 (C.52:27D-178 et seq.) and  
36 municipalities that contain areas designated pursuant to P.L.1985,  
37 c.398 (C.52:18A-196 et al.) as Planning Area 1 (Metropolitan),  
38 Planning Area 2 (Suburban), or a town center, and to provide  
39 appropriate assistance, including but not limited to, extensions of  
40 credit, loans, and guarantees, to municipalities qualified to receive  
41 State aid pursuant to the provisions of P.L.1978, c.14 (C.52:27D-  
42 178 et seq.) and municipalities that contain areas designated  
43 pursuant to P.L.1985, c.398 (C.52:18A-196 et seq.) as Planning  
44 Area 1 (Metropolitan), Planning Area 2 (Suburban), or a town  
45 center, and their agencies and instrumentalities or to private entities  
46 whose projects are located in those municipalities, in order to  
47 facilitate the financing and development of parking facilities or  
48 structures in such municipalities. The authority may serve as the

1 issuing agent of bonds to finance the undertaking of a project for  
2 the purposes of this subsection;

3 jj. To make grants for the planning, designing, acquiring,  
4 constructing, reconstructing, improving, equipping, and furnishing  
5 of a project, including, but not limited to, grants for working capital  
6 and meeting payroll requirements, upon such terms and conditions  
7 as the authority shall deem reasonable, during periods of emergency  
8 declared by the Governor and for the duration of economic  
9 disruptions due to the emergency; **[and]**

10 kk. To purchase and lease real property at a nominal rate when it  
11 would result in a net economic benefit to the State, enhance access  
12 to employment and investment for underserved populations, or  
13 increase investment and employment in high-growth technology  
14 sectors; and

15 ll. To make investments of capital, not to exceed \$10,000,000  
16 per project, in New Jersey film-lease partner facilities, as that term  
17 is defined in section 1 of P.L.2018, c.56 (C.54:10A-5.39b) and  
18 subsection a. of section 2 of P.L.2018, c.56 (C.54A:4-12b), subject  
19 to 'commercially reasonable and customary' terms and conditions  
20 '[that] as determined by' the authority 'determines to be  
21 necessary and appropriate.] and the New Jersey film-lease partner  
22 facility'.

23 (cf: P.L.2020, c.156, s.115)

24

25 3. Section 3 of P.L.1977, c.44 (C.34:1B-24) is amended to read  
26 as follows:

27 3. a. There is hereby established in **[but not of the Division of**  
28 **Business Assistance, Marketing, and International Trade in]** the  
29 New Jersey Economic Development Authority a Motion Picture and  
30 Television Development Commission.

31 b. The commission shall consist of **[eight]** 10 public members,  
32 **[no more than four of whom shall be members of the same political**  
33 **party,]** who shall be appointed by the Governor with the advice and  
34 consent of the Senate, and the Chief Executive Officer of the New  
35 Jersey Economic Development Authority, the Secretary of State, the  
36 Chairman of the New Jersey State Council on the Arts, and the  
37 Commissioner of Labor and Workforce Development or their  
38 designees serving in an ex officio capacity. The Governor shall  
39 appoint from the [ten] 14 members a chairman who shall serve in  
40 that office at the pleasure of the Governor.

41 c. The public members of the commission shall be appointed  
42 initially for the following terms: three members for a term of two  
43 years; three members for a term of three years; and two members  
44 for a term of four years. The two public members appointed  
45 pursuant to P.L. , c. (C. ) (pending before the Legislature as  
46 this bill) shall be appointed for an initial term of four years. The  
47 initial members shall serve from the date of the original

1 appointment for the aforementioned specified terms and until their  
2 respective successors shall be duly appointed and qualified. The  
3 term of each such appointed member shall be designated by the  
4 Governor at the time of his appointment. The successors to the  
5 initially appointed members shall each be appointed for a term of  
6 four years, except that any person appointed to fill a vacancy shall  
7 serve only for the unexpired term.

8 d. The members of the commission shall serve without  
9 compensation, but the commission may reimburse its members for  
10 necessary expenses incurred in the discharge of their duties.

11 e. Notwithstanding the provisions of subsection b. of this  
12 section, or of any other law to the contrary, the Governor shall  
13 directly appoint the two public members added by P.L. , c.  
14 (C. ) (pending before the Legislature as this bill) to the  
15 commission. Upon the expiration of the initial term of each public  
16 member appointed pursuant to this subsection, members of the  
17 commission shall be appointed pursuant to subsections b. and c. of  
18 this section.

19 (cf: P.L.2010, c.104, s.17)

20

21 4. Section 98 of P.L.2020, c.156 (C.34:1B-362) is amended to  
22 read as follows:

23 98. a. The combined value of all tax credits awarded under the  
24 "Historic Property Reinvestment Act," sections 1 through 8 of  
25 P.L.2020, c.156 (C.34:1B-269 through C.34:1B-276); the  
26 "Brownfield Redevelopment Incentive Program Act," sections 9  
27 through 19 of P.L.2020, c.156 (C.34:1B-277 through C.34:1B-287);  
28 the "New Jersey Innovation Evergreen Act," sections 20 through 34  
29 of P.L.2020, c.156 (C.34:1B-288 through C.34:1B-302); the "Food  
30 Desert Relief Act," sections 35 through 42 of P.L.2020, c.156  
31 (C.34:1B-303 through C.34:1B-310); the "New Jersey Community-  
32 Anchored Development Act," sections 43 through 53 of P.L.2020,  
33 c.156 (C.34:1B-311 through C.34:1B-321); the "New Jersey Aspire  
34 Program Act," sections 54 through 67 of P.L.2020, c.156 (C.34:1B-  
35 322 through C.34:1B-335); the "Emerge Program Act," sections 68  
36 through 81 of P.L.2020, c.156 (C.34:1B-336 et al.); and section 6 of  
37 P.L.2010, c.57 (C.34:1B-209.4) shall not exceed an overall cap of  
38 \$11.5 billion over a seven-year period, subject to the conditions and  
39 limitations set forth in this section. Of this \$11.5 billion, \$2.5  
40 billion shall be reserved for transformative projects approved under  
41 the Aspire Program.

42 b. (1) The total value of tax credits awarded under any  
43 constituent program of the "New Jersey Economic Recovery Act of  
44 2020," P.L.2020, c.156 (C.34:1B-269 et al.) shall be subject to the  
45 following annual limitations, except as otherwise provided in  
46 subsection c. of this section:

47 (a) for tax credits awarded under the "Historic Property  
48 Reinvestment Act," sections 1 through 8 of P.L.2020, c.156

1 (C.34:1B-269 through C.34:1B-276), the total value of tax credits  
2 annually awarded during each of the first six years of the seven-year  
3 period shall not exceed \$50 million;

4 (b) for tax credits awarded under the "Brownfield  
5 Redevelopment Incentive Program Act," sections 9 through 19 of  
6 P.L.2020, c.156 (C.34:1B-277 through C.34:1B-287), the total  
7 value of tax credits annually awarded during each of the first six  
8 years of the seven-year period shall not exceed \$50 million;

9 (c) for tax credits awarded under the "New Jersey Innovation  
10 Evergreen Act," sections 20 through 34 of P.L.2020, c.156  
11 (C.34:1B-288 through C.34:1B-302), the total value of tax credits  
12 annually awarded during each of the first six years of the seven-year  
13 period shall not exceed \$60 million and the total value of tax credits  
14 awarded over the entirety of the seven-year program shall not  
15 exceed \$300,000,000;

16 (d) for tax credits awarded under the "Food Desert Relief Act,"  
17 sections 35 through 42 of P.L.2020, c.156 (C.34:1B-303 through  
18 C.34:1B-310), the total value of tax credits annually awarded during  
19 each of the first six years of the seven-year period shall not exceed  
20 \$40 million;

21 (e) for tax credits awarded under the "New Jersey Community-  
22 Anchored Development Act," sections 43 through 53 of P.L.2020,  
23 c.156 (C.34:1B-311 through C.34:1B-321), the total value of tax  
24 credits annually awarded during each of the first six years of the  
25 seven-year period shall not exceed \$200 million, except that during  
26 each of the first six years of the seven-year period, the authority  
27 shall annually award tax credits valuing no greater than \$130  
28 million for projects located in the 13 northern counties of the State,  
29 and the authority shall annually award tax credits valuing no greater  
30 than \$70 million for projects located in the eight southern counties  
31 of the State. If during any of the first six years of the seven-year  
32 period, the authority awards tax credits in an amount less than the  
33 annual limitation for projects located in northern counties or  
34 southern counties, as applicable, the uncommitted portion of the  
35 annual limitation shall be available to be deployed by the authority  
36 in a subsequent year, provided that the uncommitted portion of tax  
37 credits shall be awarded for projects located in the applicable  
38 geographic area, except that (i) after the completion of the third  
39 year of the seven-year period, the authority may deploy 50 percent  
40 of the uncommitted portion of tax credits from any previous year  
41 without consideration to the county in which a project is located;  
42 and (ii) after the completion of the sixth year of the seven-year  
43 period, the authority may deploy all available tax credits, including  
44 the uncommitted portion of the annual limitation for any previous  
45 year, without consideration to the county in which a project is  
46 located;

47 (f) for tax credits awarded under the "New Jersey Aspire  
48 Program Act," sections 54 through 67 of P.L.2020, c.156 (C.34:1B-

1 322 through C.34:1B-335), and the "Emerge Program Act," sections  
2 68 through 81 of P.L.2020, c.156 (C.34:1B-336 et al.), not  
3 including tax credits awarded for transformative projects, the total  
4 value of tax credits annually awarded during each of the first six  
5 years of the seven-year period shall not exceed \$1.1 billion. If the  
6 authority awards tax credits in an amount less than the annual  
7 limitation, then the uncommitted portion of the annual limitation  
8 shall be made available for qualified offshore wind projects  
9 awarded under section 6 of P.L.2010, c.57 (C.34:1B-209.4),  
10 pursuant to subparagraph (h) of this paragraph, or New Jersey  
11 studio partners and New Jersey film-lease **[partners]** production  
12 companies awarded under sections 1 and 2 of P.L.2018, c.56  
13 (C.54:10A-5.39b and C.54A:4-12b), pursuant to subparagraph (i) of  
14 this paragraph and subsection d. of this section. During each of the  
15 first six years of the seven-year period, the authority shall annually  
16 award tax credits valuing no greater than \$715 million for projects  
17 located in the northern counties of the State, and the authority shall  
18 annually award tax credits valuing no greater than \$385 million for  
19 projects located in the southern counties of the State under the  
20 "New Jersey Aspire Program Act," sections 54 through 67 of  
21 P.L.2020, c.156 (C.34:1B-322 through C.34:1B-335), and the  
22 "Emerge Program Act," sections 68 through 81 of P.L.2020, c.156  
23 (C.34:1B-336 et al.). If during any of the first six years of the  
24 seven-year period, the authority awards tax credits under the "New  
25 Jersey Aspire Program Act," sections 54 through 67 of P.L.2020,  
26 c.156 (C.34:1B-322 through C.34:1B-335), and the "Emerge  
27 Program Act," sections 68 through 81 of P.L.2020, c.156 (C.34:1B-  
28 336 et al.), in an amount less than the annual limitation for projects  
29 located in northern counties or southern counties, as applicable, the  
30 uncommitted portion of the annual limitation shall be available to  
31 be deployed by the authority in a subsequent year, provided that the  
32 uncommitted portion of tax credits shall be awarded for projects  
33 located in the applicable geographic area, except that (i) after the  
34 completion of the third year of the seven-year period, the authority  
35 may deploy 50 percent of the uncommitted portion of tax credits for  
36 any previous year without consideration to the county in which a  
37 project is located; and (ii) after the completion of the sixth year of  
38 the seven-year period, the authority may deploy all available tax  
39 credits, including the uncommitted portion of the annual limitation  
40 for any previous year, without consideration to the county in which  
41 a project is located;

42 (g) for tax credits awarded for transformative projects under the  
43 "New Jersey Aspire Program Act," sections 54 through 67 of  
44 P.L.2020, c.156 (C.34:1B-322 through C.34:1B-335), the total  
45 value of tax credits awarded during the seven-year period shall not  
46 exceed \$2.5 billion. The total value of tax credits awarded for  
47 transformative projects in a given year shall not be subject to an

1 annual limitation, except that the total value of tax credits awarded  
2 to any transformative project shall not exceed \$350 million;

3 (h) from the tax credits made available, pursuant to  
4 subparagraph (f) of this paragraph, to the "New Jersey Aspire  
5 Program Act," sections 54 through 67 of P.L.2020, c.156 (C.34:1B-  
6 322 through C.34:1B-335), and the "Emerge Program Act," sections  
7 68 through 81 of P.L.2020, c.156 (C.34:1B-336 et al.), not  
8 including tax credits awarded for transformative projects, an  
9 amount not to exceed \$350,000,000 shall be made available for  
10 qualified offshore wind projects awarded a credit pursuant to  
11 section 6 of P.L.2010, c.57 (C.34:1B-209.4) during the first three  
12 years of the seven-year period; and

13 (i) beginning in fiscal year **[2025]** 2023, from the tax credits  
14 made available, pursuant to subparagraph (f) of this paragraph, to  
15 the "New Jersey Aspire Program Act," sections 54 through 67 of  
16 P.L.2020, c.156 (C.34:1B-322 through C.34:1B-335), and the  
17 "Emerge Program Act," sections 68 through 81 of P.L.2020, c.156  
18 (C.34:1B-336 et al.), not including tax credits awarded for  
19 transformative projects, additional amounts shall be made available  
20 for New Jersey studio partners and New Jersey film-lease  
21 **[partners]** production companies pursuant to sections 1 and 2 of  
22 P.L.2018, c.56 (C.54:10A-5.39b and C.54A:4-12b).

23 (2) The authority may in any given year determine that it is in  
24 the State's interest to approve an amount of tax credits in excess of  
25 the annual limitations set forth in paragraph (1) of this subsection,  
26 but in no event more than \$200,000,000 in excess of the annual  
27 limitation, upon a determination by the authority board that such  
28 increase is warranted based on specific criteria that may include:

29 (i) the increased demand for opportunities to create or retain  
30 employment and investment in the State as indicated by the volume  
31 of project applications and the amount of tax credits being sought  
32 by those applications;

33 (ii) the need to protect the State's economic position in the event  
34 of an economic downturn;

35 (iii) the quality of project applications and the net economic  
36 benefit to the State and municipalities associated with those  
37 applications;

38 (iv) opportunities for project applications to strengthen or  
39 protect the competitiveness of the state under the prevailing market  
40 conditions;

41 (v) enhanced access to employment and investment for  
42 underserved populations in distressed municipalities and qualified  
43 incentives tracts;

44 (vi) increased investment and employment in high-growth  
45 technology sectors and in projects that entail collaboration with  
46 education institutions in the State;

47 (vii) increased development proximate to mass transit facilities;

48 (viii) any other factor deemed relevant by the authority.

1 c. In the event that the authority in any year approves projects  
2 for tax credits in an amount less than the annual limitations set forth  
3 in paragraph (1) of subsection b. of this section, then the  
4 uncommitted portion of the annual limitation shall be available to  
5 be deployed by the authority in future years for projects under the  
6 same program; provided however, that in no event shall the  
7 aggregate amount of tax credits approved be in excess of the overall  
8 cap of \$11.5 billion, and in no event shall the uncommitted portion  
9 of the annual limitation for any previous year be deployed after the  
10 conclusion of the seven-year period.

11 d. Notwithstanding the provisions of any other law to the  
12 contrary, the uncommitted balance of the total value of tax credits  
13 authorized for award by the authority pursuant to subparagraph (f)  
14 of paragraph (1) of subsection b. of this section to the “New Jersey  
15 Aspire Program Act,” sections 54 through 67 of P.L.2020, c.156  
16 (C.34:1B-322 et seq.), and the “Emerge Program Act,” sections 68  
17 through 81 of P.L.2020, c.156 (C.34:1B-336 et al.), shall be made  
18 available for tax credits allowed to New Jersey studio partners and  
19 New Jersey film-lease production companies pursuant to sections 1  
20 and 2 of P.L.2018, c.56 (C.54:10A-5.39b and C.54A:4-12b). The  
21 value of tax credits, including tax credits allowed through the  
22 granting of tax credit transfer certificates, made available to New  
23 Jersey studio partners and New Jersey film-lease production  
24 companies pursuant to this subsection shall be as follows:

25 (1) in fiscal year <sup>1</sup>[2024] 2023<sup>1</sup>, \$250,000,000 for New Jersey  
26 studio partners and \$250,000,000 for New Jersey film-lease  
27 production companies;

28 (2) in fiscal year <sup>1</sup>[2025] 2024<sup>1</sup>, \$250,000,000 for New Jersey  
29 studio partners and \$250,000,000 for New Jersey film-lease  
30 production companies; and

31 (3) in fiscal year <sup>1</sup>[2026] 2025<sup>1</sup>, \$250,000,000 for New Jersey  
32 studio partners and \$250,000,000 for New Jersey film-lease  
33 production companies.

34 If the value of tax credits, including tax credits allowed through  
35 the granting of tax credit transfer certificates, approved to New  
36 Jersey studio partners and New Jersey film-lease production  
37 companies in any fiscal year pursuant to this subsection is less than  
38 the cumulative total amount of tax credits permitted to be approved  
39 in that fiscal year, the authority shall certify the amount of the  
40 remaining tax credits available for approval to each such category  
41 in that fiscal year, and shall increase the cumulative total amount of  
42 tax credits permitted to be approved for New Jersey studio partners  
43 and New Jersey film-lease production companies in the subsequent  
44 fiscal year by the certified amount remaining for each such category  
45 from the prior fiscal year.

46 (cf: P.L.2021, c.367, s.4)

1       5. Section 1 of P.L.2018, c.56 (C.54:10A-5.39b) is amended to  
2 read as follows:

3       1. a. (1) A taxpayer, upon approval of an application to the  
4 authority and the director, shall be allowed a credit against the tax  
5 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in  
6 an amount equal to, in the case of a taxpayer designated as a New  
7 Jersey studio partner or New Jersey film-lease production company,  
8 40 percent, and in the case of a taxpayer other than a New Jersey  
9 studio partner or New Jersey film-lease production company, 35  
10 percent, of the qualified film production expenses of the taxpayer  
11 during a privilege period commencing on or after July 1, 2018 but  
12 before July 1, **[2034]** 2039, provided that:

13       (a) at least 60 percent of the total film production expenses,  
14 exclusive of post-production costs, of the taxpayer are incurred for  
15 services performed, and goods purchased through vendors  
16 authorized to do business, in New Jersey, or the qualified film  
17 production expenses of the taxpayer during the privilege period for  
18 services performed, and goods purchased, through vendors  
19 authorized to do business in New Jersey, exceed \$1,000,000 per  
20 production;

21       (b) principal photography of the film commences within 180  
22 days from the date of the original application for the tax credit;

23       (c) the film includes, when determined to be appropriate by the  
24 commission, at no cost to the State, marketing materials promoting  
25 this State as a film and entertainment production destination, which  
26 materials shall include placement of a "Filmed in New Jersey" or  
27 "Produced in New Jersey" statement, or an approved logo approved  
28 by the commission, in the end credits of the film;

29       (d) the taxpayer submits a tax credit verification report prepared  
30 by an independent certified public accountant licensed in this State  
31 in accordance with subsection f. of this section; and

32       (e) the taxpayer complies with the withholding requirements  
33 provided for payments to loan out companies and independent  
34 contractors in accordance with subsection g. of this section.

35       (2) Notwithstanding the provisions of paragraph (1) of  
36 subsection a. of this section to the contrary, the tax credit allowed  
37 pursuant to this subsection against the tax imposed pursuant to  
38 section 5 of P.L.1945, c.162 (C.54:10A-5) shall be in an amount  
39 equal to, in the case of a taxpayer designated as a New Jersey studio  
40 partner or New Jersey film-lease production company, 35 percent,  
41 and in the case of a taxpayer other than a New Jersey studio partner  
42 or New Jersey film-lease production company, 30 percent, of the  
43 qualified film production expenses of the taxpayer during a  
44 privilege period that are incurred for services performed and  
45 tangible personal property purchased for use at a sound stage or  
46 other location that is located in the State within a 30-mile radius of  
47 the intersection of Eighth Avenue/Central Park West, Broadway,  
48 and West 59th Street/Central Park South, New York, New York.

1       b. (1) A taxpayer, upon approval of an application to the  
2 authority and the director, shall be allowed a credit against the tax  
3 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in  
4 an amount equal to: 30 percent of the qualified digital media  
5 content production expenses of the taxpayer during a privilege  
6 period commencing on or after July 1, 2018 but before July 1,  
7 **【2034】** 2039, provided that:

8       (a) at least \$2,000,000 of the total digital media content  
9 production expenses of the taxpayer are incurred for services  
10 performed, and goods purchased through vendors authorized to do  
11 business, in New Jersey;

12       (b) at least 50 percent of the qualified digital media content  
13 production expenses of the taxpayer are for wages and salaries paid  
14 to full-time or full-time equivalent employees in New Jersey;

15       (c) the taxpayer submits a tax credit verification report prepared  
16 by an independent certified public accountant licensed in this State  
17 in accordance with subsection f. of this section; and

18       (d) the taxpayer complies with the withholding requirements  
19 provided for payments to loan out companies and independent  
20 contractors in accordance with subsection g. of this section.

21       (2) Notwithstanding the provisions of paragraph (1) of  
22 subsection b. of this section to the contrary, the tax credit allowed  
23 pursuant to this subsection against the tax imposed pursuant to  
24 section 5 of P.L.1945, c.162 (C.54:10A-5) shall be in an amount  
25 equal to 35 percent of the qualified digital media content production  
26 expenses of the taxpayer during a privilege period that are incurred  
27 for services performed and tangible personal property purchased  
28 through vendors whose primary place of business is located in  
29 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,  
30 Mercer, or Salem County.

31       c. No tax credit shall be allowed pursuant to this section for  
32 any costs or expenses included in the calculation of any other tax  
33 credit or exemption granted pursuant to a claim made on a tax  
34 return filed with the director, or included in the calculation of an  
35 award of business assistance or incentive, for a period of time that  
36 coincides with the privilege period for which a tax credit authorized  
37 pursuant to this section is allowed. The order of priority in which  
38 the tax credit allowed pursuant to this section and any other tax  
39 credits allowed by law may be taken shall be as prescribed by the  
40 director. The amount of the tax credit applied under this section  
41 against the tax imposed pursuant to section 5 of P.L.1945, c.162  
42 (C.54:10A-5), for a privilege period, when taken together with any  
43 other payments, credits, deductions, and adjustments allowed by  
44 law shall not reduce the tax liability of the taxpayer to an amount  
45 less than the statutory minimum provided in subsection (e) of  
46 section 5 of P.L.1945, c.162 (C.54:10A-5). The amount of the tax  
47 credit otherwise allowable under this section which cannot be  
48 applied for the privilege period due to the limitations of this

1 subsection or under other provisions of P.L.1945, c.162 (C.54:10A-  
2 1 et seq.) may be carried forward, if necessary, to the seven  
3 privilege periods following the privilege period for which the tax  
4 credit was allowed.

5 d. A taxpayer, with an application for a tax credit provided for  
6 in subsection a. or subsection b. of this section, may apply to the  
7 authority and the director for a tax credit transfer certificate in lieu  
8 of the taxpayer being allowed any amount of the tax credit against  
9 the tax liability of the taxpayer. The tax credit transfer certificate,  
10 upon receipt thereof by the taxpayer from the authority and the  
11 director, may be sold or assigned, in full or in part, to any other  
12 taxpayer that may have a tax liability under the "Corporation  
13 Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), or  
14 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., in  
15 exchange for private financial assistance to be provided by the  
16 purchaser or assignee to the taxpayer that has applied for and been  
17 granted the tax credit. The tax credit transfer certificate provided to  
18 the taxpayer shall include a statement waiving the taxpayer's right  
19 to claim that amount of the tax credit against the tax imposed  
20 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) that the  
21 taxpayer has elected to sell or assign. The sale or assignment of any  
22 amount of a tax credit transfer certificate allowed under this section  
23 shall not be exchanged for consideration received by the taxpayer of  
24 less than 75 percent of the transferred tax credit amount. Any  
25 amount of a tax credit transfer certificate used by a purchaser or  
26 assignee against a tax liability under P.L.1945, c.162 (C.54:10A-1  
27 et seq.) shall be subject to the same limitations and conditions that  
28 apply to the use of a tax credit pursuant to subsection c. of this  
29 section. Any amount of a tax credit transfer certificate obtained by  
30 a purchaser or assignee under subsection a. or subsection b. of this  
31 section may be applied against the purchaser's or assignee's tax  
32 liability under N.J.S.54A:1-1 et seq. and shall be subject to the  
33 same limitations and conditions that apply to the use of a credit  
34 pursuant to subsections c. and d. of section 2 of P.L.2018, c.56  
35 (C.54A:4-12b).

36 e. (1) The value of tax credits, including tax credits allowed  
37 through the granting of tax credit transfer certificates, approved by  
38 the director and the authority pursuant to subsection a. of this  
39 section and pursuant to subsection a. of section 2 of P.L.2018, c.56  
40 (C.54A:4-12b) to taxpayers, other than New Jersey studio partners  
41 and New Jersey film-lease **【partners】** production companies, shall  
42 not exceed a cumulative total of \$100,000,000 in fiscal year 2019  
43 and in each fiscal year thereafter prior to fiscal year **【2035】** 2040,  
44 to apply against the tax imposed pursuant to section 5 of P.L.1945,  
45 c.162 (C.54:10A-5) and the tax imposed pursuant to the "New  
46 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. In addition to  
47 the **【\$100,000,000】** limitation on the value of tax credits approved  
48 by the director for New Jersey film-lease **【partners】** production

1 companies and the **[\$100,000,000]** limitation on the value of tax  
2 credits approved by the director for other taxpayers imposed by this  
3 paragraph, and except as provided in section 98 of P.L.2020, c.156  
4 (C.34:1B-362), the value of tax credits, including tax credits  
5 allowed through the granting of tax credit transfer certificates,  
6 approved by the director and the authority pursuant to subsection a.  
7 of this section and pursuant to subsection a. of section 2 of  
8 P.L.2018, c.56 (C.54A:4-12b) to New Jersey studio partners shall  
9 not exceed a cumulative total of \$100,000,000 in fiscal year 2021  
10 and in each fiscal year thereafter prior to fiscal year **[2034]** 2024,  
11 and shall not exceed a cumulative total of \$150,000,000 in fiscal  
12 year 2024 and in each fiscal year thereafter prior to fiscal year  
13 2040, to apply against the tax imposed pursuant to section 5 of  
14 P.L.1945, c.162 (C.54:10A-5) and the tax imposed pursuant to the  
15 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.  
16 Beginning in fiscal year **[2025]** 2023, in addition to the  
17 **[\$100,000,000]** cumulative total tax credits made available for  
18 New Jersey studio partners pursuant to this paragraph and  
19 subsection d. of section 98 of P.L.2020, c.156 (C.34:1B-362), up to  
20 an additional **[\$350,000,000]** \$400,000,000 may be made available  
21 annually, in the discretion of the authority, to New Jersey studio  
22 partners for the award of tax credits, including tax credits allowed  
23 through the granting of tax credit transfer certificates, pursuant to  
24 subsection a. of this section and subsection a. of section 2 of  
25 P.L.2018, c.56 (C.54A:4-12b), from the funds made available  
26 pursuant to subparagraph (i) of paragraph (1) of subsection b. of  
27 section 98 of P.L.2020, c.156 (C.34:1B-362). In addition to the  
28 **[\$100,000,000]** limitation on the value of tax credits approved by  
29 the director for New Jersey studio partners and the **[\$100,000,000]**  
30 limitation on the value of tax credits approved by the director for  
31 other taxpayers imposed by this paragraph, and except as provided  
32 in section 98 of P.L.2020, c.156 (C.34:1B-362), the value of tax  
33 credits, including tax credits allowed through the granting of tax  
34 credit transfer certificates, approved by the director and the  
35 authority pursuant to subsection a. of this section and pursuant to  
36 subsection a. of section 2 of P.L.2018, c.56 (C.54A:4-12b) to New  
37 Jersey film-lease **[partners]** production companies shall not exceed  
38 a cumulative total of \$100,000,000 in fiscal year 2021 and in each  
39 fiscal year thereafter prior to fiscal year **[2034]** 2024, and shall not  
40 exceed a cumulative total of \$150,000,000 in fiscal year 2024 and  
41 in each fiscal year thereafter prior to fiscal year 2040, to apply  
42 against the tax imposed pursuant to section 5 of P.L.1945, c.162  
43 (C.54:10A-5) and the tax imposed pursuant to the "New Jersey  
44 Gross Income Tax Act," N.J.S.54A:1-1 et seq. Beginning in fiscal  
45 year **[2025]** 2023, in addition to the **[\$100,000,000]** cumulative  
46 total tax credits made available for New Jersey film-lease  
47 **[partners]** production companies pursuant to this paragraph and

1 subsection d. of section 98 of P.L.2020, c.156 (C.34:1B-362), up to  
2 an additional ~~[\$100,000,000]~~ \$250,000,000 may be made available  
3 annually, in the discretion of the authority, to New Jersey film-lease  
4 ~~[partners]~~ production companies for the award of tax credits,  
5 including tax credits allowed through the granting of tax credit  
6 transfer certificates, pursuant to subsection a. of this section and  
7 subsection a. of section 2 of P.L.2018, c.56 (C.54A:4-12b), from the  
8 funds made available pursuant to subparagraph (i) of paragraph (1)  
9 of subsection b. of section 98 of P.L.2020, c.156 (C.34:1B-362).  
10 Approvals made to New Jersey studio partners and New Jersey  
11 film-lease ~~[partners]~~ production companies shall be subject to  
12 award agreements with the authority detailing obligations of the  
13 awardee and outcomes relating to events of default, including, but  
14 not limited to, recapture, forfeiture, and termination. ~~[If in any~~  
15 privilege period, beginning following a date determined by the  
16 authority, a New Jersey film-lease partner's annual average of  
17 qualified film production expenses falls below \$50,000,000, the  
18 authority shall reduce by 20 percent any tax credit award for a film  
19 for which final documentation has been submitted, until a privilege  
20 period when the annual average of qualified film production  
21 expenses has been restored to \$50,000,000.] Notwithstanding any  
22 provision of this subsection or other law to the contrary, if a film  
23 production company designated as a New Jersey studio partner  
24 ceases to qualify for its designation as a New Jersey film studio  
25 partner and becomes designated as a New Jersey film-lease partner  
26 facility, the authority shall reduce the cumulative total amount of  
27 tax credits, including tax credits allowed through the granting of tax  
28 credit transfer certificates, made available to New Jersey studio  
29 partners in each fiscal year and shall increase the cumulative total  
30 amount of tax credits permitted to be approved for New Jersey film-  
31 lease production companies in each fiscal year by a corresponding  
32 amount pursuant to a formula established in rules adopted by the  
33 authority which shall consider the volume of applications submitted  
34 by New Jersey studio partners and New Jersey film-lease  
35 production facilities, the cumulative total amount of tax credits  
36 allowed to New Jersey studio partners and New Jersey film-lease  
37 production facilities in the prior fiscal year, the total square footage  
38 of facility space occupied in the State by New Jersey studio partners  
39 and New Jersey film-lease production facilities, and any other  
40 factors that the authority deems appropriate. Award agreements  
41 between the authority and New Jersey studio partners shall include  
42 a requirement for each New Jersey studio partner to occupy the  
43 production facility developed, purchased, or leased as a condition of  
44 designation as a New Jersey studio partner for the duration of the  
45 commitment period. If a New Jersey studio partner fails to occupy  
46 the production facility developed, purchased, or leased as a  
47 condition of designation as a New Jersey studio partner for the

1 duration of the commitment period or otherwise fails to satisfy the  
2 conditions for designation as a New Jersey studio partner, the  
3 authority shall recapture the portion of the tax credit that was only  
4 available to the taxpayer by virtue of the taxpayer's designation as a  
5 New Jersey studio partner, and all films for which an initial  
6 approval has been given, but for which the authority has not  
7 approved final documentation, shall terminate. The authority shall  
8 establish a non-binding, administrative pre-certification process for  
9 potentially eligible projects.

10 If the cumulative total amount of tax credits, and tax credit  
11 transfer certificates, allowed to taxpayers for privilege periods or  
12 taxable years commencing during a single fiscal year under  
13 subsection a. of this section and subsection a. of section 2 of  
14 P.L.2018, c.56 (C.54A:4-12b) exceeds the amount of tax credits  
15 available in that fiscal year, then taxpayers who have first applied  
16 for and have not been allowed a tax credit or tax credit transfer  
17 certificate amount for that reason shall **【be allowed, in the order in**  
18 **which they have submitted an application,】** have their applications  
19 approved by the authority, provided the application otherwise  
20 satisfies the requirements of this section, and shall be allowed the  
21 amount of tax credit or tax credit transfer certificate on the first day  
22 of the next succeeding fiscal year in which tax credits and tax credit  
23 transfer certificates under subsection a. of this section and  
24 subsection a. of section 2 of P.L.2018, c.56 (C.54A:4-12b) are not  
25 in excess of the amount of credits available.

26 Notwithstanding any provision of this paragraph to the contrary,  
27 for any fiscal year in which the amount of tax credits approved to  
28 New Jersey studio partners, New Jersey film-lease **【partners】**  
29 production companies, or taxpayers other than New Jersey studio  
30 partners and New Jersey film-lease **【partners】** production  
31 companies pursuant to this paragraph is less than the cumulative  
32 total amount of tax credits permitted to be approved **【to each such**  
33 **category,】** <sup>1</sup>to each such category,<sup>1</sup> in that fiscal year, the authority  
34 shall certify the amount of the remaining tax credits available for  
35 approval **【to each such category】** <sup>1</sup>to each such category<sup>1</sup> in that  
36 fiscal year, and shall increase the cumulative total amount of tax  
37 credits permitted to be approved for New Jersey studio partners,  
38 New Jersey film-lease **【partners】** production companies, or  
39 taxpayers other than New Jersey studio partners and New Jersey  
40 film-lease **【partners】** production companies in the subsequent fiscal  
41 year by the certified amount remaining **【for each such category】**  
42 <sup>1</sup>for each such category<sup>1</sup> from the prior fiscal year. The authority  
43 shall also certify, for each fiscal year, the amount of tax credits that  
44 were previously approved, but that the taxpayer is not able to  
45 redeem or transfer to another taxpayer under this section, and shall  
46 increase the cumulative total amount of tax credits permitted to be  
47 approved for New Jersey studio partners, New Jersey film-lease

1 ~~【partners】~~ production companies, or taxpayers other than New  
2 Jersey studio partners and New Jersey film-lease ~~【partners】~~  
3 production companies in the subsequent fiscal year by the amount  
4 of tax credits previously approved ~~【for each such category】~~ <sup>1</sup>for  
5 each such category<sup>1</sup>, but not subject to redemption or transfer. <sup>1</sup>~~【In~~  
6 each fiscal year in which tax credits remain unapproved for, or  
7 unredeemed or not transferred by, New Jersey studio partners, New  
8 Jersey film-lease】<sup>1</sup> ~~【partners】~~ <sup>1</sup>~~【production companies, or~~  
9 taxpayers other than New Jersey studio partners and New Jersey  
10 film-lease】<sup>1</sup> ~~【partners】~~ <sup>1</sup>~~【production companies, the authority may~~  
11 reallocate some or all of such remaining tax credits in the  
12 subsequent fiscal year】<sup>1</sup> ~~【between the category of New Jersey film-~~  
13 lease partners and the category of taxpayers other than New Jersey  
14 studio partners and New Jersey film-lease partners in lieu of  
15 increasing the tax credits available for the respective category by  
16 the amount reallocated】 <sup>1</sup>~~【to each category in the authority's~~  
17 discretion.】<sup>1</sup>

18 (2) The value of tax credits, including tax credits allowed  
19 through the granting of tax credit transfer certificates, approved by  
20 the authority and the director pursuant to subsection b. of this  
21 section and pursuant to subsection b. of section 2 of P.L.2018, c.56  
22 (C.54A:4-12b) shall not exceed a cumulative total of \$30,000,000 in  
23 fiscal year 2019 and in each fiscal year thereafter prior to fiscal year  
24 ~~【2035】~~ 2040 to apply against the tax imposed pursuant to section 5  
25 of P.L.1945, c.162 (C.54:10A-5) and the tax imposed pursuant to  
26 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.

27 If the total amount of tax credits and tax credit transfer  
28 certificates allowed to taxpayers for privilege periods or taxable  
29 years commencing during a single fiscal year under subsection b. of  
30 this section and subsection b. of section 2 of P.L.2018, c.56  
31 (C.54A:4-12b) exceeds the amount of tax credits available in that  
32 year, then taxpayers who have first applied for and have not been  
33 allowed a tax credit or tax credit transfer certificate amount for that  
34 reason shall be allowed, in the order in which they have submitted  
35 an application, the amount of tax credit or tax credit transfer  
36 certificate on the first day of the next succeeding fiscal year in  
37 which tax credits and tax credit transfer certificates under  
38 subsection b. of this section and subsection b. of section 2 of  
39 P.L.2018, c.56 (C.54A:4-12b) are not in excess of the amount of  
40 credits available.

41 Notwithstanding any provision of this paragraph to the contrary,  
42 for any fiscal year in which the amount of tax credits approved  
43 pursuant to this paragraph is less than the cumulative total amount  
44 of tax credits permitted to be approved in that fiscal year, the  
45 authority shall certify the amount of the remaining tax credits  
46 available for approval in that fiscal year, and shall increase the  
47 cumulative total amount of tax credits permitted to be approved in

1 the subsequent fiscal year by the certified amount remaining from  
2 the prior fiscal year. The authority shall also certify, for each fiscal  
3 year, the amount of tax credits that were previously approved, but  
4 that the taxpayer is not able to redeem or transfer to another  
5 taxpayer under this section, and shall increase the cumulative total  
6 amount of tax credits permitted to be approved in the subsequent  
7 fiscal year by the amount of tax credits previously approved, but not  
8 subject to redemption or transfer.

9 f. A taxpayer shall submit to the authority and the director a  
10 report prepared by an independent certified public accountant  
11 licensed in this State to verify the taxpayer's tax credit claim  
12 following the completion of the production. A New Jersey studio  
13 partner that makes deferred compensation payments based on work  
14 or services provided on a production may file a supplemental report  
15 prepared by an independent certified public accountant, pursuant to  
16 agreed-upon procedures prescribed by the authority and the  
17 director, no later than two years after the date on which the  
18 production concludes. The deferred compensation payments shall  
19 constitute qualified film production expenses as if the expenses  
20 were incurred at the time of production, provided there are credits  
21 available and subject to the authority's review. The report shall be  
22 prepared by the independent certified public accountant pursuant to  
23 agreed-upon procedures prescribed by the authority and the  
24 director, and shall include such information and documentation as  
25 shall be determined to be necessary by the authority and the director  
26 to substantiate the qualified film production expenses or the  
27 qualified digital media content production expenses of the taxpayer.  
28 A single report with attachments deemed necessary by the authority  
29 shall be submitted electronically. Upon receipt of the report, the  
30 authority and the director shall review the findings of the  
31 independent certified public accountant's report, and shall make a  
32 determination as to the qualified film production expenses or the  
33 qualified digital media content production expenses of the taxpayer.  
34 The authority's and the director's review shall include, but shall not  
35 be limited to: a review of all non-payroll qualified film production  
36 expense items and non-payroll digital media content production  
37 expense items over \$20,000; a review of 100 randomly selected  
38 non-payroll qualified film production expense items and non-  
39 payroll digital media content production expense items that are  
40 greater than \$2,500, but less than \$20,000; a review of 100  
41 randomly selected non-payroll qualified film production expense  
42 items and non-payroll digital media content production expense  
43 items that are less than \$2,500; a review of the qualified wages for  
44 the 15 employees, independent contractors, or loan-out companies  
45 with the highest qualified wages; and a review of the qualified  
46 wages for 35 randomly selected employees, independent  
47 contractors, or loan-out companies with qualified wages other than  
48 the 15 employees, independent contractors, or loan-out companies

1 with the highest qualified wages. The taxpayer's qualified film  
2 production expenses and digital media content production expenses  
3 shall be adjusted based on any discrepancies identified for the  
4 reviewed non-payroll qualified film production expense items, non-  
5 payroll digital media content production expense items and  
6 qualified wages. The taxpayer's qualified film production expenses  
7 and digital media content production expenses also shall be adjusted  
8 based on the projection of any discrepancies identified based on the  
9 review of randomly selected expense items or wages pursuant to  
10 this subsection to the extent that the discrepancies exceed one  
11 percent of the total reviewed non-payroll qualified film production  
12 expense items, non-payroll digital media content production  
13 expense items, or qualified wages. The determination shall be  
14 provided in writing to the taxpayer, and a copy of the written  
15 determination shall be included in the filing of a return that includes  
16 a claim for a tax credit allowed pursuant to this section.

17 g. A taxpayer shall withhold from each payment to a loan out  
18 company **[or]** , to an independent contractor, or to a homeowner for  
19 the use of a personal residence an amount equal to 6.37 percent of  
20 the payment otherwise due. The amounts withheld shall be deemed  
21 to be withholding of liability pursuant to the "New Jersey Gross  
22 Income Tax Act," N.J.S.54A:1-1 et seq., and the taxpayer shall be  
23 deemed to have the rights, duties, and responsibilities of an  
24 employer pursuant to chapter 7 of Title 54A of the New Jersey  
25 Statutes. The director shall allocate the amounts withheld for a  
26 taxable year to the accounts of the individuals who are employees  
27 of a loan out company in proportion to the employee's payment by  
28 the loan out company in connection with a trade, profession, or  
29 occupation carried on in this State or for the rendition of personal  
30 services performed in this State during the taxable year. A loan out  
31 company that reports its payments to employees in connection with  
32 a trade, profession, or occupation carried on in this State or for the  
33 rendition of personal services performed in this State during a  
34 taxable year shall be relieved of its duties and responsibilities as an  
35 employer pursuant to chapter 7 of Title 54A of the New Jersey  
36 Statutes for the taxable year for any payments relating to the  
37 payments on which the taxpayer withheld.

38 h. As used in this section:

39 "Authority" means the New Jersey Economic Development  
40 Authority.

41 "Business assistance or incentive" means "business assistance or  
42 incentive" as that term is defined pursuant to section 1 of P.L.2007,  
43 c.101 (C.54:50-39).

44 "Commission" means the Motion Picture and Television  
45 Development Commission.

46 "Commitment period" means for New Jersey studio partners, the  
47 period beginning with the commencement of the eligibility period  
48 and expiring 10 years following:

1       (1) in the case of a taxpayer developing or purchasing a  
2 production facility, the issuance of a temporary certificate of  
3 occupancy for the production facility developed or purchased as a  
4 condition of designation as a New Jersey studio partner; or

5       (2) in the case of a taxpayer leasing a production facility,  
6 commencement of the lease term for the production facility leased  
7 as a condition of designation as a New Jersey studio partner.

8       "Digital media content" means any data or information that is  
9 produced in digital form, including data or information created in  
10 analog form but reformatted in digital form, text, graphics,  
11 photographs, animation, sound, and video content. "Digital media  
12 content" shall not mean content offerings generated by the end user  
13 (including postings on electronic bulletin boards and chat rooms);  
14 content offerings comprised primarily of local news, events,  
15 weather, or local market reports; public service content; electronic  
16 commerce platforms (such as retail and wholesale websites);  
17 websites or content offerings that contain obscene material as  
18 defined pursuant to N.J.S.2C:34-2 and N.J.S.2C:34-3; websites or  
19 content that are produced or maintained primarily for private,  
20 industrial, corporate, or institutional purposes; or digital media  
21 content acquired or licensed by the taxpayer for distribution or  
22 incorporation into the taxpayer's digital media content.

23       "Eligibility period" means, with respect to New Jersey studio  
24 partners, the period in which a New Jersey studio partner may claim  
25 a tax credit for qualified film production expenses, including  
26 expenses that would not constitute qualified film production  
27 expenses but for the taxpayer's designation as a New Jersey studio  
28 partner, beginning the earlier of the commencement of the principal  
29 photography for the New Jersey studio partner's initial film in New  
30 Jersey or, in the case of a taxpayer developing or purchasing a  
31 production facility, at the issuance of a temporary certificate of  
32 occupancy for the production facility developed or purchased as a  
33 condition of designation as a New Jersey studio partner and, in the  
34 case of a taxpayer leasing a production facility, at the  
35 commencement of the lease term for the production facility leased  
36 as a condition of designation as a New Jersey studio partner, and  
37 extending thereafter for a term of not more than 10 years.

38       "Film" means a feature film, a television series, or a television  
39 show of 22 minutes or more in length, intended for a national  
40 audience, or a television series or a television show of 22 minutes  
41 or more in length intended for a national or regional audience,  
42 including, but not limited to, a game show, award show, <sup>1</sup>talk  
43 show,<sup>1</sup> competition or variety show filmed before a live audience,  
44 or other gala event filmed and produced at a nonprofit arts and  
45 cultural venue receiving State funding. "Film" shall not include a  
46 production featuring news, current events, weather, and market  
47 reports or public programming, <sup>1</sup>[talk show,<sup>1</sup> or sports event, a  
48 production that solicits funds, a production containing obscene

1 material as defined under N.J.S.2C:34-2 and N.J.S.2C:34-3, or a  
2 production primarily for private, industrial, corporate, or  
3 institutional purposes, or a reality show, except if the production  
4 company of the reality show owns, leases, or otherwise occupies a  
5 production facility of no less than 20,000 square feet of real  
6 property for a minimum term of 24 months, and invests no less than  
7 \$3,000,000 in such a facility within a designated enterprise zone  
8 established pursuant to the "New Jersey Urban Enterprise Zones  
9 Act," P.L.1983, c.303 (C.52:27H-60 et al.), or a UEZ-impacted  
10 business district established pursuant to section 3 of P.L.2001,  
11 c.347 (C.52:27H-66.2). "Film" shall not include an award show or  
12 other gala event that is not filmed and produced at a nonprofit arts  
13 and cultural venue receiving State funding.

14 "Full-time or full-time equivalent employee" means an individual  
15 employed by the taxpayer for consideration for at least 35 hours a  
16 week, or who renders any other standard of service generally  
17 accepted by custom or practice as full-time or full-time equivalent  
18 employment, whose wages are subject to withholding as provided in  
19 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.,  
20 'regardless of whether the individual is a resident or nonresident  
21 taxpayer,<sup>1</sup> or who is a partner of a taxpayer, who works for the  
22 partnership for at least 35 hours a week, or who renders any other  
23 standard of service generally accepted by custom or practice as full-  
24 time or full-time equivalent employment, and whose distributive  
25 share of income, gain, loss, or deduction, or whose guaranteed  
26 payments, or any combination thereof, is subject to the payment of  
27 estimated taxes, as provided in the "New Jersey Gross Income Tax  
28 Act," N.J.S.54A:1-1 et seq. "Full-time or full-time equivalent  
29 employee" shall not include an individual who works as an  
30 independent contractor or on a consulting basis for the taxpayer.

31 "Highly compensated individual" means an individual who  
32 directly or indirectly receives compensation in excess of \$500,000  
33 for the performance of services used directly in a production. An  
34 individual receives compensation indirectly when the taxpayer pays  
35 a loan out company that, in turn, pays the individual for the  
36 performance of services.

37 "Incurred in New Jersey" means, for any application submitted  
38 after the effective date of P.L.2018, c.56 (C.54:10A-5.39b et al.),  
39 pursuant to which a tax credit has not been allowed prior to the  
40 effective date of P.L.2021, c.160, service performed within New  
41 Jersey and tangible personal property used or consumed in New  
42 Jersey. A service is performed in New Jersey to the extent that the  
43 individual performing the service is physically located in New  
44 Jersey while performing the service. Notwithstanding where the  
45 property is delivered or acquired, rented tangible property is used or  
46 consumed in New Jersey to the extent that the property is located in  
47 New Jersey during its use or consumption and is rented from a  
48 vendor authorized to do business in New Jersey or the film

1 production company provides to the authority the vendor's  
2 information in a form and manner prescribed by the authority.  
3 Purchased tangible property is not used and consumed in New  
4 Jersey unless it is purchased from a vendor authorized to do  
5 business in New Jersey and is delivered to or acquired within New  
6 Jersey; provided, however, that if a production is also located in  
7 another jurisdiction, the purchased tangible property is used and  
8 consumed in New Jersey if the acquisition and delivery of  
9 purchased tangible property is located in either New Jersey or  
10 another jurisdiction where the production takes place. Payment  
11 made to a homeowner for the use of a personal residence located in  
12 the State for filming shall be deemed an expense incurred in New  
13 Jersey notwithstanding the fact that such homeowner is not a vendor  
14 authorized to do business in New Jersey, provided the taxpayer has  
15 made the withholding required by subsection g. of this section.

16 "Independent contractor" means an individual treated as an  
17 independent contractor for federal and State tax purposes who is  
18 contracted with by the taxpayer for the performance of services  
19 used directly in a production.

20 "Loan out company" means a personal service corporation or  
21 other entity that is contracted with by the taxpayer to provide  
22 specified individual personnel, such as artists, crew, actors,  
23 producers, or directors for the performance of services used directly  
24 in a production. "Loan out company" shall not include entities  
25 contracted with by the taxpayer to provide goods or ancillary  
26 contractor services such as catering, construction, trailers,  
27 equipment, or transportation.

28 "New Jersey film-lease partner facility" means:

29 (1) (a) a production facility in New Jersey whose owner or  
30 developer has made the commitment to build, lease, or operate a  
31 production facility of 250,000 square feet or more, including a  
32 sound stage and production support space, such as production  
33 offices<sup>1</sup>, mill space,<sup>1</sup> or a backlot, for a period of five or more  
34 successive years<sup>1</sup>, as evidenced by site plan approval or an  
35 executed redevelopment agreement with a governmental entity for  
36 the purpose of developing a production facility of 250,000 square  
37 feet or more<sup>1</sup>;

38 (b) a production facility built, leased, or operated by a  
39 production company designated as a New Jersey studio partner and  
40 which the New Jersey studio partner no longer occupies; or

41 (c) a portion of a production facility owned by a New Jersey  
42 studio partner that is in excess of the space being utilized by the  
43 New Jersey studio partner; provided the<sup>1</sup> [space] spaces<sup>1</sup> utilized  
44 and unutilized by the New Jersey studio<sup>1</sup> [partners] partner<sup>1</sup> both  
45 exceed 250,000 square feet.

46 (2) A film production company that executes at least a 10-year  
47 lease for 250,000 square feet or more from a New Jersey film-lease

1 partner facility shall be eligible to be designated as a New Jersey  
2 studio partner, provided the film production company otherwise  
3 complies with the eligibility requirements of the program.

4 (3) Except for a production facility, or portion thereof, owned,  
5 built, leased, or operated by a film production company designated  
6 'as' a New Jersey studio partner by the authority on or before the  
7 181st day next following the effective date of P.L. , c. (C. )  
8 (pending before the Legislature as this bill), in order for a  
9 production facility to be designated as a New Jersey film-lease  
10 partner facility, the owner or developer shall accept the acquisition  
11 by the authority, at the authority's discretion, of equity in the  
12 production facility, on 'commercially reasonable and customary'  
13 terms and conditions determined by the authority 'and the New  
14 Jersey film-lease partner facility'. A film production facility may  
15 receive its film-lease partner facility designation prior to executing  
16 an equity agreement with the authority provided final approval of  
17 such agreement occurs on or before the date on which production  
18 commences at the facility.

19 (4) No more than three New Jersey production facilities may be  
20 designated as a New Jersey film-lease partner facility; provided,  
21 however, this limitation shall not apply to production facilities, or  
22 portions thereof, owned, built, leased, or operated by a film  
23 production company designated as a New Jersey studio partner.

24 "New Jersey film-lease [partner] production company" means a  
25 taxpayer, including any taxpayer that is a member of a combined  
26 group under section 23 of P.L.2018, c.48 (C.54:10A-4.11) or any  
27 other entity in which the film-lease production company has a  
28 material ownership interest and material operational role in the  
29 production, that otherwise complies with the eligibility  
30 requirements of the Film and Digital Media Tax Credit Program and  
31 has made a commitment to lease or [acquire all or part of]  
32 otherwise occupy production space in a New Jersey [production  
33 facility, which leased or acquired space shall have an aggregate  
34 square footage of at least 50,000 square feet, including a sound  
35 stage and production support space, such as production offices or a  
36 backlot, for a period of five or more successive years and commits  
37 to spend, on a separate-entity basis or in the aggregate with other  
38 members of the taxpayer's combined group, an annual average of  
39 \$50,000,000 of qualified film production expenses over the period  
40 of at least five but not to exceed 10 years] film-lease partner  
41 facility and who will shoot at least 50 percent of the total principal  
42 photography shoot days of the project within New Jersey and who  
43 will shoot at least 50 percent of the total principal photography  
44 shoot days within New Jersey at the New Jersey film-lease partner  
45 facility. A "New Jersey film-lease production company" may  
46 include any other member of a taxpayer's combined group, pursuant  
47 to P.L.2018, c.131 (C.54:10A-4.11), or an unrelated entity

1 principally engaged in the production of a film or other commercial  
2 audiovisual product with whom a designated New Jersey film-lease  
3 production company contracts to perform film production services  
4 on its behalf such that the designated New Jersey film-lease  
5 production company controls such film or product during  
6 preproduction, production, and postproduction and all results and  
7 proceeds of such services constitute, from the moment of creation,  
8 "works made for hire" for the New Jersey film-lease production  
9 company pursuant to the provisions of the federal "Copyright Act of  
10 1976" (17 U.S.C. s.101 et seq.).

11 "New Jersey studio partner" means a film production company  
12 that has made a commitment to produce films or commercial  
13 audiovisual products in New Jersey and has developed, purchased,  
14 or executed a 10-year contract to lease a production facility of  
15 250,000 square feet or more, or has executed a purchase contract  
16 with a governmental authority for the purpose of developing a  
17 production facility of 250,000 square feet or more within 48 months  
18 from the date of designation as a New Jersey studio partner;  
19 provided, however, the board, in its discretion, may extend the time  
20 to execute a purchase contract for an additional 12 months.  
21 Effective upon designation as a New Jersey studio partner, a film  
22 production company shall be eligible for a credit pursuant to this  
23 section, provided the film production company otherwise complies  
24 with the eligibility requirements of Film and Digital Media Tax  
25 Credit Program. In the event the authority determines that a film  
26 production company has failed to meet the qualifications of a New  
27 Jersey studio partner or otherwise comply with the provisions of  
28 this section, the authority may rescind the New Jersey studio  
29 partner designation and may recapture from that film production  
30 company the portion of any tax credit that had been awarded to that  
31 film production company that was only available to the film  
32 production company by virtue of the film production company's  
33 designation as a New Jersey studio partner. A "New Jersey studio  
34 partner" may include any other member of a taxpayer's combined  
35 group, pursuant to P.L.2018, c.131 (C.54:10A-4.11), or an unrelated  
36 entity principally engaged in the production of a film or other  
37 commercial audiovisual product with whom a designated New  
38 Jersey studio partner contracts to perform film production services  
39 on its behalf such that the designated New Jersey studio partner  
40 controls such film or product during pre-production, production,  
41 and post-production, and all results and proceeds of such services  
42 constitute, from the moment of creation, "works made for hire" for  
43 the New Jersey studio partner pursuant to the provisions of the  
44 federal "Copyright Act of 1976, " <sup>1</sup>**[Pub.L.94-552]** (17 U.S.C.  
45 s.101 et seq.)<sup>1</sup>. No more than three film production companies may  
46 be designated as a New Jersey studio partner.

47 "Partnership" means an entity classified as a partnership for  
48 federal income tax purposes.

1 "Post-production costs" means the costs of the phase of  
2 production of a film that follows principal photography, in which  
3 raw footage is cut and assembled into a finished film with sound  
4 synchronization and visual effects.

5 "Pre-production costs" means the costs of the phase of  
6 production of a film that precedes principal photography, in which a  
7 detailed schedule and budget for the production is prepared, the  
8 script and location is finalized, and contracts with vendors are  
9 negotiated.

10 "Qualified digital media content production expenses" means an  
11 expense incurred in New Jersey for the production of digital media  
12 content. "Qualified digital media content production expenses"  
13 shall include but not be limited to: wages and salaries of individuals  
14 employed in the production of digital media content on which the  
15 tax imposed by the "New Jersey Gross Income Tax Act,"  
16 N.J.S.54A:1-1 et seq. has been paid or is due; and the costs of  
17 computer software and hardware, data processing, visualization  
18 technologies, sound synchronization, editing, and the rental of  
19 facilities and equipment. Payment made to a loan out company or  
20 to an independent contractor shall not be deemed a "qualified digital  
21 media content production expense" unless the payment is made in  
22 connection with a trade, profession, or occupation carried on in this  
23 State or for the rendition of personal services performed in this  
24 State and the taxpayer has made the withholding required pursuant  
25 to subsection g. of this section. "Qualified digital media content  
26 production expenses" shall not include expenses incurred in  
27 marketing, promotion, or advertising digital media or other costs  
28 not directly related to the production of digital media content.  
29 Costs related to the acquisition or licensing of digital media content  
30 by the taxpayer for distribution or incorporation into the taxpayer's  
31 digital media content shall not be deemed "qualified digital media  
32 content production expenses."

33 "Qualified film production expenses" means an expense incurred  
34 in New Jersey for the production of a film including pre-production  
35 costs and post-production costs incurred in New Jersey. "Qualified  
36 film production expenses" shall include but not be limited to: wages  
37 and salaries of individuals employed in the production of a film on  
38 which the tax imposed by the "New Jersey Gross Income Tax Act,"  
39 N.J.S.54A:1-1 et seq. has been paid or is due; and the costs for  
40 tangible personal property used, and services performed, directly  
41 and exclusively in the production of a film, such as expenditures for  
42 film production facilities, props, makeup, wardrobe, film  
43 processing, camera, sound recording, set construction, lighting,  
44 shooting, editing, and meals. Payment made to a loan out company  
45 or to an independent contractor shall not be deemed a "qualified  
46 film production expense" unless the payment is made in connection  
47 with a trade, profession, or occupation carried on in this State or for  
48 the rendition of personal services performed in this State and the

1 taxpayer has made the withholding required pursuant to subsection  
 2 g. of this section. Payment made to a homeowner, who is otherwise  
 3 not a vendor authorized to do business in New Jersey, for the use of  
 4 a personal residence for filming shall not be deemed a “qualified  
 5 film production expense” unless the taxpayer has made the  
 6 withholding required by subsection g. of this section. For the  
 7 purposes of this definition, wages and salaries of individuals  
 8 employed in the production of a film shall include deferred  
 9 compensation, including advances on deferred compensation,  
 10 incurred by New Jersey studio partners, provided the New Jersey  
 11 studio partner files a supplemental report prepared by an  
 12 independent certified public accountant, pursuant to agreed-upon  
 13 procedures prescribed by the authority and the director, no later  
 14 than two years after the date on which the production concludes.  
 15 "Qualified film production expenses" shall not include: expenses  
 16 incurred in marketing or advertising a film; and payment in excess  
 17 of \$500,000 to a highly compensated individual for costs for a  
 18 story, script, or scenario used in the production of a film and wages  
 19 or salaries or other compensation for writers, directors, including  
 20 music directors, producers, and performers, other than background  
 21 actors with no scripted lines, except as follows:

22 (1) for a New Jersey studio partner that incurs **【more than**  
 23 **\$15,000,000, but】** less than \$50,000,000**【,】** in qualified film  
 24 production expenses in the State, **‘【an】** in excess of amounts paid  
 25 to highly compensated individuals, an additional<sup>1</sup> amount, not to  
 26 exceed **【\$15,000,000】** \$18,000,000, of the wages or salaries or  
 27 other compensation for writers, directors, including music directors,  
 28 producers, and performers, other than background actors with no  
 29 scripted lines, shall constitute qualified film production expenses;  
 30 <sup>1</sup>and<sup>1</sup>

31 (2) **【for a New Jersey studio partner that incurs \$50,000,000 or**  
 32 **more, but less than \$100,000,000, in qualified film production**  
 33 **expenses in the State, an amount, not to exceed \$25,000,000, of the**  
 34 **wages or salaries or other compensation for writers, directors,**  
 35 **including music directors, producers, and performers, other than**  
 36 **background actors with no scripted lines, shall constitute qualified**  
 37 **film production expenses;】** (Deleted by amendment, P.L. , c. )  
 38 (pending before the Legislature as this bill)

39 (3) **【for a New Jersey studio partner that incurs \$100,000,000 or**  
 40 **more, but less than \$150,000,000, in qualified film production**  
 41 **expenses in the State, an amount, not to exceed \$40,000,000, of the**  
 42 **wages or salaries or other compensation for writers, directors,**  
 43 **including music directors, producers, and performers, other than**  
 44 **background actors with no scripted lines, shall constitute qualified**  
 45 **film production expenses; and】** (Deleted by amendment, P.L. ,  
 46 c. ) (pending before the Legislature as this bill)

1 (4) for a New Jersey studio partner that incurs **[\$150,000,000]**  
2 \$50,000,000 or more in qualified film production expenses in the  
3 State, **1[an]** in excess of amounts paid to highly compensated  
4 individuals, an additional<sup>1</sup> amount, not to exceed **[\$60,000,000]**  
5 \$72,000,000, of the wages or salaries or other compensation for  
6 writers, directors, including music directors, producers, and  
7 performers, other than background actors with no scripted lines,  
8 shall constitute qualified film production expenses; **1and<sup>1</sup>**

9 (5) for a New Jersey film-lease production company that incurs  
10 less than \$50,000,000 in qualified film production expenses in the  
11 State, **1[an amount]** in excess of amounts paid to highly  
12 compensated individuals, an additional amount,<sup>1</sup> not to exceed  
13 \$15,000,000, of the wages or salaries or other compensation for  
14 writers, directors, including music directors, producers, and  
15 performers, other than background actors with no scripted lines,  
16 shall constitute qualified film production expenses; and

17 (6) for a New Jersey film-lease production company that incurs  
18 \$50,000,000 or more in qualified film production expenses in the  
19 State, **1[an amount]** in excess of amounts paid to highly  
20 compensated individuals, an additional amount,<sup>1</sup> not to exceed  
21 \$60,000,000, of the wages or salaries or other compensation for  
22 writers, directors, including music directors, producers, and  
23 performers, other than background actors with no scripted lines,  
24 shall constitute qualified film production expenses.

25 "Total digital media content production expenses" means costs  
26 for services performed and property used or consumed in the  
27 production of digital media content.

28 "Total film production expenses" means costs for services  
29 performed and tangible personal property used or consumed in the  
30 production of a film.

31 i. A business that is not a "taxpayer" as defined and used in the  
32 "Corporation Business Tax Act (1945)," P.L.1945, c.162  
33 (C.54:10A-1 et seq.) and therefore is not directly allowed a credit  
34 under this section, but is a business entity that is classified as a  
35 partnership for federal income tax purposes and is ultimately owned  
36 by a business entity that is a "corporation" as defined in subsection  
37 (c) of section 4 of P.L.1945, c.162 (C.54:10A-4), or a limited  
38 liability company formed under the "Revised Uniform Limited  
39 Liability Company Act," P.L.2012, c.50 (C.42:2C-1 et seq.), or  
40 qualified to do business in this State as a foreign limited liability  
41 company, with one member, and is wholly owned by the business  
42 entity that is a "corporation" as defined in subsection (c) of section  
43 4 of P.L.1945, c.162 (C.54:10A-4), but otherwise meets all other  
44 requirements of this section, shall be considered an eligible  
45 applicant and "taxpayer" as that term is used in this section.

46 (cf: P.L.2021, c.367, s.1)

1       6. Section 2 of P.L.2018, c.56 (C.54A:4-12b) is amended to  
2 read as follows:

3       2. a. (1) A taxpayer, upon approval of an application to the  
4 authority and the director, shall be allowed a credit against the tax  
5 otherwise due for the taxable year under the "New Jersey Gross  
6 Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to, in  
7 the case of a taxpayer designated as a New Jersey studio partner or  
8 New Jersey film-lease production company, 40 percent, and in the  
9 case of a taxpayer other than a New Jersey studio partner or New  
10 Jersey film-lease production company, 35 percent, of the qualified  
11 film production expenses of the taxpayer during a taxable year  
12 commencing on or after July 1, 2018 but before July 1, **[2034]**  
13 **2039**, provided that:

14       (a) at least 60 percent of the total film production expenses,  
15 exclusive of post-production costs, of the taxpayer are incurred for  
16 services performed, and goods purchased through vendors  
17 authorized to do business, in New Jersey, or the qualified film  
18 production expenses of the taxpayer during the taxable year for  
19 services performed, and goods purchased, through vendors  
20 authorized to do business in New Jersey, exceed \$1,000,000 per  
21 production;

22       (b) principal photography of the film commences within 180  
23 days from the date of the original application for the tax credit;

24       (c) the film includes, when determined to be appropriate by the  
25 commission, at no cost to the State, marketing materials promoting  
26 this State as a film and entertainment production destination, which  
27 materials shall include placement of a "Filmed in New Jersey" or  
28 "Produced in New Jersey" statement, or an appropriate logo  
29 approved by the commission, in the end credits of the film;

30       (d) the taxpayer submits a tax credit verification report prepared  
31 by an independent certified public accountant licensed in this State  
32 in accordance with subsection g. of this section; and

33       (e) the taxpayer complies with the withholding requirements  
34 provided for payments to loan out companies and independent  
35 contractors in accordance with subsection h. of this section.

36       (2) Notwithstanding the provisions of paragraph (1) of  
37 subsection a. of this section to the contrary, the tax credit allowed  
38 pursuant to this subsection against the tax otherwise due for the  
39 taxable year under the "New Jersey Gross Income Tax Act,"  
40 N.J.S.54A:1-1 et seq., shall be in an amount equal to, in the case of  
41 a taxpayer designated as a New Jersey studio partner or New Jersey  
42 film-lease production company, 35 percent, and in the case of a  
43 taxpayer other than a New Jersey studio partner or New Jersey film-  
44 lease production company, 30 percent, of the qualified film  
45 production expenses of the taxpayer during a taxable year that are  
46 incurred for services performed and tangible personal property  
47 purchased for use at a sound stage or other location that is located  
48 in the State within a 30-mile radius of the intersection of Eighth

1 Avenue/Central Park West, Broadway, and West 59th Street/Central  
2 Park South, New York, New York.

3 b. (1) A taxpayer, upon approval of an application to the  
4 authority and the director, shall be allowed a credit against the tax  
5 otherwise due for the taxable year under the "New Jersey Gross  
6 Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to: 30  
7 percent of the qualified digital media content production expenses  
8 of the taxpayer during a taxable year commencing on or after July  
9 1, 2018 but before July 1, **[2034]** 2039, provided that:

10 (a) at least \$2,000,000 of the total digital media content  
11 production expenses of the taxpayer are incurred for services  
12 performed, and goods purchased through vendors authorized to do  
13 business, in New Jersey;

14 (b) at least 50 percent of the qualified digital media content  
15 production expenses of the taxpayer are for wages and salaries paid  
16 to full-time or full-time equivalent employees in New Jersey;

17 (c) the taxpayer submits a tax credit verification report prepared  
18 by an independent certified public accountant licensed in this State  
19 in accordance with subsection g. of this section; and

20 (d) the taxpayer complies with the withholding requirements  
21 provided for payments to loan out companies and independent  
22 contractors in accordance with subsection h. of this section.

23 (2) Notwithstanding the provisions of paragraph (1) of  
24 subsection b. of this section to the contrary, the tax credit allowed  
25 pursuant to this subsection against the tax otherwise due for the  
26 taxable year under the "New Jersey Gross Income Tax Act,"  
27 N.J.S.54A:1-1 et seq., shall be in an amount equal to 35 percent for  
28 the qualified digital media content production expenses of the  
29 taxpayer during a taxable year that are incurred for services  
30 performed and tangible personal property purchased through  
31 vendors whose primary place of business is located in Atlantic,  
32 Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer,  
33 or Salem County.

34 c. No tax credit shall be allowed pursuant to this section for  
35 any costs or expenses included in the calculation of any other tax  
36 credit or exemption granted pursuant to a claim made on a tax  
37 return filed with the director, or included in the calculation of an  
38 award of business assistance or incentive, for a period of time that  
39 coincides with the taxable year for which a tax credit authorized  
40 pursuant to this section is allowed. The order of priority in which  
41 the tax credit allowed pursuant to this section and any other tax  
42 credits allowed by law may be taken shall be as prescribed by the  
43 director. The amount of the tax credit applied under this section  
44 against the tax otherwise due under the "New Jersey Gross Income  
45 Tax Act," N.J.S.54A:1-1 et seq., for a taxable year, when taken  
46 together with any other payments, credits, deductions, and  
47 adjustments allowed by law shall not reduce the tax liability of the  
48 taxpayer to an amount less than zero. The amount of the tax credit

1 otherwise allowable under this section which cannot be applied for  
2 the taxable year due to the limitations of this subsection or under  
3 other provisions of N.J.S.54A:1-1 et seq., may be carried forward, if  
4 necessary, to the seven taxable years following the taxable year for  
5 which the tax credit was allowed.

6 d. (1) A business entity that is classified as a partnership for  
7 federal income tax purposes shall not be allowed a tax credit  
8 pursuant to this section directly, but the amount of tax credit of a  
9 taxpayer in respect of a distributive share of entity income, shall be  
10 determined by allocating to the taxpayer that proportion of the tax  
11 credit acquired by the entity that is equal to the taxpayer's share,  
12 whether or not distributed, of the total distributive income or gain  
13 of the entity for its taxable year ending within or with the taxpayer's  
14 taxable year.

15 (2) A New Jersey S Corporation shall not be allowed a tax credit  
16 pursuant to this section directly, but the amount of tax credit of a  
17 taxpayer in respect of a pro rata share of S Corporation income,  
18 shall be determined by allocating to the taxpayer that proportion of  
19 the tax credit acquired by the New Jersey S Corporation that is  
20 equal to the taxpayer's share, whether or not distributed, of the total  
21 pro rata share of S Corporation income of the New Jersey S  
22 Corporation for its privilege period ending within or with the  
23 taxpayer's taxable year.

24 A business entity that is not a gross income "taxpayer" as defined  
25 and used in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1  
26 et seq., and therefore is not directly allowed a credit under this  
27 section, but otherwise meets all the other requirements of this  
28 section, shall be considered an eligible applicant and "taxpayer" as  
29 that term is used in this section, and the application of an otherwise  
30 allowed credit amount shall be distributed to appropriate gross  
31 income taxpayers pursuant to the other requirements of this  
32 subsection.

33 e. A taxpayer, with an application for a tax credit provided for  
34 in subsection a. or subsection b. of this section, may apply to the  
35 authority and the director for a tax credit transfer certificate in lieu  
36 of the taxpayer being allowed any amount of the tax credit against  
37 the tax liability of the taxpayer. The tax credit transfer certificate,  
38 upon receipt thereof by the taxpayer from the authority and the  
39 director, may be sold or assigned, in full or in part, to any other  
40 taxpayer that may have a tax liability under the "New Jersey Gross  
41 Income Tax Act," N.J.S.54A:1-1 et seq., or the "Corporation  
42 Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), in  
43 exchange for private financial assistance to be provided by the  
44 purchaser or assignee to the taxpayer that has applied for and been  
45 granted the tax credit. The tax credit transfer certificate provided to  
46 the taxpayer shall include a statement waiving the taxpayer's right  
47 to claim that amount of the tax credit against the tax imposed  
48 pursuant to N.J.S.54A:1-1 et seq. that the taxpayer has elected to

1 sell or assign. The sale or assignment of any amount of a tax credit  
2 transfer certificate allowed under this section shall not be  
3 exchanged for consideration received by the taxpayer of less than  
4 75 percent of the transferred tax credit amount. Any amount of a  
5 tax credit transfer certificate used by a purchaser or assignee against  
6 a tax liability under N.J.S.54A:1-1 et seq. shall be subject to the  
7 same limitations and conditions that apply to the use of a tax credit  
8 pursuant to subsections c. and d. of this section. Any amount of a  
9 tax credit transfer certificate obtained by a purchaser or assignee  
10 under subsection e. of this section may be applied against the  
11 purchaser's or assignee's tax liability under P.L.1945, c.162  
12 (C.54:10A-1 et seq.) and shall be subject to the same limitations  
13 and conditions that apply to the use of a credit pursuant to  
14 subsection c. of section 1 of P.L.2018, c.56 (C.54:10A-5.39b).

15 f. (1) The value of tax credits, including tax credits allowed  
16 through the granting of tax credit transfer certificates, approved by  
17 the director and the authority pursuant to subsection a. of this  
18 section and pursuant to subsection a. of section 1 of P.L.2018, c.56  
19 (C.54:10A-5.39b) to taxpayers, other than New Jersey studio  
20 partners and New Jersey film-lease **partners** production  
21 companies, shall not exceed a cumulative total of \$100,000,000 in  
22 fiscal year 2019 and in each fiscal year thereafter prior to fiscal year  
23 **2035** 2040 to apply against the tax imposed pursuant to the "New  
24 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., and pursuant  
25 to section 5 of P.L.1945, c.162 (C.54:10A-5). In addition to the  
26 **[\$100,000,000]** limitation on the value of tax credits approved by  
27 the director for New Jersey film-lease **partners** production  
28 companies and the **[\$100,000,000]** limitation on the value of tax  
29 credits approved by the director for other taxpayers imposed by this  
30 paragraph, and except as provided in section 98 of P.L.2020, c.156  
31 (C.34:1B-362), the value of tax credits, including tax credits  
32 allowed through the granting of tax credit transfer certificates,  
33 approved by the director and the authority pursuant to subsection a.  
34 of this section and pursuant to subsection a. of section 1 of  
35 P.L.2018, c.56 (C.54:10A-5.39b) to New Jersey studio partners  
36 shall not exceed a cumulative total of \$100,000,000 in fiscal year  
37 2021 and in each fiscal year thereafter prior to fiscal year **2034**  
38 2024, and shall not exceed a cumulative total of \$150,000,000 in  
39 fiscal year 2024 and in each fiscal year thereafter prior to fiscal year  
40 2040, to apply against the tax imposed pursuant to section 5 of  
41 P.L.1945, c.162 (C.54:10A-5) and the tax imposed pursuant to the  
42 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.  
43 Beginning in fiscal year **2025** 2023, in addition to the  
44 **[\$100,000,000]** cumulative total tax credits made available for  
45 New Jersey studio partners pursuant to this paragraph and  
46 subsection d. of section 98 of P.L.2020, c.156 (C.34:1B-362), up to  
47 an additional **[\$350,000,000]** \$400,000,000 may be made available

1 annually, in the discretion of the authority, to New Jersey studio  
2 partners for the award of tax credits, including tax credits allowed  
3 through the granting of tax credit transfer certificates, pursuant to  
4 subsection a. of this section and subsection a. of section 1 of  
5 P.L.2018, c.56 (C.54:10A-5.39b), from the funds made available  
6 pursuant to subparagraph (i) of paragraph (1) of subsection b. of  
7 section 98 of P.L.2020, c.156 (C.34:1B-362). In addition to the  
8 **[\$100,000,000]** limitation on the value of tax credits approved by  
9 the director for New Jersey studio partners and the **[\$100,000,000]**  
10 limitation on the value of tax credits approved by the director for  
11 other taxpayers imposed by this paragraph, and except as provided  
12 in section 98 of P.L.2020, c.156 (C.34:1B-362), the value of tax  
13 credits, including tax credits allowed through the granting of tax  
14 credit transfer certificates, approved by the director and the  
15 authority pursuant to subsection a. of this section and pursuant to  
16 subsection a. of section 1 of P.L.2018, c.56 (C.54:10A-5.39b) to  
17 New Jersey film-lease **[partners]** production companies shall not  
18 exceed a cumulative total of \$100,000,000 in fiscal year 2021 and  
19 in each fiscal year thereafter prior to fiscal year **[2034]** 2024, and  
20 shall not exceed a cumulative total of \$150,000,000 in fiscal year  
21 2024 and in each fiscal year thereafter prior to fiscal year 2040, to  
22 apply against the tax imposed pursuant to section 5 of P.L.1945,  
23 c.162 (C.54:10A-5) and the tax imposed pursuant to the "New  
24 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. Beginning in  
25 fiscal year **[2025]** 2023, in addition to the **[\$100,000,000]**  
26 cumulative total tax credits made available for New Jersey film-  
27 lease **[partners]** production companies pursuant to this paragraph  
28 and subsection d. of section 98 of P.L.2020, c.156 (C.34:1B-362),  
29 up to an additional **[\$100,000,000]** \$250,000,000 may be made  
30 available annually, in the discretion of the authority, to New Jersey  
31 film-lease **[partners]** production companies for the award of tax  
32 credits, including tax credits allowed through the granting of tax  
33 credit transfer certificates, pursuant to subsection a. of this section  
34 and subsection a. of section 1 of P.L.2018, c.56 (C.54:10A-5.39b),  
35 from the funds made available pursuant to subparagraph (i) of  
36 paragraph (1) of subsection b. of section 98 of P.L.2020, c.156  
37 (C.34:1B-362). Approvals made to New Jersey studio partners and  
38 New Jersey film-lease **[partners]** production companies shall be  
39 subject to award agreements with the authority detailing obligations  
40 of the awardee and outcomes relating to events of default,  
41 including, but not limited to, recapture, forfeiture, and termination.  
42 **[If in any taxable year, beginning following a date determined by**  
43 **the authority, a New Jersey film-lease partner's annual average of**  
44 **qualified film production expenses falls below \$50,000,000, the**  
45 **authority shall reduce by 20 percent any tax credit award for a film**  
46 **for which final documentation has been submitted, until a taxable**  
47 **year when the annual average of qualified film production expenses**

1 has been restored to \$50,000,000.】 Notwithstanding any provision  
2 of this subsection or other law to the contrary, if a film production  
3 company designated as a New Jersey studio partner ceases to  
4 qualify for its designation as a New Jersey film studio partner and  
5 becomes designated as a New Jersey film-lease partner facility, the  
6 authority shall reduce the cumulative total amount of tax credits,  
7 including tax credits allowed through the granting of tax credit  
8 transfer certificates, made available to New Jersey studio partners in  
9 each fiscal year and shall increase the cumulative total amount of  
10 tax credits permitted to be approved for New Jersey film-lease  
11 production companies in each fiscal year by a corresponding  
12 amount pursuant to a formula established in rules adopted by the  
13 authority which shall consider the volume of applications submitted  
14 by New Jersey studio partners and New Jersey film-lease  
15 production facilities, the cumulative total amount of tax credits  
16 allowed to New Jersey studio partners and New Jersey film-lease  
17 production facilities in the prior fiscal year, the total square footage  
18 of facility space occupied in the State by New Jersey studio partners  
19 and New Jersey film-lease production facilities, and any other  
20 factors that the authority deems appropriate. Award agreements  
21 between the authority and New Jersey studio partners shall include  
22 a requirement for each New Jersey studio partner to occupy the  
23 production facility developed, purchased, or leased as a condition of  
24 designation as a New Jersey studio partner for the duration of the  
25 commitment period. If a New Jersey studio partner fails to occupy  
26 the production facility developed, purchased, or leased as a  
27 condition of designation as a New Jersey studio partner for the  
28 duration of the commitment period or otherwise fails to satisfy the  
29 conditions for designation as a New Jersey studio partner, the  
30 authority shall recapture the portion of the tax credit that was only  
31 available to the taxpayer by virtue of the taxpayer's designation as a  
32 New Jersey studio partner, and all films for which an initial  
33 approval has been given, but for which the authority has not  
34 approved final documentation, shall terminate. The authority shall  
35 establish a non-binding, administrative pre-certification process for  
36 potentially eligible projects.

37 If the cumulative total amount of tax credits, and tax credit  
38 transfer certificates, allowed to taxpayers for taxable years or  
39 privilege periods commencing during a single fiscal year under  
40 subsection a. of this section and subsection a. of section 1 of  
41 P.L.2018, c.56 (C.54:10A-5.39b) exceeds the amount of tax credits  
42 available in that fiscal year, then taxpayers who have first applied  
43 for and have not been allowed a tax credit or tax credit transfer  
44 certificate amount for that reason shall **【be allowed, in the order in**  
45 **which they have submitted an application,】** have their applications  
46 approved by the authority, provided the application otherwise  
47 satisfies the requirements of this section, and shall be allowed the  
48 amount of tax credit or tax credit transfer certificate on the first day

1 of the next succeeding fiscal year in which tax credits and tax credit  
2 transfer certificates under subsection a. of this section and  
3 subsection a. of section 1 of P.L.2018, c.56 (C.54:10A-5.39b) are  
4 not in excess of the amount of credits available.

5 Notwithstanding any provision of this paragraph to the contrary,  
6 for any fiscal year in which the amount of tax credits approved to  
7 New Jersey studio partners, New Jersey film-lease **[partners]**  
8 production companies, or taxpayers other than New Jersey studio  
9 partners and New Jersey film-lease **[partners]** production  
10 companies pursuant to this paragraph is less than the cumulative  
11 total amount of tax credits permitted to be approved **[to each such**  
12 **category]** 'to each such category' in that fiscal year, the authority  
13 shall certify the amount of the remaining tax credits available for  
14 approval **[to each such category]** 'to each such category' in that  
15 fiscal year, and shall increase the cumulative total amount of tax  
16 credits permitted to be approved for New Jersey studio partners,  
17 New Jersey film-lease **[partners]** production companies, or  
18 taxpayers other than New Jersey studio partners and New Jersey  
19 film-lease **[partners]** production companies in the subsequent fiscal  
20 year by the certified amount remaining from the prior fiscal year.  
21 The authority shall also certify, for each fiscal year, the amount of  
22 tax credits that were previously approved, but that the taxpayer is  
23 not able to redeem or transfer to another taxpayer under this section,  
24 and shall increase the cumulative total amount of tax credits  
25 permitted to be approved for New Jersey studio partners, New  
26 Jersey film-lease **[partners]** production companies, or taxpayers  
27 other than New Jersey studio partners and New Jersey film-lease  
28 **[partners]** production companies in the subsequent fiscal year by  
29 the amount of tax credits previously approved **[for each such**  
30 **category]** 'for each such category', but not subject to redemption  
31 or transfer. **[In each fiscal year in which tax credits remain**  
32 **unapproved for, or unredeemed or not transferred by, New Jersey**  
33 **studio partners, New Jersey film-lease]** **[partners]** **[production**  
34 **companies, or taxpayers other than New Jersey studio partners and**  
35 **New Jersey film-lease]** **[partners]** **[production companies, the**  
36 **authority may reallocate some or all of such remaining tax credits in**  
37 **the subsequent fiscal year]** **[between the category of New Jersey**  
38 **film-lease partners and the category of taxpayers other than New**  
39 **Jersey studio partners and New Jersey film-lease partners in lieu of**  
40 **increasing the tax credits available for the respective category by**  
41 **the amount reallocated]** '[to each category in the authority's  
42 discretion.]'

43 (2) The value of tax credits, including tax credits allowed  
44 through the granting of tax credit transfer certificates, approved by  
45 the authority and the director pursuant to subsection b. of this  
46 section and pursuant to subsection b. of section 1 of P.L.2018, c.56

1 (C.54:10A-5.39b) shall not exceed a cumulative total of  
2 \$30,000,000 in fiscal year 2019 and in each fiscal year thereafter  
3 prior to fiscal year ~~2035~~ 2040 to apply against the tax imposed  
4 pursuant to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1  
5 et seq. and the tax imposed pursuant to section 5 of P.L.1945, c.162  
6 (C.54:10A-5).

7 If the total amount of tax credits and tax credit transfer  
8 certificates allowed to taxpayers for taxable years or privilege  
9 periods commencing during a single fiscal year under subsection b.  
10 of this section and subsection b. of section 1 of P.L.2018, c.56  
11 (C.54:10A-5.39b) exceeds the amount of tax credits available in  
12 that year, then taxpayers who have first applied for and have not  
13 been allowed a tax credit or tax credit transfer certificate amount for  
14 that reason shall be allowed, in the order in which they have  
15 submitted an application, the amount of tax credit or tax credit  
16 transfer certificate on the first day of the next succeeding fiscal year  
17 in which tax credits and tax credit transfer certificates under  
18 subsection b. of this section and subsection b. of section 1 of  
19 P.L.2018, c.56 (C.54:10A-5.39b) are not in excess of the amount of  
20 credits available.

21 Notwithstanding any provision of this paragraph to the contrary,  
22 for any fiscal year in which the amount of tax credits approved  
23 pursuant to this paragraph is less than the cumulative total amount  
24 of tax credits permitted to be approved in that fiscal year, the  
25 authority shall certify the amount of the remaining tax credits  
26 available for approval in that fiscal year, and shall increase the  
27 cumulative total amount of tax credits permitted to be approved in  
28 the subsequent fiscal year by the certified amount remaining from  
29 the prior fiscal year. The authority shall also certify, for each fiscal  
30 year, the amount of tax credits that were previously approved, but  
31 that the taxpayer is not able to redeem or transfer to another  
32 taxpayer under this section, and shall increase the cumulative total  
33 amount of tax credits permitted to be approved in the subsequent  
34 fiscal year by the amount of tax credits previously approved, but not  
35 subject to redemption or transfer.

36 g. A taxpayer shall submit to the authority and the director a  
37 report prepared by an independent certified public accountant  
38 licensed in this State to verify the taxpayer's tax credit claim  
39 following the completion of the production. A New Jersey studio  
40 partner that makes deferred compensation payments based on work  
41 or services provided on a production may file a supplemental report  
42 prepared by an independent certified public accountant, pursuant to  
43 agreed-upon procedures prescribed by the authority and the  
44 director, no later than two years after the date on which the  
45 production concludes. The deferred compensation payments shall  
46 constitute qualified film production expenses as if the expenses  
47 were incurred at the time of production, provided there are credits  
48 available and subject to the authority's review. The report shall be

1 prepared by the independent certified public accountant pursuant to  
2 agreed-upon procedures prescribed by the authority and the  
3 director, and shall include such information and documentation as  
4 shall be determined to be necessary by the authority and the director  
5 to substantiate the qualified film production expenses or the  
6 qualified digital media content production expenses of the taxpayer.  
7 A single report with attachments deemed necessary by the authority  
8 shall be submitted electronically. Upon receipt of the report, the  
9 authority and the director shall review the findings of the  
10 independent certified public accountant's report, and shall make a  
11 determination as to the qualified film production expenses or the  
12 qualified digital media content production expenses of the taxpayer.  
13 The authority's and the director's review shall include, but shall not  
14 be limited to: a review of all non-payroll qualified film production  
15 expense items and non-payroll digital media content production  
16 expense items over \$20,000; a review of 100 randomly selected  
17 non-payroll qualified film production expense items and non-  
18 payroll digital media content production expense items that are  
19 greater than \$2,500, but less than \$20,000; a review of 100  
20 randomly selected non-payroll qualified film production expense  
21 items and non-payroll digital media content production expense  
22 items that are less than \$2,500; a review of the qualified wages for  
23 the 15 employees, independent contractors, or loan-out companies  
24 with the highest qualified wages; and a review of the qualified  
25 wages for 35 randomly selected employees, independent  
26 contractors, or loan-out companies with qualified wages other than  
27 the 15 employees, independent contractors, or loan-out companies  
28 with the highest qualified wages. The taxpayer's qualified film  
29 production expenses and digital media content production expenses  
30 shall be adjusted based on any discrepancies identified for the  
31 reviewed non-payroll qualified film production expense items, non-  
32 payroll digital media content production expense items and  
33 qualified wages. The taxpayer's qualified film production expenses  
34 and digital media content production expenses also shall be adjusted  
35 based on the projection of any discrepancies identified based on the  
36 review of randomly selected expense items or wages pursuant to  
37 this subsection to the extent that the discrepancies exceed one  
38 percent of the total reviewed non-payroll qualified film production  
39 expense items, non-payroll digital media content production  
40 expense items, or qualified wages. The determination shall be  
41 provided in writing to the taxpayer, and a copy of the written  
42 determination shall be included in the filing of a return that includes  
43 a claim for a tax credit allowed pursuant to this section.

44 h. A taxpayer shall withhold from each payment to a loan out  
45 company **[or]** , to an independent contractor, or to a homeowner for  
46 the use of a personal residence an amount equal to 6.37 percent of  
47 the payment otherwise due. The amounts withheld shall be deemed  
48 to be withholding of liability pursuant to the "New Jersey Gross

1 Income Tax Act," N.J.S.54A:1-1 et seq., and the taxpayer shall be  
2 deemed to have the rights, duties, and responsibilities of an  
3 employer pursuant to chapter 7 of Title 54A of the New Jersey  
4 Statutes. The director shall allocate the amounts withheld for a  
5 taxable year to the accounts of the individuals who are employees  
6 of a loan out company in proportion to the employee's payment by  
7 the loan out company in connection with a trade, profession, or  
8 occupation carried on in this State or for the rendition of personal  
9 services performed in this State during the taxable year. A loan out  
10 company that reports its payments to employees in connection with  
11 a trade, profession, or occupation carried on in this State or for the  
12 rendition of personal services performed in this State during a  
13 taxable year shall be relieved of its duties and responsibilities as an  
14 employer pursuant to chapter 7 of Title 54A of the New Jersey  
15 Statutes for the taxable year for any payments relating to the  
16 payments on which the taxpayer withheld.

17 i. As used in this section:

18 "Authority" means the New Jersey Economic Development  
19 Authority.

20 "Business assistance or incentive" means "business assistance or  
21 incentive" as that term is defined pursuant to section 1 of P.L.2007,  
22 c.101 (C.54:50-39).

23 "Commission" means the Motion Picture and Television  
24 Development Commission.

25 "Commitment period" means for New Jersey studio partners, the  
26 period beginning with the commencement of the eligibility period  
27 and expiring 10 years following:

28 (1) in the case of a taxpayer developing or purchasing a  
29 production facility, the issuance of a temporary certificate of  
30 occupancy for the production facility developed or purchased as a  
31 condition of designation as a New Jersey studio partner; or

32 (2) in the case of a taxpayer leasing a production facility,  
33 commencement of the lease term for the production facility leased  
34 as a condition of designation as a New Jersey studio partner.

35 "Digital media content" means any data or information that is  
36 produced in digital form, including data or information created in  
37 analog form but reformatted in digital form, text, graphics,  
38 photographs, animation, sound, and video content. "Digital media  
39 content" shall not mean content offerings generated by the end user  
40 (including postings on electronic bulletin boards and chat rooms);  
41 content offerings comprised primarily of local news, events,  
42 weather, or local market reports; public service content; electronic  
43 commerce platforms (such as retail and wholesale websites);  
44 websites or content offerings that contain obscene material as  
45 defined pursuant to N.J.S.2C:34-2 and N.J.S.2C:34-3; websites or  
46 content that are produced or maintained primarily for private,  
47 industrial, corporate, or institutional purposes; or digital media

1 content acquired or licensed by the taxpayer for distribution or  
2 incorporation into the taxpayer's digital media content.

3 "Eligibility period" means <sup>1</sup>[for] , with respect to<sup>1</sup> New Jersey  
4 studio partners, the period in which a New Jersey studio partner  
5 may claim a tax credit for qualified film production expenses,  
6 including expenses that would not constitute qualified film  
7 production expenses but for the taxpayer's designation as a New  
8 Jersey studio partner, beginning the earlier of the commencement of  
9 the principal photography for the New Jersey studio partner's initial  
10 film in New Jersey or, in the case of a taxpayer developing or  
11 purchasing a production facility, at the issuance of a temporary  
12 certificate of occupancy for the production facility developed or  
13 purchased as a condition of designation as a New Jersey studio  
14 partner and, in the case of a taxpayer leasing a production facility,  
15 at the commencement of the lease term for the production facility  
16 leased as a condition of designation as a New Jersey studio partner,  
17 and extending thereafter for a term of not more than 10 years.

18 "Film" means a feature film, a television series, or a television  
19 show of 22 minutes or more in length, intended for a national  
20 audience, or a television series or a television show of 22 minutes  
21 or more in length intended for a national or regional audience,  
22 including, but not limited to, a game show, award show, <sup>1</sup>talk  
23 show,<sup>1</sup> competition or variety show filmed before a live audience,  
24 or other gala event filmed and produced at a nonprofit arts and  
25 cultural venue receiving State funding. "Film" shall not include a  
26 production featuring news, current events, weather, and market  
27 reports or public programming, <sup>1</sup>[talk show,]<sup>1</sup> sports event, or  
28 reality show, a production that solicits funds, a production  
29 containing obscene material as defined under N.J.S.2C:34-2 and  
30 N.J.S.2C:34-3, or a production primarily for private, industrial,  
31 corporate, or institutional purposes. "Film" shall not include an  
32 award show or other gala event that is not filmed and produced at a  
33 nonprofit arts and cultural venue receiving State funding.

34 "Full-time or full-time equivalent employee" means an individual  
35 employed by the taxpayer for consideration for at least 35 hours a  
36 week, or who renders any other standard of service generally  
37 accepted by custom or practice as full-time or full-time equivalent  
38 employment, whose wages are subject to withholding as provided in  
39 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.,  
40 <sup>1</sup>regardless of whether the individual is a resident or nonresident  
41 taxpayer,<sup>1</sup> or who is a partner of a taxpayer, who works for the  
42 partnership for at least 35 hours a week, or who renders any other  
43 standard of service generally accepted by custom or practice as full-  
44 time or full-time equivalent employment, and whose distributive  
45 share of income, gain, loss, or deduction, or whose guaranteed  
46 payments, or any combination thereof, is subject to the payment of  
47 estimated taxes, as provided in the "New Jersey Gross Income Tax

1 Act," N.J.S.54A:1-1 et seq. "Full-time or full-time equivalent  
2 employee" shall not include an individual who works as an  
3 independent contractor or on a consulting basis for the taxpayer.

4 "Highly compensated individual" means an individual who  
5 directly or indirectly receives compensation in excess of \$500,000  
6 for the performance of services used directly in a production. An  
7 individual receives compensation indirectly when the taxpayer pays  
8 a loan out company that, in turn, pays the individual for the  
9 performance of services.

10 "Incurred in New Jersey" means, for any application submitted  
11 after the effective date of P.L.2018, c.56 (C.54:10A-5.39b et al.),  
12 pursuant to which a tax credit has not been allowed prior to the  
13 effective date of P.L.2021, c.160, service performed within New  
14 Jersey and tangible personal property used or consumed in New  
15 Jersey. A service is performed in New Jersey to the extent that the  
16 individual performing the service is physically located in New  
17 Jersey while performing the service. Notwithstanding where the  
18 property is delivered or acquired, rented tangible property is used or  
19 consumed in New Jersey to the extent that the property is located in  
20 New Jersey during its use or consumption and is rented from a  
21 vendor authorized to do business in New Jersey or the film  
22 production company provides to the authority the vendor's  
23 information in a form and manner prescribed by the authority.  
24 Purchased tangible property is not used and consumed in New  
25 Jersey unless it is purchased from a vendor authorized to do  
26 business in New Jersey and is delivered to or acquired within New  
27 Jersey; provided, however, that if a production is also located in  
28 another jurisdiction, the purchased tangible property is used and  
29 consumed in New Jersey if the acquisition and delivery of  
30 purchased tangible property is located in either New Jersey or  
31 another jurisdiction where the production takes place. Payment  
32 made to a homeowner for the use of a personal residence located in  
33 the State for filming shall be deemed an expense incurred in New  
34 Jersey notwithstanding the fact that such homeowner is not a vendor  
35 authorized to do business in New Jersey, provided the taxpayer has  
36 made the withholding required by subsection h. of this section.

37 "Independent contractor" means an individual treated as an  
38 independent contractor for federal and State tax purposes who is  
39 contracted with by the taxpayer for the performance of services  
40 used directly in a production.

41 "Loan out company" means a personal service corporation or  
42 other entity that is contracted with by the taxpayer to provide  
43 specified individual personnel, such as artists, crew, actors,  
44 producers, or directors for the performance of services used directly  
45 in a production. "Loan out company" shall not include entities  
46 contracted with by the taxpayer to provide goods or ancillary  
47 contractor services such as catering, construction, trailers,  
48 equipment, or transportation.

1       "New Jersey film-lease partner facility" means:  
2       (1) (a) a production facility in New Jersey whose owner or  
3 developer has made the commitment to build, lease, or operate a  
4 production facility of 250,000 square feet or more, including a  
5 sound stage and production support space, such as production  
6 offices<sup>1</sup>, mill space,<sup>1</sup> or a backlot, for a period of five or more  
7 successive years<sup>1</sup>, as evidenced by site plan approval or an  
8 executed redevelopment agreement with a governmental entity for  
9 the purpose of developing a production facility of 250,000 square  
10 feet or more<sup>1</sup>;  
11       (b) a production facility built, leased, or operated by a  
12 production company designated as a New Jersey studio partner and  
13 which the New Jersey studio partner no longer occupies; or  
14       (c) a portion of a production facility owned by a New Jersey  
15 studio partner that is in excess of the space being utilized by the  
16 New Jersey studio partner; provided the<sup>1</sup> [space] spaces<sup>1</sup> utilized  
17 and unutilized by the New Jersey studio<sup>1</sup> [partners] partner<sup>1</sup> both  
18 exceed 250,000 square feet.  
19       (2) A film production company that executes at least a 10-year  
20 lease for 250,000 square feet or more from a New Jersey film-lease  
21 partner facility shall be eligible to be designated as a New Jersey  
22 studio partner, provided the film production company otherwise  
23 complies with the eligibility requirements of the program.  
24       (3) Except for a production facility, or portion thereof, owned,  
25 built, leased, or operated by a film production company designated  
26 'as'<sup>1</sup> a New Jersey studio partner by the authority on or before the  
27 181st day next following the effective date of P.L. , c. (C. )  
28 (pending before the Legislature as this bill), in order for a  
29 production facility to be designated as a New Jersey film-lease  
30 partner facility, the owner or developer shall accept the acquisition  
31 by the authority, at the authority's discretion, of equity in the  
32 production facility, on<sup>1</sup> commercially reasonable and customary<sup>1</sup>  
33 terms and conditions determined by the authority<sup>1</sup> and the New  
34 Jersey film-lease partner facility<sup>1</sup>. A film production facility may  
35 receive its film-lease partner facility designation prior to executing  
36 an equity agreement with the authority provided final approval of  
37 such agreement occurs on or before the date on which production  
38 commences at the facility.  
39       (4) No more than three New Jersey production facilities may be  
40 designated as a New Jersey film-lease partner facility; provided,  
41 however, this limitation shall not apply to production facilities, or  
42 portions thereof, owned, built, leased, or operated by a film  
43 production company designated as a New Jersey studio partner.  
44       "New Jersey film-lease [partner] production company" means a  
45 taxpayer, including any taxpayer that is a member of a combined  
46 group under section 23 of P.L.2018, c.48 (C.54:10A-4.11) or any  
47 other entity in which the film-lease production company has a

1 material ownership interest and material operational role in the  
2 production, that otherwise complies with the eligibility  
3 requirements of the Film and Digital Media Tax Credit Program and  
4 has made a commitment to lease or [acquire all or part of]  
5 otherwise occupy production space in a New Jersey [production  
6 facility, which leased or acquired space shall have an aggregate  
7 square footage of at least 50,000 square feet, including a sound  
8 stage and production support space, such as production offices or a  
9 backlot, for a period of five or more successive years and commits  
10 to spend, on a separate-entity basis or in the aggregate with other  
11 members of the taxpayer's combined group, an annual average of  
12 \$50,000,000 of qualified film production expenses over the period  
13 of at least five but not to exceed 10 years] film-lease partner  
14 facility and who will shoot at least 50 percent of the total principal  
15 photography shoot days of the project within New Jersey and who  
16 will shoot at least 50 percent of the total principal photography  
17 shoot days within New Jersey at the New Jersey film-lease partner  
18 facility. A "New Jersey film-lease production company" may  
19 include any other member of a taxpayer's combined group, pursuant  
20 to P.L.2018, c.131 (C.54:10A-4.11), or an unrelated entity  
21 principally engaged in the production of a film or other commercial  
22 audiovisual product with whom a designated New Jersey film-lease  
23 production company contracts to perform film production services  
24 on its behalf such that the designated New Jersey film-lease  
25 production company controls such film or product during  
26 preproduction, production, and postproduction and all results and  
27 proceeds of such services constitute, from the moment of creation,  
28 "works made for hire" for the New Jersey film-lease production  
29 company pursuant to the provisions of the federal "Copyright Act of  
30 1976" (17 U.S.C. s.101 et seq.).

31 "New Jersey studio partner" means a film production company  
32 that has made a commitment to produce films or commercial  
33 audiovisual products in New Jersey and has developed, purchased,  
34 or executed a 10-year contract to lease a production facility of  
35 250,000 square feet or more, or has executed a purchase contract  
36 with a governmental authority for the purpose of developing a  
37 production facility of 250,000 square feet or more within 48 months  
38 from the date of designation as a New Jersey studio partner;  
39 provided, however, the board, in its discretion, may extend the time  
40 to execute a purchase contract for an additional 12 months.  
41 Effective upon designation as a New Jersey studio partner, a film  
42 production company shall be eligible for a credit pursuant to this  
43 section, provided the film production company otherwise complies  
44 with the eligibility requirements of Film and Digital Media Tax  
45 Credit Program. In the event the authority determines that a film  
46 production company has failed to meet the qualifications of a New  
47 Jersey studio partner or otherwise comply with the provisions of  
48 this section, the authority may rescind the New Jersey studio

1 partner designation and may recapture from that film production  
2 company the portion of any tax credit that had been awarded to that  
3 film production company that was only available to the film  
4 production company by virtue of the film production company's  
5 designation as a New Jersey studio partner. A "New Jersey studio  
6 partner" may include any other member of a taxpayer's combined  
7 group, pursuant to P.L.2018, c.131 (C.54:10A-4.11), or an unrelated  
8 entity principally engaged in the production of a film or other  
9 commercial audiovisual product with whom a designated New  
10 Jersey studio partner contracts to perform film production services  
11 on its behalf such that the designated New Jersey studio partner  
12 controls such film or product during pre-production, production,  
13 and post-production, and all results and proceeds of such services  
14 constitute, from the moment of creation, "works made for hire" for  
15 the New Jersey studio partner pursuant to the provisions of the  
16 federal "Copyright Act of 1976," <sup>1</sup>**[Pub.L.94-552]** (17 U.S.C. s.101  
17 et seq.)<sup>1</sup>. No more than three film production companies may be  
18 designated as a New Jersey studio partner.

19 "Partnership" means an entity classified as a partnership for  
20 federal income tax purposes.

21 "Post-production costs" means the costs of the phase of  
22 production of a film that follows principal photography, in which  
23 raw footage is cut and assembled into a finished film with sound  
24 synchronization and visual effects.

25 "Pre-production costs" means the costs of the phase of  
26 production of a film that precedes principal photography, in which a  
27 detailed schedule and budget for the production is prepared, the  
28 script and location is finalized, and contracts with vendors are  
29 negotiated.

30 "Qualified digital media content production expenses" means an  
31 expense incurred in New Jersey for the production of digital media  
32 content. "Qualified digital media content production expenses"  
33 shall include but not be limited to: wages and salaries of individuals  
34 employed in the production of digital media content on which the  
35 tax imposed by the "New Jersey Gross Income Tax Act,"  
36 N.J.S.54A:1-1 et seq. has been paid or is due; and the costs of  
37 computer software and hardware, data processing, visualization  
38 technologies, sound synchronization, editing, and the rental of  
39 facilities and equipment. Payment made to a loan out company or  
40 to an independent contractor shall not be deemed a "qualified digital  
41 media content production expense" unless the payment is made in  
42 connection with a trade, profession, or occupation carried on in this  
43 State or for the rendition of personal services performed in this  
44 State and the taxpayer has made the withholding required pursuant  
45 to subsection h. of this section. "Qualified digital media content  
46 production expenses" shall not include expenses incurred in  
47 marketing, promotion, or advertising digital media or other costs  
48 not directly related to the production of digital media content.

1 Costs related to the acquisition or licensing of digital media content  
2 by the taxpayer for distribution or incorporation into the taxpayer's  
3 digital media content shall not be deemed "qualified digital media  
4 content production expenses."

5 "Qualified film production expenses" means an expense incurred  
6 in New Jersey for the production of a film including pre-production  
7 costs and post-production costs incurred in New Jersey. "Qualified  
8 film production expenses" shall include but not be limited to: wages  
9 and salaries of individuals employed in the production of a film on  
10 which the tax imposed by the "New Jersey Gross Income Tax Act,"  
11 N.J.S.54A:1-1 et seq. has been paid or is due; and the costs for  
12 tangible personal property used, and services performed, directly  
13 and exclusively in the production of a film, such as expenditures for  
14 film production facilities, props, makeup, wardrobe, film  
15 processing, camera, sound recording, set construction, lighting,  
16 shooting, editing, and meals. Payment made to a loan out company  
17 or to an independent contractor shall not be deemed a "qualified  
18 film production expense" unless the payment is made in connection  
19 with a trade, profession, or occupation carried on in this State or for  
20 the rendition of personal services performed in this State and the  
21 taxpayer has made the withholding required by subsection h. of this  
22 section. Payment made to a homeowner, who is otherwise not a  
23 vendor authorized to do business in New Jersey, for the use of a  
24 personal residence for filming shall not be deemed a "qualified film  
25 production expense" unless the taxpayer has made the withholding  
26 required by subsection h. of this section. For the purposes of this  
27 definition, wages and salaries of individuals employed in the  
28 production of a film shall include deferred compensation, including  
29 advances on deferred compensation, incurred by New Jersey studio  
30 partners, provided the New Jersey studio partner files a  
31 supplemental report prepared by an independent certified public  
32 accountant, pursuant to agreed-upon procedures prescribed by the  
33 authority and the director, no later than two years after the date on  
34 which the production concludes. "Qualified film production  
35 expenses" shall not include: expenses incurred in marketing or  
36 advertising a film; and payment in excess of \$500,000 to a highly  
37 compensated individual for costs for a story, script, or scenario used  
38 in the production of a film and wages or salaries or other  
39 compensation for writers, directors, including music directors,  
40 producers, and performers, other than background actors with no  
41 scripted lines, except as follows:

42 (1) for a New Jersey studio partner that incurs **【more than**  
43 **\$15,000,000, but】** less than \$50,000,000**【,】** in qualified film  
44 production expenses in the State, <sup>1</sup>**【an】** in excess of amounts paid  
45 to highly compensated individuals, an additional<sup>1</sup> amount, not to  
46 exceed **【\$15,000,000】** \$18,000,000, of the wages or salaries or  
47 other compensation for writers, directors, including music directors,

1 producers, and performers, other than background actors with no  
2 scripted lines, shall constitute qualified film production expenses;

3 (2) ~~for a New Jersey studio partner that incurs \$50,000,000 or~~  
4 ~~more, but less than \$100,000,000, in qualified film production~~  
5 ~~expenses in the State, an amount, not to exceed \$25,000,000, of the~~  
6 ~~wages or salaries or other compensation for writers, directors,~~  
7 ~~including music directors, producers, and performers, other than~~  
8 ~~background actors with no scripted lines, shall constitute qualified~~  
9 ~~film production expenses;】 (Deleted by amendment, P.L. , c. )~~  
10 ~~(pending before the Legislature as this bill)~~

11 (3) ~~for a New Jersey studio partner that incurs \$100,000,000 or~~  
12 ~~more, but less than \$150,000,000, in qualified film production~~  
13 ~~expenses in the State, an amount, not to exceed \$40,000,000, of the~~  
14 ~~wages or salaries or other compensation for writers, directors,~~  
15 ~~including music directors, producers, and performers, other than~~  
16 ~~background actors with no scripted lines, shall constitute qualified~~  
17 ~~film production expenses; and】 (Deleted by amendment, P.L. , c.~~  
18 ~~(pending before the Legislature as this bill)~~

19 (4) ~~for a New Jersey studio partner that incurs \$150,000,000~~  
20 ~~\$50,000,000 or more in qualified film production expenses in the~~  
21 ~~State, <sup>1</sup>an in excess of amounts paid to highly compensated~~  
22 ~~individuals, an additional<sup>1</sup> amount, not to exceed \$60,000,000~~  
23 ~~\$72,000,000, of the wages or salaries or other compensation for~~  
24 ~~writers, directors, including music directors, producers, and~~  
25 ~~performers, other than background actors with no scripted lines,~~  
26 ~~shall constitute qualified film production expenses;~~

27 ~~(5) for a New Jersey film-lease production company that incurs~~  
28 ~~less than \$50,000,000 in qualified film production expenses in the~~  
29 ~~State, <sup>1</sup>an amount in excess of amounts paid to highly~~  
30 ~~compensated individuals, an additional amount,<sup>1</sup> not to exceed~~  
31 ~~\$15,000,000, of the wages or salaries or other compensation for~~  
32 ~~writers, directors, including music <sup>1</sup>director directors<sup>1</sup> ,~~  
33 ~~producers, and performers, other than background actors with no~~  
34 ~~scripted lines, shall constitute qualified film production expenses;~~  
35 ~~and~~

36 ~~(6) for a New Jersey film-lease production company that incurs~~  
37 ~~\$50,000,000 or more in qualified film production expenses in the~~  
38 ~~State, <sup>1</sup>an amount in excess of amounts paid to highly~~  
39 ~~compensated individuals, an additional amount,<sup>1</sup> not to exceed~~  
40 ~~\$60,000,000, of the wages or salaries or other compensation for~~  
41 ~~writers, directors, including music <sup>1</sup>director directors<sup>1</sup>, producers,~~  
42 ~~and performers, other than background actors with no scripted lines,~~  
43 ~~shall constitute qualified film production expenses.~~

44 "Total digital media content production expenses" means costs  
45 for services performed and property used or consumed in the  
46 production of digital media content.

1 "Total film production expenses" means costs for services  
2 performed and tangible personal property used or consumed in the  
3 production of a film.

4 (cf: P.L.2021, c.367, s.2)

5  
6 7. Section 4 of P.L.2018, c.56 is amended to read as follows:

7 4. a. A taxpayer, upon approval of an application to the  
8 authority and the director, shall be allowed a credit against the tax  
9 imposed pursuant to section 5 of P.L.1945, c. 162 (C.54:10A-5) or  
10 under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et  
11 seq. in an amount equal to **[2]** two percent of the qualified film or  
12 digital media content production expenses of the taxpayer during a  
13 privilege period or taxable year commencing on or after July 1,  
14 2018 but before July 1, **[2034]** 2039, provided that:

15 (1) the application is accompanied by a diversity plan outlining  
16 specific goals, which may include advertising and recruitment  
17 actions, for hiring minority persons and women;

18 (2) the director and the authority have approved the plan as  
19 meeting the requirements established by the director and the  
20 authority; and

21 (3) the director and the authority have verified that the applicant  
22 has met or made good faith efforts in achieving those goals.

23 b. The amount of a tax credit allowed pursuant to subsection a.  
24 of this section shall increase to four percent of the qualified film or  
25 digital media content production expenses of the taxpayer if the  
26 diversity plan, in addition to meeting the requirements of subsection  
27 a. of this section, outlines specific goals that include hiring persons  
28 as performers in the film or digital media production who are: (i)  
29 women or members of **[ethnic]** a minority **[groups that are**  
30 **underrepresented in film or digital media productions]** group; (ii)  
31 **[if credited,]** residents of New Jersey for at least 12 months  
32 preceding the beginning of filming or recording **[,** and if  
33 uncredited, residents of any municipality in New Jersey in which  
34 filming occurs as part of the production for at least 12 months  
35 preceding the beginning of filming or recording at that location, or  
36 any surrounding municipality**]**; and (iii) members of a bona fide  
37 labor union representing film and television performers.

38 c. The director and the authority shall adopt any rules  
39 necessary to implement this provision.

40 d. The application shall indicate whether the applicant intends  
41 to participate in training, education, and recruitment programs that  
42 are organized in cooperation with State colleges and universities,  
43 labor organizations, and the motion picture industry and are  
44 designed to promote and encourage the training and hiring of New  
45 Jersey residents who represent the diversity of the State population.

46 (cf: P.L.2021, c.367, s.3)

1       8. (New section) Notwithstanding the provisions of the  
2 “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et  
3 seq.), to the contrary, the chief executive officer of the authority  
4 may adopt, immediately upon filing with the Office of  
5 Administrative Law, regulations that the chief executive officer, in  
6 consultation with the Commissioner of Labor and Workforce  
7 Development, deems necessary to implement the provisions of  
8 P.L. , c. (C. ) (pending before the Legislature as this bill),  
9 which regulations shall be effective for a period not to exceed 180  
10 days from the date of the filing. The chief executive officer shall  
11 thereafter amend, adopt, or readopt the regulations in accordance  
12 with the requirements of P.L.1968, c.410 (C.52:14B-1 et seq.).

13  
14       9. (New section) There is appropriated from the General Fund  
15 to the New Jersey Economic Development Authority the sum of  
16 \$30,000,000 for the purpose of making investments authorized by  
17 subsection ll. of section 5 of P.L.1974, c.80 (C.34:1B-5).

18       10. This act shall take effect immediately.

19

20

21

22

23       Transfers Motion Picture and Television Development  
24 Commission to EDA; revises provisions of film and digital media  
25 content production tax credit program; appropriates \$30 million.

**SENATE, No. 3748**

**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

INTRODUCED MARCH 20, 2023

**Sponsored by:**

**Senator VIN GOPAL**

**District 11 (Monmouth)**

**Senator PAUL A. SARLO**

**District 36 (Bergen and Passaic)**

**SYNOPSIS**

Revises provisions of film and digital media content production tax credit program.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/15/2023)**

1 AN ACT concerning corporation business and gross income tax  
2 credits for qualified film and digital media content production  
3 expenses and amending P.L.2018, c.56.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. Section 1 of P.L.2018, c.56 (C.54:10A-5.39b) is amended to  
9 read as follows:

10 1. a. (1) A taxpayer, upon approval of an application to the  
11 authority and the director, shall be allowed a credit against the tax  
12 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in  
13 an amount equal to 35 percent of the qualified film production  
14 expenses of the taxpayer during a privilege period commencing on  
15 or after July 1, 2018 but before July 1, 2034, provided that:

16 (a) at least 60 percent of the total film production expenses,  
17 exclusive of post-production costs, of the taxpayer are incurred for  
18 services performed, and goods purchased through vendors  
19 authorized to do business, in New Jersey, or the qualified film  
20 production expenses of the taxpayer during the privilege period for  
21 services performed, and goods purchased, through vendors  
22 authorized to do business in New Jersey, exceed \$1,000,000 per  
23 production;

24 (b) principal photography of the film commences within 180  
25 days from the date of the original application for the tax credit;

26 (c) the film includes, when determined to be appropriate by the  
27 commission, at no cost to the State, marketing materials promoting  
28 this State as a film and entertainment production destination, which  
29 materials shall include placement of a "Filmed in New Jersey" or  
30 "Produced in New Jersey" statement, or an approved logo approved  
31 by the commission, in the end credits of the film;

32 (d) the taxpayer submits a tax credit verification report prepared  
33 by an independent certified public accountant licensed in this State  
34 in accordance with subsection f. of this section; and

35 (e) the taxpayer complies with the withholding requirements  
36 provided for payments to loan out companies and independent  
37 contractors in accordance with subsection g. of this section.

38 (2) Notwithstanding the provisions of paragraph (1) of  
39 subsection a. of this section to the contrary, the tax credit allowed  
40 pursuant to this subsection against the tax imposed pursuant to  
41 section 5 of P.L.1945, c.162 (C.54:10A-5) shall be in an amount  
42 equal to 30 percent of the qualified film production expenses of the  
43 taxpayer during a privilege period that are incurred for services  
44 performed and tangible personal property purchased for use at a  
45 sound stage or other location that is located in the State within a 30-

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 mile radius of the intersection of Eighth Avenue/Central Park West,  
2 Broadway, and West 59th Street/Central Park South, New York,  
3 New York.

4 b. (1) A taxpayer, upon approval of an application to the  
5 authority and the director, shall be allowed a credit against the tax  
6 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in  
7 an amount equal to: 30 percent of the qualified digital media  
8 content production expenses of the taxpayer during a privilege  
9 period commencing on or after July 1, 2018 but before July 1, 2034,  
10 provided that:

11 (a) at least \$2,000,000 of the total digital media content  
12 production expenses of the taxpayer are incurred for services  
13 performed, and goods purchased through vendors authorized to do  
14 business, in New Jersey;

15 (b) at least 50 percent of the qualified digital media content  
16 production expenses of the taxpayer are for wages and salaries paid  
17 to full-time or full-time equivalent employees in New Jersey;

18 (c) the taxpayer submits a tax credit verification report prepared  
19 by an independent certified public accountant licensed in this State  
20 in accordance with subsection f. of this section; and

21 (d) the taxpayer complies with the withholding requirements  
22 provided for payments to loan out companies and independent  
23 contractors in accordance with subsection g. of this section.

24 (2) Notwithstanding the provisions of paragraph (1) of  
25 subsection b. of this section to the contrary, the tax credit allowed  
26 pursuant to this subsection against the tax imposed pursuant to  
27 section 5 of P.L.1945, c.162 (C.54:10A-5) shall be in an amount  
28 equal to 35 percent of the qualified digital media content  
29 production expenses of the taxpayer during a privilege period that  
30 are incurred for services performed and tangible personal property  
31 purchased through vendors whose primary place of business is  
32 located in Atlantic, Burlington, Camden, Cape May, Cumberland,  
33 Gloucester, Mercer, or Salem County.

34 c. No tax credit shall be allowed pursuant to this section for  
35 any costs or expenses included in the calculation of any other tax  
36 credit or exemption granted pursuant to a claim made on a tax  
37 return filed with the director, or included in the calculation of an  
38 award of business assistance or incentive, for a period of time that  
39 coincides with the privilege period for which a tax credit authorized  
40 pursuant to this section is allowed. The order of priority in which  
41 the tax credit allowed pursuant to this section and any other tax  
42 credits allowed by law may be taken shall be as prescribed by the  
43 director. The amount of the tax credit applied under this section  
44 against the tax imposed pursuant to section 5 of P.L.1945, c.162  
45 (C.54:10A-5), for a privilege period, when taken together with any  
46 other payments, credits, deductions, and adjustments allowed by  
47 law shall not reduce the tax liability of the taxpayer to an amount  
48 less than the statutory minimum provided in subsection (e) of

1 section 5 of P.L.1945, c.162 (C.54:10A-5). The amount of the tax  
2 credit otherwise allowable under this section which cannot be  
3 applied for the privilege period due to the limitations of this  
4 subsection or under other provisions of P.L.1945, c.162 (C.54:10A-  
5 1 et seq.) may be carried forward, if necessary, to the seven  
6 privilege periods following the privilege period for which the tax  
7 credit was allowed.

8 d. A taxpayer, with an application for a tax credit provided for  
9 in subsection a. or subsection b. of this section, may apply to the  
10 authority and the director for a tax credit transfer certificate in lieu  
11 of the taxpayer being allowed any amount of the tax credit against  
12 the tax liability of the taxpayer. The tax credit transfer certificate,  
13 upon receipt thereof by the taxpayer from the authority and the  
14 director, may be sold or assigned, in full or in part, to any other  
15 taxpayer that may have a tax liability under the "Corporation  
16 Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), or  
17 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., in  
18 exchange for private financial assistance to be provided by the  
19 purchaser or assignee to the taxpayer that has applied for and been  
20 granted the tax credit. The tax credit transfer certificate provided to  
21 the taxpayer shall include a statement waiving the taxpayer's right  
22 to claim that amount of the tax credit against the tax imposed  
23 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) that the  
24 taxpayer has elected to sell or assign. The sale or assignment of any  
25 amount of a tax credit transfer certificate allowed under this section  
26 shall not be exchanged for consideration received by the taxpayer of  
27 less than 75 percent of the transferred tax credit amount. Any  
28 amount of a tax credit transfer certificate used by a purchaser or  
29 assignee against a tax liability under P.L.1945, c.162 (C.54:10A-1  
30 et seq.) shall be subject to the same limitations and conditions that  
31 apply to the use of a tax credit pursuant to subsection c. of this  
32 section. Any amount of a tax credit transfer certificate obtained by  
33 a purchaser or assignee under subsection a. or subsection b. of this  
34 section may be applied against the purchaser's or assignee's tax  
35 liability under N.J.S.54A:1-1 et seq. and shall be subject to the  
36 same limitations and conditions that apply to the use of a credit  
37 pursuant to subsections c. and d. of section 2 of P.L.2018, c.56  
38 (C.54A:4-12b).

39 e. (1) The value of tax credits, including tax credits allowed  
40 through the granting of tax credit transfer certificates, approved by  
41 the director and the authority pursuant to subsection a. of this  
42 section and pursuant to subsection a. of section 2 of P.L.2018, c.56  
43 (C.54A:4-12b) to taxpayers, other than New Jersey studio partners  
44 and New Jersey film-lease partners, shall not exceed a cumulative  
45 total of \$100,000,000 in fiscal year 2019 and in each fiscal year  
46 thereafter prior to fiscal year 2035 to apply against the tax imposed  
47 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) and the tax  
48 imposed pursuant to the "New Jersey Gross Income Tax Act,"

1 N.J.S.54A:1-1 et seq. In addition to the \$100,000,000 limitation on  
2 the value of tax credits approved by the director for New Jersey  
3 film-lease partners and the \$100,000,000 limitation on the value of  
4 tax credits approved by the director for other taxpayers imposed by  
5 this paragraph, the value of tax credits, including tax credits  
6 allowed through the granting of tax credit transfer certificates,  
7 approved by the director and the authority pursuant to subsection a.  
8 of this section and pursuant to subsection a. of section 2 of  
9 P.L.2018, c.56 (C.54A:4-12b) to New Jersey studio partners shall  
10 not exceed a cumulative total of \$100,000,000 in fiscal year 2021  
11 and in each fiscal year thereafter prior to fiscal year 2034 to apply  
12 against the tax imposed pursuant to section 5 of P.L.1945, c.162  
13 (C.54:10A-5) and the tax imposed pursuant to the "New Jersey  
14 Gross Income Tax Act," N.J.S.54A:1-1 et seq. Beginning in fiscal  
15 year 2025, in addition to the \$100,000,000 made available for New  
16 Jersey studio partners pursuant to this paragraph, up to an additional  
17 \$350,000,000 may be made available annually, in the discretion of  
18 the authority, to New Jersey studio partners for the award of tax  
19 credits, including tax credits allowed through the granting of tax  
20 credit transfer certificates, pursuant to subsection a. of this section  
21 and subsection a. of section 2 of P.L.2018, c.56 (C.54A:4-12b),  
22 from the funds made available pursuant to subparagraph (i) of  
23 paragraph (1) of subsection b. of section 98 of P.L.2020, c.156  
24 (C.34:1B-362). In addition to the \$100,000,000 limitation on the  
25 value of tax credits approved by the director for New Jersey studio  
26 partners and the \$100,000,000 limitation on the value of tax credits  
27 approved by the director for other taxpayers imposed by this  
28 paragraph, the value of tax credits, including tax credits allowed  
29 through the granting of tax credit transfer certificates, approved by  
30 the director and the authority pursuant to subsection a. of this  
31 section and pursuant to subsection a. of section 2 of P.L.2018, c.56  
32 (C.54A:4-12b) to New Jersey film-lease partners shall not exceed a  
33 cumulative total of \$100,000,000 in fiscal year 2021 and in each  
34 fiscal year thereafter prior to fiscal year 2034 to apply against the  
35 tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5)  
36 and the tax imposed pursuant to the "New Jersey Gross Income Tax  
37 Act," N.J.S.54A:1-1 et seq. Beginning in fiscal year 2025, in  
38 addition to the \$100,000,000 made available for New Jersey film-  
39 lease partners pursuant to this paragraph, up to an additional  
40 \$100,000,000 may be made available annually, in the discretion of  
41 the authority, to New Jersey film-lease partners for the award of tax  
42 credits, including tax credits allowed through the granting of tax  
43 credit transfer certificates, pursuant to subsection a. of this section  
44 and subsection a. of section 2 of P.L.2018, c.56 (C.54A:4-12b),  
45 from the funds made available pursuant to subparagraph (i) of  
46 paragraph (1) of subsection b. of section 98 of P.L.2020, c.156  
47 (C.34:1B-362). Approvals made to New Jersey studio partners and  
48 New Jersey film-lease partners shall be subject to award agreements

1 with the authority detailing obligations of the awardee and  
2 outcomes relating to events of default, including, but not limited to,  
3 recapture, forfeiture, and termination. If in any privilege period,  
4 beginning following a date determined by the authority, a New  
5 Jersey film-lease partner's annual average of qualified film  
6 production expenses falls below \$50,000,000, the authority shall  
7 reduce by 20 percent any tax credit award for a film for which final  
8 documentation has been submitted, until a privilege period when the  
9 annual average of qualified film production expenses has been  
10 restored to \$50,000,000. The authority shall establish a non-  
11 binding, administrative pre-certification process for potentially  
12 eligible projects.

13 If the cumulative total amount of tax credits, and tax credit  
14 transfer certificates, allowed to taxpayers for privilege periods or  
15 taxable years commencing during a single fiscal year under  
16 subsection a. of this section and subsection a. of section 2 of  
17 P.L.2018, c.56 (C.54A:4-12b) exceeds the amount of tax credits  
18 available in that fiscal year, then taxpayers who have first applied  
19 for and have not been allowed a tax credit or tax credit transfer  
20 certificate amount for that reason shall be allowed, in the order in  
21 which they have submitted an application, the amount of tax credit  
22 or tax credit transfer certificate on the first day of the next  
23 succeeding fiscal year in which tax credits and tax credit transfer  
24 certificates under subsection a. of this section and subsection a. of  
25 section 2 of P.L.2018, c.56 (C.54A:4-12b) are not in excess of the  
26 amount of credits available.

27 Notwithstanding any provision of this paragraph to the contrary,  
28 for any fiscal year in which the amount of tax credits approved to  
29 New Jersey studio partners, New Jersey film-lease partners, or  
30 taxpayers other than New Jersey studio partners and New Jersey  
31 film-lease partners pursuant to this paragraph is less than the  
32 cumulative total amount of tax credits permitted to be approved to  
33 each such category, in that fiscal year, the authority shall certify the  
34 amount of the remaining tax credits available for approval to each  
35 such category in that fiscal year, and shall increase the cumulative  
36 total amount of tax credits permitted to be approved for New Jersey  
37 studio partners, New Jersey film-lease partners, or taxpayers other  
38 than New Jersey studio partners and New Jersey film-lease partners  
39 in the subsequent fiscal year by the certified amount remaining for  
40 each such category from the prior fiscal year. The authority shall  
41 also certify, for each fiscal year, the amount of tax credits that were  
42 previously approved, but that the taxpayer is not able to redeem or  
43 transfer to another taxpayer under this section, and shall increase  
44 the cumulative total amount of tax credits permitted to be approved  
45 for New Jersey studio partners, New Jersey film-lease partners, or  
46 taxpayers other than New Jersey studio partners and New Jersey  
47 film-lease partners in the subsequent fiscal year by the amount of  
48 tax credits previously approved for each such category, but not

1 subject to redemption or transfer. In each fiscal year in which tax  
2 credits remain unapproved for, or unredeemed or not transferred by,  
3 New Jersey film-lease partners or taxpayers other than New Jersey  
4 studio partners and New Jersey film-lease partners, the authority  
5 may reallocate some or all of such remaining tax credits in the  
6 subsequent fiscal year between the category of New Jersey film-  
7 lease partners and the category of taxpayers other than New Jersey  
8 studio partners and New Jersey film-lease partners in lieu of  
9 increasing the tax credits available for the respective category by  
10 the amount reallocated.

11 (2) The value of tax credits, including tax credits allowed  
12 through the granting of tax credit transfer certificates, approved by  
13 the authority and the director pursuant to subsection b. of this  
14 section and pursuant to subsection b. of section 2 of P.L.2018, c.56  
15 (C.54A:4-12b) shall not exceed a cumulative total of \$30,000,000 in  
16 fiscal year 2019 and in each fiscal year thereafter prior to fiscal year  
17 2035 to apply against the tax imposed pursuant to section 5 of  
18 P.L.1945, c.162 (C.54:10A-5) and the tax imposed pursuant to the  
19 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.

20 If the total amount of tax credits and tax credit transfer  
21 certificates allowed to taxpayers for privilege periods or taxable  
22 years commencing during a single fiscal year under subsection b. of  
23 this section and subsection b. of section 2 of P.L.2018, c.56  
24 (C.54A:4-12b) exceeds the amount of tax credits available in that  
25 year, then taxpayers who have first applied for and have not been  
26 allowed a tax credit or tax credit transfer certificate amount for that  
27 reason shall be allowed, in the order in which they have submitted  
28 an application, the amount of tax credit or tax credit transfer  
29 certificate on the first day of the next succeeding fiscal year in  
30 which tax credits and tax credit transfer certificates under  
31 subsection b. of this section and subsection b. of section 2 of  
32 P.L.2018, c.56 (C.54A:4-12b) are not in excess of the amount of  
33 credits available.

34 Notwithstanding any provision of this paragraph to the contrary,  
35 for any fiscal year in which the amount of tax credits approved  
36 pursuant to this paragraph is less than the cumulative total amount  
37 of tax credits permitted to be approved in that fiscal year, the  
38 authority shall certify the amount of the remaining tax credits  
39 available for approval in that fiscal year, and shall increase the  
40 cumulative total amount of tax credits permitted to be approved in  
41 the subsequent fiscal year by the certified amount remaining from  
42 the prior fiscal year. The authority shall also certify, for each fiscal  
43 year, the amount of tax credits that were previously approved, but  
44 that the taxpayer is not able to redeem or transfer to another  
45 taxpayer under this section, and shall increase the cumulative total  
46 amount of tax credits permitted to be approved in the subsequent  
47 fiscal year by the amount of tax credits previously approved, but not  
48 subject to redemption or transfer.

1 f. A taxpayer shall submit to the authority and the director a  
2 report prepared by an independent certified public accountant  
3 licensed in this State to verify the taxpayer's tax credit claim  
4 following the completion of the production. The report shall be  
5 prepared by the independent certified public accountant pursuant to  
6 agreed-upon procedures prescribed by the authority and the  
7 director, and shall include such information and documentation as  
8 shall be determined to be necessary by the authority and the director  
9 to substantiate the qualified film production expenses or the  
10 qualified digital media content production expenses of the taxpayer.  
11 A single report with attachments deemed necessary by the authority  
12 shall be submitted electronically. Upon receipt of the report, the  
13 authority and the director shall review the findings of the  
14 independent certified public accountant's report, and shall make a  
15 determination as to the qualified film production expenses or the  
16 qualified digital media content production expenses of the taxpayer.  
17 The authority's and the director's review shall include, but shall not  
18 be limited to: a review of all non-payroll qualified film production  
19 expense items and non-payroll digital media content production  
20 expense items over \$20,000; a review of 100 randomly selected  
21 non-payroll qualified film production expense items and non-  
22 payroll digital media content production expense items that are  
23 greater than \$2,500, but less than \$20,000; a review of 100  
24 randomly selected non-payroll qualified film production expense  
25 items and non-payroll digital media content production expense  
26 items that are less than \$2,500; a review of the qualified wages for  
27 the 15 employees, independent contractors, or loan-out companies  
28 with the highest qualified wages; and a review of the qualified  
29 wages for 35 randomly selected employees, independent  
30 contractors, or loan-out companies with qualified wages other than  
31 the 15 employees, independent contractors, or loan-out companies  
32 with the highest qualified wages. The taxpayer's qualified film  
33 production expenses and digital media content production expenses  
34 shall be adjusted based on any discrepancies identified for the  
35 reviewed non-payroll qualified film production expense items, non-  
36 payroll digital media content production expense items and  
37 qualified wages. The taxpayer's qualified film production expenses  
38 and digital media content production expenses also shall be adjusted  
39 based on the projection of any discrepancies identified based on the  
40 review of randomly selected expense items or wages pursuant to  
41 this subsection to the extent that the discrepancies exceed one  
42 percent of the total reviewed non-payroll qualified film production  
43 expense items, non-payroll digital media content production  
44 expense items, or qualified wages. The determination shall be  
45 provided in writing to the taxpayer, and a copy of the written  
46 determination shall be included in the filing of a return that includes  
47 a claim for a tax credit allowed pursuant to this section.

1 g. A taxpayer shall withhold from each payment to a loan out  
2 company or to an independent contractor an amount equal to 6.37  
3 percent of the payment otherwise due. The amounts withheld shall  
4 be deemed to be withholding of liability pursuant to the "New  
5 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., and the  
6 taxpayer shall be deemed to have the rights, duties, and  
7 responsibilities of an employer pursuant to chapter 7 of Title 54A of  
8 the New Jersey Statutes. The director shall allocate the amounts  
9 withheld for a taxable year to the accounts of the individuals who  
10 are employees of a loan out company in proportion to the  
11 employee's payment by the loan out company in connection with a  
12 trade, profession, or occupation carried on in this State or for the  
13 rendition of personal services performed in this State during the  
14 taxable year. A loan out company that reports its payments to  
15 employees in connection with a trade, profession, or occupation  
16 carried on in this State or for the rendition of personal services  
17 performed in this State during a taxable year shall be relieved of its  
18 duties and responsibilities as an employer pursuant to chapter 7 of  
19 Title 54A of the New Jersey Statutes for the taxable year for any  
20 payments relating to the payments on which the taxpayer withheld.

21 h. As used in this section:

22 "Authority" means the New Jersey Economic Development  
23 Authority.

24 "Business assistance or incentive" means "business assistance or  
25 incentive" as that term is defined pursuant to section 1 of P.L.2007,  
26 c.101 (C.54:50-39).

27 "Commission" means the Motion Picture and Television  
28 Development Commission.

29 "Digital media content" means any data or information that is  
30 produced in digital form, including data or information created in  
31 analog form but reformatted in digital form, text, graphics,  
32 photographs, animation, sound, and video content. "Digital media  
33 content" shall not mean content offerings generated by the end user  
34 (including postings on electronic bulletin boards and chat rooms);  
35 content offerings comprised primarily of local news, events,  
36 weather, or local market reports; public service content; electronic  
37 commerce platforms (such as retail and wholesale websites);  
38 websites or content offerings that contain obscene material as  
39 defined pursuant to N.J.S.2C:34-2 and N.J.S.2C:34-3; websites or  
40 content that are produced or maintained primarily for private,  
41 industrial, corporate, or institutional purposes; or digital media  
42 content acquired or licensed by the taxpayer for distribution or  
43 incorporation into the taxpayer's digital media content.

44 "Film" means a feature film, a television series, or a television  
45 show of 22 minutes or more in length, intended for a national  
46 audience, or a television series or a television show of 22 minutes  
47 or more in length intended for a national or regional audience,  
48 including, but not limited to, a game show, award show, or other

1 gala event filmed and produced at a nonprofit arts and cultural  
2 venue receiving State funding. "Film" shall not include a  
3 production featuring news, current events, weather, and market  
4 reports or public programming, talk show, or sports event, a  
5 production that solicits funds, a production containing obscene  
6 material as defined under N.J.S.2C:34-2 and N.J.S.2C:34-3, or a  
7 production primarily for private, industrial, corporate, or  
8 institutional purposes, or a reality show, except if the production  
9 company of the reality show owns, leases, or otherwise occupies a  
10 production facility of no less than 20,000 square feet of real  
11 property for a minimum term of 24 months, and invests no less than  
12 \$3,000,000 in such a facility within a designated enterprise zone  
13 established pursuant to the "New Jersey Urban Enterprise Zones  
14 Act," P.L.1983, c.303 (C.52:27H-60 et al.), or a UEZ-impacted  
15 business district established pursuant to section 3 of P.L.2001,  
16 c.347 (C.52:27H-66.2). "Film" shall not include an award show or  
17 other gala event that is not filmed and produced at a nonprofit arts  
18 and cultural venue receiving State funding.

19 "Full-time or full-time equivalent employee" means an individual  
20 employed by the taxpayer for consideration for at least 35 hours a  
21 week, or who renders any other standard of service generally  
22 accepted by custom or practice as full-time or full-time equivalent  
23 employment, whose wages are subject to withholding as provided in  
24 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., or  
25 who is a partner of a taxpayer, who works for the partnership for at  
26 least 35 hours a week, or who renders any other standard of service  
27 generally accepted by custom or practice as full-time or full-time  
28 equivalent employment, and whose distributive share of income,  
29 gain, loss, or deduction, or whose guaranteed payments, or any  
30 combination thereof, is subject to the payment of estimated taxes, as  
31 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1  
32 et seq. "Full-time or full-time equivalent employee" shall not  
33 include an individual who works as an independent contractor or on  
34 a consulting basis for the taxpayer.

35 "Highly compensated individual" means an individual who  
36 directly or indirectly receives compensation in excess of \$500,000  
37 for the performance of services used directly in a production. An  
38 individual receives compensation indirectly when the taxpayer pays  
39 a loan out company that, in turn, pays the individual for the  
40 performance of services.

41 "Incurred in New Jersey" means, for any application submitted  
42 after the effective date of P.L.2018, c.56 (C.54:10A-5.39b et al.),  
43 pursuant to which a tax credit has not been allowed prior to the  
44 effective date of P.L.2021, c.160, service performed within New  
45 Jersey and tangible personal property used or consumed in New  
46 Jersey. A service is performed in New Jersey to the extent that the  
47 individual performing the service is physically located in New  
48 Jersey while performing the service. Notwithstanding where the

1 property is delivered or acquired, rented tangible property is used or  
2 consumed in New Jersey to the extent that the property is located in  
3 New Jersey during its use or consumption and is rented from a  
4 vendor authorized to do business in New Jersey or the film  
5 production company provides to the authority the vendor's  
6 information in a form and manner prescribed by the authority.  
7 Purchased tangible property is not used and consumed in New  
8 Jersey unless it is purchased from a vendor authorized to do  
9 business in New Jersey and is delivered to or acquired within New  
10 Jersey; provided, however, that if a production is also located in  
11 another jurisdiction, the purchased tangible property is used and  
12 consumed in New Jersey if the acquisition and delivery of  
13 purchased tangible property is located in either New Jersey or  
14 another jurisdiction where the production takes place.

15 "Independent contractor" means an individual treated as an  
16 independent contractor for federal and State tax purposes who is  
17 contracted with by the taxpayer for the performance of services  
18 used directly in a production.

19 "Loan out company" means a personal service corporation or  
20 other entity that is contracted with by the taxpayer to provide  
21 specified individual personnel, such as artists, crew, actors,  
22 producers, or directors for the performance of services used directly  
23 in a production. "Loan out company" shall not include entities  
24 contracted with by the taxpayer to provide goods or ancillary  
25 contractor services such as catering, construction, trailers,  
26 equipment, or transportation.

27 "New Jersey film-lease partner" means a taxpayer, including any  
28 taxpayer that is a member of a combined group under section 23 of  
29 P.L.2018, c.48 (C.54:10A-4.11), that has made a commitment to  
30 lease or acquire all or part of a New Jersey production facility,  
31 which leased or acquired space shall have an aggregate square  
32 footage of at least 50,000 square feet, including a sound stage and  
33 production support space, such as production offices or a backlot,  
34 for a period of five or more successive years and commits to spend,  
35 on a separate-entity basis or in the aggregate with other members of  
36 the taxpayer's combined group, an annual average of \$50,000,000 of  
37 qualified film production expenses over the period of at least five  
38 but not to exceed 10 years.

39 "New Jersey studio partner" means a film production company  
40 that has made a commitment to produce films or commercial  
41 audiovisual products in New Jersey and has developed, purchased,  
42 or executed a 10-year contract to lease a production facility of  
43 250,000 square feet or more, or has executed a purchase contract  
44 with a governmental entity for the purpose of developing a  
45 production facility of 250,000 square feet or more within 60 months  
46 after being designated as a New Jersey studio partner. A film  
47 production company designated as a New Jersey studio partner, that  
48 receives approval of an application to the authority and the director,

1 shall be allowed a credit against the tax imposed pursuant to section  
2 5 of P.L.1945, c.162 (C.54:10A-5) as provided in this section. No  
3 more than three film production companies may be designated as a  
4 New Jersey studio partner.

5 "Partnership" means an entity classified as a partnership for  
6 federal income tax purposes.

7 "Post-production costs" means the costs of the phase of  
8 production of a film that follows principal photography, in which  
9 raw footage is cut and assembled into a finished film with sound  
10 synchronization and visual effects.

11 "Pre-production costs" means the costs of the phase of  
12 production of a film that precedes principal photography, in which a  
13 detailed schedule and budget for the production is prepared, the  
14 script and location is finalized, and contracts with vendors are  
15 negotiated.

16 "Qualified digital media content production expenses" means an  
17 expense incurred in New Jersey for the production of digital media  
18 content. "Qualified digital media content production expenses"  
19 shall include but not be limited to: wages and salaries of individuals  
20 employed in the production of digital media content on which the  
21 tax imposed by the "New Jersey Gross Income Tax Act,"  
22 N.J.S.54A:1-1 et seq. has been paid or is due; and the costs of  
23 computer software and hardware, data processing, visualization  
24 technologies, sound synchronization, editing, and the rental of  
25 facilities and equipment. Payment made to a loan out company or  
26 to an independent contractor shall not be deemed a "qualified digital  
27 media content production expense" unless the payment is made in  
28 connection with a trade, profession, or occupation carried on in this  
29 State or for the rendition of personal services performed in this  
30 State and the taxpayer has made the withholding required pursuant  
31 to subsection g. of this section. "Qualified digital media content  
32 production expenses" shall not include expenses incurred in  
33 marketing, promotion, or advertising digital media or other costs  
34 not directly related to the production of digital media content.  
35 Costs related to the acquisition or licensing of digital media content  
36 by the taxpayer for distribution or incorporation into the taxpayer's  
37 digital media content shall not be deemed "qualified digital media  
38 content production expenses."

39 "Qualified film production expenses" means an expense incurred  
40 in New Jersey for the production of a film including pre-production  
41 costs and post-production costs incurred in New Jersey. "Qualified  
42 film production expenses" shall include but not be limited to: wages  
43 and salaries of individuals employed in the production of a film on  
44 which the tax imposed by the "New Jersey Gross Income Tax Act,"  
45 N.J.S.54A:1-1 et seq. has been paid or is due; and the costs for  
46 tangible personal property used, and services performed, directly  
47 and exclusively in the production of a film, such as expenditures for  
48 film production facilities, props, makeup, wardrobe, film

1 processing, camera, sound recording, set construction, lighting,  
2 shooting, editing, and meals. Payment made to a loan out company  
3 or to an independent contractor shall not be deemed a "qualified  
4 film production expense" unless the payment is made in connection  
5 with a trade, profession, or occupation carried on in this State or for  
6 the rendition of personal services performed in this State and the  
7 taxpayer has made the withholding required pursuant to subsection  
8 g. of this section. "Qualified film production expenses" shall not  
9 include: expenses incurred in marketing or advertising a film; and  
10 payment in excess of \$500,000 to a highly compensated individual  
11 for costs for a story, script, or scenario used in the production of a  
12 film and wages or salaries or other compensation for writers,  
13 directors, including music directors, producers, and performers,  
14 other than background actors with no scripted lines, except as  
15 follows:

16 (1) for a New Jersey studio partner that incurs more than  
17 \$15,000,000, but less than \$50,000,000, in qualified film production  
18 expenses in the State, an amount, not to exceed \$15,000,000, of the  
19 wages or salaries or other compensation for writers, directors,  
20 including music directors, producers, and performers, other than  
21 background actors with no scripted lines, shall constitute qualified  
22 film production expenses;

23 (2) for a New Jersey studio partner that incurs \$50,000,000 or  
24 more, but less than \$100,000,000, in qualified film production  
25 expenses in the State, an amount, not to exceed \$25,000,000, of the  
26 wages or salaries or other compensation for writers, directors,  
27 including music directors, producers, and performers, other than  
28 background actors with no scripted lines, shall constitute qualified  
29 film production expenses;

30 (3) for a New Jersey studio partner that incurs \$100,000,000 or  
31 more, but less than \$150,000,000, in qualified film production  
32 expenses in the State, an amount, not to exceed \$40,000,000, of the  
33 wages or salaries or other compensation for writers, directors,  
34 including music directors, producers, and performers, other than  
35 background actors with no scripted lines, shall constitute qualified  
36 film production expenses; and

37 (4) for a New Jersey studio partner that incurs \$150,000,000 or  
38 more in qualified film production expenses in the State, an amount,  
39 not to exceed \$60,000,000, of the wages or salaries or other  
40 compensation for writers, directors, including music directors,  
41 producers, and performers, other than background actors with no  
42 scripted lines, shall constitute qualified film production expenses.

43 "Total digital media content production expenses" means costs  
44 for services performed and property used or consumed in the  
45 production of digital media content.

46 "Total film production expenses" means costs for services  
47 performed and tangible personal property used or consumed in the  
48 production of a film.

1 i. A business that is not a "taxpayer" as defined and used in the  
2 "Corporation Business Tax Act (1945)," P.L.1945, c.162  
3 (C.54:10A-1 et seq.) and therefore is not directly allowed a credit  
4 under this section, but is a business entity that is classified as a  
5 partnership for federal income tax purposes and is ultimately owned  
6 by a business entity that is a "corporation" as defined in subsection  
7 (c) of section 4 of P.L.1945, c.162 (C.54:10A-4), or a limited  
8 liability company formed under the "Revised Uniform Limited  
9 Liability Company Act," P.L.2012, c.50 (C.42:2C-1 et seq.), or  
10 qualified to do business in this State as a foreign limited liability  
11 company, with one member, and is wholly owned by the business  
12 entity that is a "corporation" as defined in subsection (c) of section  
13 4 of P.L.1945, c.162 (C.54:10A-4), but otherwise meets all other  
14 requirements of this section, shall be considered an eligible  
15 applicant and "taxpayer" as that term is used in this section.  
16 (cf: P.L.2021, c.367, s.1)

17

18 2. Section 2 of P.L.2018, c.56 (C.54A:4-12b) is amended to  
19 read as follows:

20 2. a. (1) A taxpayer, upon approval of an application to the  
21 authority and the director, shall be allowed a credit against the tax  
22 otherwise due for the taxable year under the "New Jersey Gross  
23 Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to 35  
24 percent of the qualified film production expenses of the taxpayer  
25 during a taxable year commencing on or after July 1, 2018 but  
26 before July 1, 2034, provided that:

27 (a) at least 60 percent of the total film production expenses,  
28 exclusive of post-production costs, of the taxpayer are incurred for  
29 services performed, and goods purchased through vendors  
30 authorized to do business, in New Jersey, or the qualified film  
31 production expenses of the taxpayer during the taxable year for  
32 services performed, and goods purchased, through vendors  
33 authorized to do business in New Jersey, exceed \$1,000,000 per  
34 production;

35 (b) principal photography of the film commences within 180  
36 days from the date of the original application for the tax credit;

37 (c) the film includes, when determined to be appropriate by the  
38 commission, at no cost to the State, marketing materials promoting  
39 this State as a film and entertainment production destination, which  
40 materials shall include placement of a "Filmed in New Jersey" or  
41 "Produced in New Jersey" statement, or an appropriate logo  
42 approved by the commission, in the end credits of the film;

43 (d) the taxpayer submits a tax credit verification report prepared  
44 by an independent certified public accountant licensed in this State  
45 in accordance with subsection g. of this section; and

46 (e) the taxpayer complies with the withholding requirements  
47 provided for payments to loan out companies and independent  
48 contractors in accordance with subsection h. of this section.

1 (2) Notwithstanding the provisions of paragraph (1) of  
2 subsection a. of this section to the contrary, the tax credit allowed  
3 pursuant to this subsection against the tax otherwise due for the  
4 taxable year under the "New Jersey Gross Income Tax Act,"  
5 N.J.S.54A:1-1 et seq., shall be in an amount equal to 30 percent of  
6 the qualified film production expenses of the taxpayer during a  
7 taxable year that are incurred for services performed and tangible  
8 personal property purchased for use at a sound stage or other  
9 location that is located in the State within a 30-mile radius of the  
10 intersection of Eighth Avenue/Central Park West, Broadway, and  
11 West 59th Street/Central Park South, New York, New York.

12 b. (1) A taxpayer, upon approval of an application to the  
13 authority and the director, shall be allowed a credit against the tax  
14 otherwise due for the taxable year under the "New Jersey Gross  
15 Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to: 30  
16 percent of the qualified digital media content production expenses  
17 of the taxpayer during a taxable year commencing on or after July  
18 1, 2018 but before July 1, 2034, provided that:

19 (a) at least \$2,000,000 of the total digital media content  
20 production expenses of the taxpayer are incurred for services  
21 performed, and goods purchased through vendors authorized to do  
22 business, in New Jersey;

23 (b) at least 50 percent of the qualified digital media content  
24 production expenses of the taxpayer are for wages and salaries paid  
25 to full-time or full-time equivalent employees in New Jersey;

26 (c) the taxpayer submits a tax credit verification report prepared  
27 by an independent certified public accountant licensed in this State  
28 in accordance with subsection g. of this section; and

29 (d) the taxpayer complies with the withholding requirements  
30 provided for payments to loan out companies and independent  
31 contractors in accordance with subsection h. of this section.

32 (2) Notwithstanding the provisions of paragraph (1) of  
33 subsection b. of this section to the contrary, the tax credit allowed  
34 pursuant to this subsection against the tax otherwise due for the  
35 taxable year under the "New Jersey Gross Income Tax Act,"  
36 N.J.S.54A:1-1 et seq., shall be in an amount equal to 35 percent for  
37 the qualified digital media content production expenses of the  
38 taxpayer during a taxable year that are incurred for services  
39 performed and tangible personal property purchased through  
40 vendors whose primary place of business is located in Atlantic,  
41 Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer,  
42 or Salem County.

43 c. No tax credit shall be allowed pursuant to this section for  
44 any costs or expenses included in the calculation of any other tax  
45 credit or exemption granted pursuant to a claim made on a tax  
46 return filed with the director, or included in the calculation of an  
47 award of business assistance or incentive, for a period of time that  
48 coincides with the taxable year for which a tax credit authorized

1 pursuant to this section is allowed. The order of priority in which  
2 the tax credit allowed pursuant to this section and any other tax  
3 credits allowed by law may be taken shall be as prescribed by the  
4 director. The amount of the tax credit applied under this section  
5 against the tax otherwise due under the "New Jersey Gross Income  
6 Tax Act," N.J.S.54A:1-1 et seq., for a taxable year, when taken  
7 together with any other payments, credits, deductions, and  
8 adjustments allowed by law shall not reduce the tax liability of the  
9 taxpayer to an amount less than zero. The amount of the tax credit  
10 otherwise allowable under this section which cannot be applied for  
11 the taxable year due to the limitations of this subsection or under  
12 other provisions of N.J.S.54A:1-1 et seq., may be carried forward, if  
13 necessary, to the seven taxable years following the taxable year for  
14 which the tax credit was allowed.

15 d. (1) A business entity that is classified as a partnership for  
16 federal income tax purposes shall not be allowed a tax credit  
17 pursuant to this section directly, but the amount of tax credit of a  
18 taxpayer in respect of a distributive share of entity income, shall be  
19 determined by allocating to the taxpayer that proportion of the tax  
20 credit acquired by the entity that is equal to the taxpayer's share,  
21 whether or not distributed, of the total distributive income or gain  
22 of the entity for its taxable year ending within or with the taxpayer's  
23 taxable year.

24 (2) A New Jersey S Corporation shall not be allowed a tax credit  
25 pursuant to this section directly, but the amount of tax credit of a  
26 taxpayer in respect of a pro rata share of S Corporation income,  
27 shall be determined by allocating to the taxpayer that proportion of  
28 the tax credit acquired by the New Jersey S Corporation that is  
29 equal to the taxpayer's share, whether or not distributed, of the total  
30 pro rata share of S Corporation income of the New Jersey S  
31 Corporation for its privilege period ending within or with the  
32 taxpayer's taxable year.

33 A business entity that is not a gross income "taxpayer" as defined  
34 and used in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1  
35 et seq., and therefore is not directly allowed a credit under this  
36 section, but otherwise meets all the other requirements of this  
37 section, shall be considered an eligible applicant and "taxpayer" as  
38 that term is used in this section, and the application of an otherwise  
39 allowed credit amount shall be distributed to appropriate gross  
40 income taxpayers pursuant to the other requirements of this  
41 subsection.

42 e. A taxpayer, with an application for a tax credit provided for  
43 in subsection a. or subsection b. of this section, may apply to the  
44 authority and the director for a tax credit transfer certificate in lieu  
45 of the taxpayer being allowed any amount of the tax credit against  
46 the tax liability of the taxpayer. The tax credit transfer certificate,  
47 upon receipt thereof by the taxpayer from the authority and the  
48 director, may be sold or assigned, in full or in part, to any other

1 taxpayer that may have a tax liability under the "New Jersey Gross  
2 Income Tax Act," N.J.S.54A:1-1 et seq., or the "Corporation  
3 Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), in  
4 exchange for private financial assistance to be provided by the  
5 purchaser or assignee to the taxpayer that has applied for and been  
6 granted the tax credit. The tax credit transfer certificate provided to  
7 the taxpayer shall include a statement waiving the taxpayer's right  
8 to claim that amount of the tax credit against the tax imposed  
9 pursuant to N.J.S.54A:1-1 et seq. that the taxpayer has elected to  
10 sell or assign. The sale or assignment of any amount of a tax credit  
11 transfer certificate allowed under this section shall not be  
12 exchanged for consideration received by the taxpayer of less than  
13 75 percent of the transferred tax credit amount. Any amount of a  
14 tax credit transfer certificate used by a purchaser or assignee against  
15 a tax liability under N.J.S.54A:1-1 et seq. shall be subject to the  
16 same limitations and conditions that apply to the use of a tax credit  
17 pursuant to subsections c. and d. of this section. Any amount of a  
18 tax credit transfer certificate obtained by a purchaser or assignee  
19 under subsection e. of this section may be applied against the  
20 purchaser's or assignee's tax liability under P.L.1945, c.162  
21 (C.54:10A-1 et seq.) and shall be subject to the same limitations  
22 and conditions that apply to the use of a credit pursuant to  
23 subsection c. of section 1 of P.L.2018, c.56 (C.54:10A-5.39b).

24 f. (1) The value of tax credits, including tax credits allowed  
25 through the granting of tax credit transfer certificates, approved by  
26 the director and the authority pursuant to subsection a. of this  
27 section and pursuant to subsection a. of section 1 of P.L.2018, c.56  
28 (C.54:10A-5.39b) to taxpayers, other than New Jersey studio  
29 partners and New Jersey film-lease partners, shall not exceed a  
30 cumulative total of \$100,000,000 in fiscal year 2019 and in each  
31 fiscal year thereafter prior to fiscal year 2035 to apply against the  
32 tax imposed pursuant to the "New Jersey Gross Income Tax Act,"  
33 N.J.S.54A:1-1 et seq., and pursuant to section 5 of P.L.1945, c.162  
34 (C.54:10A-5). In addition to the \$100,000,000 limitation on the  
35 value of tax credits approved by the director for New Jersey film-  
36 lease partners and the \$100,000,000 limitation on the value of tax  
37 credits approved by the director for other taxpayers imposed by this  
38 paragraph, the value of tax credits, including tax credits allowed  
39 through the granting of tax credit transfer certificates, approved by  
40 the director and the authority pursuant to subsection a. of this  
41 section and pursuant to subsection a. of section 1 of P.L.2018, c.56  
42 (C.54:10A-5.39b) to New Jersey studio partners shall not exceed a  
43 cumulative total of \$100,000,000 in fiscal year 2021 and in each  
44 fiscal year thereafter prior to fiscal year 2034 to apply against the  
45 tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5)  
46 and the tax imposed pursuant to the "New Jersey Gross Income Tax  
47 Act," N.J.S.54A:1-1 et seq. Beginning in fiscal year 2025, in  
48 addition to the \$100,000,000 made available for New Jersey studio

1 partners pursuant to this paragraph, up to an additional  
2 \$350,000,000 may be made available annually, in the discretion of  
3 the authority, to New Jersey studio partners for the award of tax  
4 credits, including tax credits allowed through the granting of tax  
5 credit transfer certificates, pursuant to subsection a. of this section  
6 and subsection a. of section 1 of P.L.2018, c.56 (C.54:10A-5.39b),  
7 from the funds made available pursuant to subparagraph (i) of  
8 paragraph (1) of subsection b. of section 98 of P.L.2020, c.156  
9 (C.34:1B-362). In addition to the \$100,000,000 limitation on the  
10 value of tax credits approved by the director for New Jersey studio  
11 partners and the \$100,000,000 limitation on the value of tax credits  
12 approved by the director for other taxpayers imposed by this  
13 paragraph, the value of tax credits, including tax credits allowed  
14 through the granting of tax credit transfer certificates, approved by  
15 the director and the authority pursuant to subsection a. of this  
16 section and pursuant to subsection a. of section 1 of P.L.2018, c.56  
17 (C.54:10A-5.39b) to New Jersey film-lease partners shall not  
18 exceed a cumulative total of \$100,000,000 in fiscal year 2021 and  
19 in each fiscal year thereafter prior to fiscal year 2034 to apply  
20 against the tax imposed pursuant to section 5 of P.L.1945, c.162  
21 (C.54:10A-5) and the tax imposed pursuant to the "New Jersey  
22 Gross Income Tax Act," N.J.S.54A:1-1 et seq. Beginning in fiscal  
23 year 2025, in addition to the \$100,000,000 made available for New  
24 Jersey film-lease partners pursuant to this paragraph, up to an  
25 additional \$100,000,000 may be made available annually, in the  
26 discretion of the authority, to New Jersey film-lease partners for the  
27 award of tax credits, including tax credits allowed through the  
28 granting of tax credit transfer certificates, pursuant to subsection a.  
29 of this section and subsection a. of section 1 of P.L.2018, c.56  
30 (C.54:10A-5.39b), from the funds made available pursuant to  
31 subparagraph (i) of paragraph (1) of subsection b. of section 98 of  
32 P.L.2020, c.156 (C.34:1B-362). Approvals made to New Jersey  
33 studio partners and New Jersey film-lease partners shall be subject  
34 to award agreements with the authority detailing obligations of the  
35 awardee and outcomes relating to events of default, including, but  
36 not limited to, recapture, forfeiture, and termination. If in any  
37 taxable year, beginning following a date determined by the  
38 authority, a New Jersey film-lease partner's annual average of  
39 qualified film production expenses falls below \$50,000,000, the  
40 authority shall reduce by 20 percent any tax credit award for a film  
41 for which final documentation has been submitted, until a taxable  
42 year when the annual average of qualified film production expenses  
43 has been restored to \$50,000,000. The authority shall establish a  
44 non-binding, administrative pre-certification process for potentially  
45 eligible projects.

46 If the cumulative total amount of tax credits, and tax credit  
47 transfer certificates, allowed to taxpayers for taxable years or  
48 privilege periods commencing during a single fiscal year under

1 subsection a. of this section and subsection a. of section 1 of  
2 P.L.2018, c.56 (C.54:10A-5.39b) exceeds the amount of tax credits  
3 available in that fiscal year, then taxpayers who have first applied  
4 for and have not been allowed a tax credit or tax credit transfer  
5 certificate amount for that reason shall be allowed, in the order in  
6 which they have submitted an application, the amount of tax credit  
7 or tax credit transfer certificate on the first day of the next  
8 succeeding fiscal year in which tax credits and tax credit transfer  
9 certificates under subsection a. of this section and subsection a. of  
10 section 1 of P.L.2018, c.56 (C.54:10A-5.39b) are not in excess of  
11 the amount of credits available.

12 Notwithstanding any provision of this paragraph to the contrary,  
13 for any fiscal year in which the amount of tax credits approved to  
14 New Jersey studio partners, New Jersey film-lease partners, or  
15 taxpayers other than New Jersey studio partners and New Jersey  
16 film-lease partners pursuant to this paragraph is less than the  
17 cumulative total amount of tax credits permitted to be approved to  
18 each such category in that fiscal year, the authority shall certify the  
19 amount of the remaining tax credits available for approval to each  
20 such category in that fiscal year, and shall increase the cumulative  
21 total amount of tax credits permitted to be approved for New Jersey  
22 studio partners, New Jersey film-lease partners, or taxpayers other  
23 than New Jersey studio partners and New Jersey film-lease partners  
24 in the subsequent fiscal year by the certified amount remaining  
25 from the prior fiscal year. The authority shall also certify, for each  
26 fiscal year, the amount of tax credits that were previously approved,  
27 but that the taxpayer is not able to redeem or transfer to another  
28 taxpayer under this section, and shall increase the cumulative total  
29 amount of tax credits permitted to be approved for New Jersey  
30 studio partners, New Jersey film-lease partners, or taxpayers other  
31 than New Jersey studio partners and New Jersey film-lease partners  
32 in the subsequent fiscal year by the amount of tax credits previously  
33 approved for each such category, but not subject to redemption or  
34 transfer. In each fiscal year in which tax credits remain unapproved  
35 for, or unredeemed or not transferred by, New Jersey film-lease  
36 partners or taxpayers other than New Jersey studio partners and  
37 New Jersey film-lease partners, the authority may reallocate some  
38 or all of such remaining tax credits in the subsequent fiscal year  
39 between the category of New Jersey film-lease partners and the  
40 category of taxpayers other than New Jersey studio partners and  
41 New Jersey film-lease partners in lieu of increasing the tax credits  
42 available for the respective category by the amount reallocated.

43 (2) The value of tax credits, including tax credits allowed  
44 through the granting of tax credit transfer certificates, approved by  
45 the authority and the director pursuant to subsection b. of this  
46 section and pursuant to subsection b. of section 1 of P.L.2018, c.56  
47 (C.54:10A-5.39b) shall not exceed a cumulative total of  
48 \$30,000,000 in fiscal year 2019 and in each fiscal year thereafter

1 prior to fiscal year 2035 to apply against the tax imposed pursuant  
2 to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.  
3 and the tax imposed pursuant to section 5 of P.L.1945, c.162  
4 (C.54:10A-5).

5 If the total amount of tax credits and tax credit transfer  
6 certificates allowed to taxpayers for taxable years or privilege  
7 periods commencing during a single fiscal year under subsection b.  
8 of this section and subsection b. of section 1 of P.L.2018, c.56  
9 (C.54:10A-5.39b) exceeds the amount of tax credits available in  
10 that year, then taxpayers who have first applied for and have not  
11 been allowed a tax credit or tax credit transfer certificate amount for  
12 that reason shall be allowed, in the order in which they have  
13 submitted an application, the amount of tax credit or tax credit  
14 transfer certificate on the first day of the next succeeding fiscal year  
15 in which tax credits and tax credit transfer certificates under  
16 subsection b. of this section and subsection b. of section 1 of  
17 P.L.2018, c.56 (C.54:10A-5.39b) are not in excess of the amount of  
18 credits available.

19 Notwithstanding any provision of this paragraph to the contrary,  
20 for any fiscal year in which the amount of tax credits approved  
21 pursuant to this paragraph is less than the cumulative total amount  
22 of tax credits permitted to be approved in that fiscal year, the  
23 authority shall certify the amount of the remaining tax credits  
24 available for approval in that fiscal year, and shall increase the  
25 cumulative total amount of tax credits permitted to be approved in  
26 the subsequent fiscal year by the certified amount remaining from  
27 the prior fiscal year. The authority shall also certify, for each fiscal  
28 year, the amount of tax credits that were previously approved, but  
29 that the taxpayer is not able to redeem or transfer to another  
30 taxpayer under this section, and shall increase the cumulative total  
31 amount of tax credits permitted to be approved in the subsequent  
32 fiscal year by the amount of tax credits previously approved, but not  
33 subject to redemption or transfer.

34 g. A taxpayer shall submit to the authority and the director a  
35 report prepared by an independent certified public accountant  
36 licensed in this State to verify the taxpayer's tax credit claim  
37 following the completion of the production. The report shall be  
38 prepared by the independent certified public accountant pursuant to  
39 agreed-upon procedures prescribed by the authority and the  
40 director, and shall include such information and documentation as  
41 shall be determined to be necessary by the authority and the director  
42 to substantiate the qualified film production expenses or the  
43 qualified digital media content production expenses of the taxpayer.  
44 A single report with attachments deemed necessary by the authority  
45 shall be submitted electronically. Upon receipt of the report, the  
46 authority and the director shall review the findings of the  
47 independent certified public accountant's report, and shall make a  
48 determination as to the qualified film production expenses or the

1 qualified digital media content production expenses of the taxpayer.  
2 The authority's and the director's review shall include, but shall not  
3 be limited to: a review of all non-payroll qualified film production  
4 expense items and non-payroll digital media content production  
5 expense items over \$20,000; a review of 100 randomly selected  
6 non-payroll qualified film production expense items and non-  
7 payroll digital media content production expense items that are  
8 greater than \$2,500, but less than \$20,000; a review of 100  
9 randomly selected non-payroll qualified film production expense  
10 items and non-payroll digital media content production expense  
11 items that are less than \$2,500; a review of the qualified wages for  
12 the 15 employees, independent contractors, or loan-out companies  
13 with the highest qualified wages; and a review of the qualified  
14 wages for 35 randomly selected employees, independent  
15 contractors, or loan-out companies with qualified wages other than  
16 the 15 employees, independent contractors, or loan-out companies  
17 with the highest qualified wages. The taxpayer's qualified film  
18 production expenses and digital media content production expenses  
19 shall be adjusted based on any discrepancies identified for the  
20 reviewed non-payroll qualified film production expense items, non-  
21 payroll digital media content production expense items and  
22 qualified wages. The taxpayer's qualified film production expenses  
23 and digital media content production expenses also shall be adjusted  
24 based on the projection of any discrepancies identified based on the  
25 review of randomly selected expense items or wages pursuant to  
26 this subsection to the extent that the discrepancies exceed one  
27 percent of the total reviewed non-payroll qualified film production  
28 expense items, non-payroll digital media content production  
29 expense items, or qualified wages. The determination shall be  
30 provided in writing to the taxpayer, and a copy of the written  
31 determination shall be included in the filing of a return that includes  
32 a claim for a tax credit allowed pursuant to this section.

33 h. A taxpayer shall withhold from each payment to a loan out  
34 company or to an independent contractor an amount equal to 6.37  
35 percent of the payment otherwise due. The amounts withheld shall  
36 be deemed to be withholding of liability pursuant to the "New  
37 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., and the  
38 taxpayer shall be deemed to have the rights, duties, and  
39 responsibilities of an employer pursuant to chapter 7 of Title 54A of  
40 the New Jersey Statutes. The director shall allocate the amounts  
41 withheld for a taxable year to the accounts of the individuals who  
42 are employees of a loan out company in proportion to the  
43 employee's payment by the loan out company in connection with a  
44 trade, profession, or occupation carried on in this State or for the  
45 rendition of personal services performed in this State during the  
46 taxable year. A loan out company that reports its payments to  
47 employees in connection with a trade, profession, or occupation  
48 carried on in this State or for the rendition of personal services

1 performed in this State during a taxable year shall be relieved of its  
2 duties and responsibilities as an employer pursuant to chapter 7 of  
3 Title 54A of the New Jersey Statutes for the taxable year for any  
4 payments relating to the payments on which the taxpayer withheld.

5 i. As used in this section:

6 "Authority" means the New Jersey Economic Development  
7 Authority.

8 "Business assistance or incentive" means "business assistance or  
9 incentive" as that term is defined pursuant to section 1 of P.L.2007,  
10 c.101 (C.54:50-39).

11 "Commission" means the Motion Picture and Television  
12 Development Commission.

13 "Digital media content" means any data or information that is  
14 produced in digital form, including data or information created in  
15 analog form but reformatted in digital form, text, graphics,  
16 photographs, animation, sound, and video content. "Digital media  
17 content" shall not mean content offerings generated by the end user  
18 (including postings on electronic bulletin boards and chat rooms);  
19 content offerings comprised primarily of local news, events,  
20 weather or local market reports; public service content; electronic  
21 commerce platforms (such as retail and wholesale websites);  
22 websites or content offerings that contain obscene material as  
23 defined pursuant to N.J.S.2C:34-2 and N.J.S.2C:34-3; websites or  
24 content that are produced or maintained primarily for private,  
25 industrial, corporate, or institutional purposes; or digital media  
26 content acquired or licensed by the taxpayer for distribution or  
27 incorporation into the taxpayer's digital media content.

28 "Film" means a feature film, a television series, or a television  
29 show of 22 minutes or more in length, intended for a national  
30 audience, or a television series or a television show of 22 minutes  
31 or more in length intended for a national or regional audience,  
32 including, but not limited to, a game show, award show, or other  
33 gala event filmed and produced at a nonprofit arts and cultural  
34 venue receiving State funding. "Film" shall not include a  
35 production featuring news, current events, weather, and market  
36 reports or public programming, talk show, sports event, or reality  
37 show, a production that solicits funds, a production containing  
38 obscene material as defined under N.J.S.2C:34-2 and N.J.S.2C:34-  
39 3, or a production primarily for private, industrial, corporate, or  
40 institutional purposes. "Film" shall not include an award show or  
41 other gala event that is not filmed and produced at a nonprofit arts  
42 and cultural venue receiving State funding.

43 "Full-time or full-time equivalent employee" means an individual  
44 employed by the taxpayer for consideration for at least 35 hours a  
45 week, or who renders any other standard of service generally  
46 accepted by custom or practice as full-time or full-time equivalent  
47 employment, whose wages are subject to withholding as provided in  
48 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., or

1 who is a partner of a taxpayer, who works for the partnership for at  
2 least 35 hours a week, or who renders any other standard of service  
3 generally accepted by custom or practice as full-time or full-time  
4 equivalent employment, and whose distributive share of income,  
5 gain, loss, or deduction, or whose guaranteed payments, or any  
6 combination thereof, is subject to the payment of estimated taxes, as  
7 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1  
8 et seq. "Full-time or full-time equivalent employee" shall not  
9 include an individual who works as an independent contractor or on  
10 a consulting basis for the taxpayer.

11 "Highly compensated individual" means an individual who  
12 directly or indirectly receives compensation in excess of \$500,000  
13 for the performance of services used directly in a production. An  
14 individual receives compensation indirectly when the taxpayer pays  
15 a loan out company that, in turn, pays the individual for the  
16 performance of services.

17 "Incurred in New Jersey" means, for any application submitted  
18 after the effective date of P.L.2018, c.56 (C.54:10A-5.39b et al.),  
19 pursuant to which a tax credit has not been allowed prior to the  
20 effective date of P.L.2021, c.160, service performed within New  
21 Jersey and tangible personal property used or consumed in New  
22 Jersey. A service is performed in New Jersey to the extent that the  
23 individual performing the service is physically located in New  
24 Jersey while performing the service. Notwithstanding where the  
25 property is delivered or acquired, rented tangible property is used or  
26 consumed in New Jersey to the extent that the property is located in  
27 New Jersey during its use or consumption and is rented from a  
28 vendor authorized to do business in New Jersey or the film  
29 production company provides to the authority the vendor's  
30 information in a form and manner prescribed by the authority.  
31 Purchased tangible property is not used and consumed in New  
32 Jersey unless it is purchased from a vendor authorized to do  
33 business in New Jersey and is delivered to or acquired within New  
34 Jersey; provided, however, that if a production is also located in  
35 another jurisdiction, the purchased tangible property is used and  
36 consumed in New Jersey if the acquisition and delivery of  
37 purchased tangible property is located in either New Jersey or  
38 another jurisdiction where the production takes place.

39 "Independent contractor" means an individual treated as an  
40 independent contractor for federal and State tax purposes who is  
41 contracted with by the taxpayer for the performance of services  
42 used directly in a production.

43 "Loan out company" means a personal service corporation or  
44 other entity that is contracted with by the taxpayer to provide  
45 specified individual personnel, such as artists, crew, actors,  
46 producers, or directors for the performance of services used directly  
47 in a production. "Loan out company" shall not include entities  
48 contracted with by the taxpayer to provide goods or ancillary

1 contractor services such as catering, construction, trailers,  
2 equipment, or transportation.

3 "New Jersey film-lease partner" means a taxpayer, including any  
4 taxpayer that is a member of a combined group under section 23 of  
5 P.L.2018, c.131 (C.54:10A-4.11), that has made a commitment to  
6 lease or acquire all or part of a New Jersey production facility ,  
7 which leased or acquired space shall have an aggregate square  
8 footage of at least 50,000 square feet, including a sound stage and  
9 production support space, such as production offices or a backlot,  
10 for a period of five or more successive years and commits to spend,  
11 on a separate-entity basis or in the aggregate with other members of  
12 the taxpayer's combined group, an annual average of \$50,000,000 of  
13 qualified film production expenses over the period of at least five  
14 but not to exceed 10 years.

15 "New Jersey studio partner" means a film production company  
16 that has made a commitment to produce films or commercial  
17 audiovisual products in New Jersey and has developed, purchased,  
18 or executed a 10-year contract to lease a production facility of  
19 250,000 square feet or more, or a film production company that has  
20 made a commitment to produce films or commercial audiovisual  
21 products in New Jersey and has executed a purchase contract with a  
22 governmental entity for the purpose of developing a production  
23 facility of 250,000 square feet or more within 60 months after being  
24 designated as a New Jersey studio partner. A film production  
25 company designated as a New Jersey studio partner, that receives  
26 approval of an application to the authority and the director, shall be  
27 allowed a credit against the tax otherwise due for the taxable year  
28 under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et  
29 seq. as provided in this section. No more than three film production  
30 companies may be designated as a New Jersey studio partner.

31 "Partnership" means an entity classified as a partnership for  
32 federal income tax purposes.

33 "Post-production costs" means the costs of the phase of  
34 production of a film that follows principal photography, in which  
35 raw footage is cut and assembled into a finished film with sound  
36 synchronization and visual effects.

37 "Pre-production costs" means the costs of the phase of  
38 production of a film that precedes principal photography, in which a  
39 detailed schedule and budget for the production is prepared, the  
40 script and location is finalized, and contracts with vendors are  
41 negotiated.

42 "Qualified digital media content production expenses" means an  
43 expense incurred in New Jersey for the production of digital media  
44 content. "Qualified digital media content production expenses"  
45 shall include but not be limited to: wages and salaries of individuals  
46 employed in the production of digital media content on which the  
47 tax imposed by the "New Jersey Gross Income Tax Act,"  
48 N.J.S.54A:1-1 et seq. has been paid or is due; and the costs of

1 computer software and hardware, data processing, visualization  
2 technologies, sound synchronization, editing, and the rental of  
3 facilities and equipment. Payment made to a loan out company or  
4 to an independent contractor shall not be deemed a "qualified digital  
5 media content production expense" unless the payment is made in  
6 connection with a trade, profession, or occupation carried on in this  
7 State or for the rendition of personal services performed in this  
8 State and the taxpayer has made the withholding required pursuant  
9 to subsection h. of this section. "Qualified digital media content  
10 production expenses" shall not include expenses incurred in  
11 marketing, promotion, or advertising digital media or other costs  
12 not directly related to the production of digital media content.  
13 Costs related to the acquisition or licensing of digital media content  
14 by the taxpayer for distribution or incorporation into the taxpayer's  
15 digital media content shall not be deemed "qualified digital media  
16 content production expenses."

17 "Qualified film production expenses" means an expense incurred  
18 in New Jersey for the production of a film including pre-production  
19 costs and post-production costs incurred in New Jersey. "Qualified  
20 film production expenses" shall include but not be limited to:  
21 wages and salaries of individuals employed in the production of a  
22 film on which the tax imposed by the "New Jersey Gross Income  
23 Tax Act," N.J.S.54A:1-1 et seq. has been paid or is due; and the  
24 costs for tangible personal property used, and services performed,  
25 directly and exclusively in the production of a film, such as  
26 expenditures for film production facilities, props, makeup,  
27 wardrobe, film processing, camera, sound recording, set  
28 construction, lighting, shooting, editing, and meals. Payment made  
29 to a loan out company or to an independent contractor shall not be  
30 deemed a "qualified film production expense" unless the payment is  
31 made in connection with a trade, profession, or occupation carried  
32 on in this State or for the rendition of personal services performed  
33 in this State and the taxpayer has made the withholding required by  
34 subsection h. of this section. "Qualified film production expenses"  
35 shall not include: expenses incurred in marketing or advertising a  
36 film; and payment in excess of \$500,000 to a highly compensated  
37 individual for costs for a story, script, or scenario used in the  
38 production of a film and wages or salaries or other compensation  
39 for writers, directors, including music directors, producers, and  
40 performers, other than background actors with no scripted lines,  
41 except as follows:

42 (1) for a New Jersey studio partner that incurs more than  
43 \$15,000,000, but less than \$50,000,000, in qualified film production  
44 expenses in the State, an amount, not to exceed \$15,000,000, of the  
45 wages or salaries or other compensation for writers, directors,  
46 including music directors, producers, and performers, other than  
47 background actors with no scripted lines, shall constitute qualified  
48 film production expenses;

1 (2) for a New Jersey studio partner that incurs \$50,000,000 or  
2 more, but less than \$100,000,000, in qualified film production  
3 expenses in the State, an amount, not to exceed \$25,000,000, of the  
4 wages or salaries or other compensation for writers, directors,  
5 including music directors, producers, and performers, other than  
6 background actors with no scripted lines, shall constitute qualified  
7 film production expenses;

8 (3) for a New Jersey studio partner that incurs \$100,000,000 or  
9 more, but less than \$150,000,000, in qualified film production  
10 expenses in the State, an amount, not to exceed \$40,000,000, of the  
11 wages or salaries or other compensation for writers, directors,  
12 including music directors, producers, and performers, other than  
13 background actors with no scripted lines, shall constitute qualified  
14 film production expenses; and

15 (4) for a New Jersey studio partner that incurs \$150,000,000 or  
16 more in qualified film production expenses in the State, an amount,  
17 not to exceed \$60,000,000, of the wages or salaries or other  
18 compensation for writers, directors, including music directors,  
19 producers, and performers, other than background actors with no  
20 scripted lines, shall constitute qualified film production expenses.

21 "Total digital media content production expenses" means costs  
22 for services performed and property used or consumed in the  
23 production of digital media content.

24 "Total film production expenses" means costs for services  
25 performed and tangible personal property used or consumed in the  
26 production of a film.

27 (cf: P.L.2021, c.367, s.2)

28

29 3. This act shall take effect immediately.

30

31

32

### STATEMENT

33

34 This bill revises the definition of "New Jersey studio partner"  
35 with respect to the film and digital media content production tax  
36 credit program.

37 Under the film and digital media content production tax credit  
38 program, the State awards corporation business and gross income  
39 tax credits to eligible taxpayers equal to: (1) 30 percent of the  
40 qualified film production expenses incurred for use within certain  
41 parts of Northern New Jersey, or 35 percent of qualified film  
42 production expenses incurred for use within all other parts of the  
43 State; and (2) 35 percent of the qualified digital media content  
44 production expenses purchased through vendors located in certain  
45 counties in Southern New Jersey, or 30 percent of all other qualified  
46 digital media content production expenses purchased within the  
47 State. Under this program, a New Jersey studio partner may be  
48 eligible for corporation business or gross income tax credits with

1 respect to qualified film production expenses incurred by the New  
2 Jersey studio partner. A New Jersey studio partner is required to be  
3 a film production company that has made a commitment to produce  
4 films or audiovisual products in New Jersey and has site control of  
5 a production facility that is at least 250,000 square feet for at least  
6 10 years. No more than three film production companies may be  
7 designated as New Jersey studio partners.

8 This bill expands the definition of “New Jersey studio partner” to  
9 include a film production company that has made a commitment to  
10 produce films or commercial audiovisual products in New Jersey  
11 and has executed a purchase contract with a governmental entity for  
12 the purpose of developing a production facility of 250,000 square  
13 feet or more within 60 months after being designated as a New  
14 Jersey studio partner.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE COMMITTEE SUBSTITUTE FOR SENATE, No. 3748

# STATE OF NEW JERSEY

DATED: JUNE 20, 2023

The Senate Budget and Appropriations Committee reports favorably a Senate committee substitute for Senate Bill No. 3748.

This committee substitute revises certain provisions of the Garden State Film and Digital Media Jobs Act, which provides corporation business tax and the gross income tax credits for expenses incurred for the production of certain films and digital media content. The bill also makes certain changes to the Motion Picture and Television Development Commission.

#### *Changes to the Garden State Film and Digital Media Jobs Act*

The bill makes certain modifications to the Garden State Film and Digital Media Jobs Act. The bill permits the New Jersey Economic Development Authority (EDA) to make available, for New Jersey studio partners and New Jersey film-lease production companies, the uncommitted balance of the total value of tax credits authorized for award by the EDA pursuant to the “Aspire Program Act” and “Emerge Program Act.” The bill increases the amount of additional tax credits that the EDA may decide to make available to New Jersey film-lease production companies annually from \$100 million to \$250 million. Additionally, the bill increases the amount of additional tax credits that the EDA may decide to make available for New Jersey studio partners annually from \$350 million to \$400 million.

The bill replaces references to “New Jersey film-lease partners” under current law with references to “New Jersey film-lease production companies.” The bill permits the EDA to make capital investments in New Jersey film-lease partner facilities in amounts not to exceed \$10 million per project. The bill appropriates \$30 million to the EDA for the purpose of making and administering these capital investments.

The bill also removes the penalty currently imposed on a New Jersey film-lease partner’s qualified film production expenses that fall below a \$50 million annual average. Under current law, if in any privilege period a New Jersey film-lease partner’s annual average of qualified film production expenses falls below \$50 million, the EDA is required to reduce by 20 percent any tax credit award for a film for

which final documentation has been submitted, until a privilege period when the annual average of qualified film production expenses is restored to \$50 million. The bill also includes a requirement for a New Jersey studio partner to occupy its production facility for the duration of the studio partner's commitment period or else risk recapture of awarded tax credits and loss of New Jersey studio partner designation.

The bill also revises the definitions of "incurred in New Jersey" and "qualified film production expenses," under current law, to include certain payments made to homeowners for the use of their personal residence located in New Jersey. The definition of "qualified film production expenses" is also expanded to include, for New Jersey studio partners, certain deferred compensation payments in the calculation of wages and salaries. The bill also modifies the limitation on the amount of wages, salaries, and other compensation that New Jersey studio partners and New Jersey film-lease production companies may include as "qualified film production expenses."

The bill revises the definition of "film" to include a competition or variety show filmed in front of a live audience.

In addition, the bill revises certain requirements for the diversity plan credit established under current law to allow for a four-percent tax credit on qualified expenses if a taxpayer submits a diversity plan that includes the hiring of performers who are: (1) women or members of a minority group; (2) residents of New Jersey for a least 12 months preceding the beginning of filming or recording; and (3) members of a bona fide labor union representing film and television performers.

#### *Changes to the Motion Picture and Television Development Commission*

This bill also makes certain changes to the Motion Picture and Television Development Commission.

The bill would transfer all functions, powers, and duties of the Motion Picture and Television Development Commission to the EDA while increasing the number of public members appointed to the commission from eight to 10. The bill also adds the Chief Executive Officer of the New Jersey Economic Development Authority and the Secretary of State to the commission's membership, thereby increasing the total number of members from 12 to 14.

#### FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.

STATEMENT TO

**SENATE COMMITTEE SUBSTITUTE FOR**  
**SENATE, No. 3748**

with Senate Floor Amendments  
(Proposed by Senator GOPAL)

ADOPTED: JUNE 26, 2023

These floor amendments specify that the New Jersey Economic Development Authority (EDA) and each New Jersey film-lease partner facility will collectively determine the commercially reasonable and customary terms and conditions of the capital investments for each New Jersey film-lease partner facility. The floor amendments clarify that for fiscal years 2023, 2024, and 2025 the EDA may annually make available \$250 million each to New Jersey studio partners and New Jersey film-lease production companies. The amendments also limit the EDA's ability to reallocate unapproved, unredeemed, or non-transferred tax credits between film production taxpayer categories.

The amendments clarify the requirements for a film production facility to become a New Jersey film-lease partner facility by including "mill space" as an acceptable use of production support space and allowing a "site plan approval" or "executed redevelopment agreement with a governmental entity" to be evidence of a commitment to build, lease, or operate a production facility of 250,000 square feet or more.

The amendments alter which wages, salaries, and other compensations, including some payments to highly compensated individuals, are allowed to be calculated in "qualified film production expenses." For New Jersey studios partners with less than \$50 million in qualified film production expenses, up to \$18 million may constitute qualified film production expenses, and for New Jersey studio partners with more than \$50 million in qualified film production expenses, up to \$72 million may constitute qualified film production expenses. Similarly, for New Jersey film-lease production companies expenses totaling less than \$50 million, up to \$15 million may constitute qualified film production expenses, and for those companies with more than \$50 million, up to \$60 million may constitute qualified film production expenses.

The amendments make the bill identical to its Assembly counterpart, the Assembly Committee Substitute for Assembly Bill No. 5393.

# ASSEMBLY, No. 5393

## STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED MAY 8, 2023

**Sponsored by:**

**Assemblyman RAJ MUKHERJI**

**District 33 (Hudson)**

**Assemblywoman ELIANA PINTOR MARIN**

**District 29 (Essex)**

**Assemblyman JOHN F. MCKEON**

**District 27 (Essex and Morris)**

**SYNOPSIS**

Revises provisions of film and digital media content production tax credit program.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 5/18/2023)

1 AN ACT concerning corporation business and gross income tax  
2 credits for qualified film and digital media content production  
3 expenses and amending P.L.2018, c.56.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. Section 1 of P.L.2018, c.56 (C.54:10A-5.39b) is amended to  
9 read as follows:

10 1. a. (1) A taxpayer, upon approval of an application to the  
11 authority and the director, shall be allowed a credit against the tax  
12 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in  
13 an amount equal to 35 percent of the qualified film production  
14 expenses of the taxpayer during a privilege period commencing on  
15 or after July 1, 2018 but before July 1, 2034, provided that:

16 (a) at least 60 percent of the total film production expenses,  
17 exclusive of post-production costs, of the taxpayer are incurred for  
18 services performed, and goods purchased through vendors  
19 authorized to do business, in New Jersey, or the qualified film  
20 production expenses of the taxpayer during the privilege period for  
21 services performed, and goods purchased, through vendors  
22 authorized to do business in New Jersey, exceed \$1,000,000 per  
23 production;

24 (b) principal photography of the film commences within 180  
25 days from the date of the original application for the tax credit;

26 (c) the film includes, when determined to be appropriate by the  
27 commission, at no cost to the State, marketing materials promoting  
28 this State as a film and entertainment production destination, which  
29 materials shall include placement of a "Filmed in New Jersey" or  
30 "Produced in New Jersey" statement, or an approved logo approved  
31 by the commission, in the end credits of the film;

32 (d) the taxpayer submits a tax credit verification report prepared  
33 by an independent certified public accountant licensed in this State  
34 in accordance with subsection f. of this section; and

35 (e) the taxpayer complies with the withholding requirements  
36 provided for payments to loan out companies and independent  
37 contractors in accordance with subsection g. of this section.

38 (2) Notwithstanding the provisions of paragraph (1) of  
39 subsection a. of this section to the contrary, the tax credit allowed  
40 pursuant to this subsection against the tax imposed pursuant to  
41 section 5 of P.L.1945, c.162 (C.54:10A-5) shall be in an amount  
42 equal to 30 percent of the qualified film production expenses of the  
43 taxpayer during a privilege period that are incurred for services  
44 performed and tangible personal property purchased for use at a  
45 sound stage or other location that is located in the State within a 30-  
46 mile radius of the intersection of Eighth Avenue/Central Park West,

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 Broadway, and West 59th Street/Central Park South, New York,  
2 New York.

3 b. (1) A taxpayer, upon approval of an application to the  
4 authority and the director, shall be allowed a credit against the tax  
5 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in  
6 an amount equal to: 30 percent of the qualified digital media  
7 content production expenses of the taxpayer during a privilege  
8 period commencing on or after July 1, 2018 but before July 1, 2034,  
9 provided that:

10 (a) at least \$2,000,000 of the total digital media content  
11 production expenses of the taxpayer are incurred for services  
12 performed, and goods purchased through vendors authorized to do  
13 business, in New Jersey;

14 (b) at least 50 percent of the qualified digital media content  
15 production expenses of the taxpayer are for wages and salaries paid  
16 to full-time or full-time equivalent employees in New Jersey;

17 (c) the taxpayer submits a tax credit verification report prepared  
18 by an independent certified public accountant licensed in this State  
19 in accordance with subsection f. of this section; and

20 (d) the taxpayer complies with the withholding requirements  
21 provided for payments to loan out companies and independent  
22 contractors in accordance with subsection g. of this section.

23 (2) Notwithstanding the provisions of paragraph (1) of  
24 subsection b. of this section to the contrary, the tax credit allowed  
25 pursuant to this subsection against the tax imposed pursuant to  
26 section 5 of P.L.1945, c.162 (C.54:10A-5) shall be in an amount  
27 equal to 35 percent of the qualified digital media content  
28 production expenses of the taxpayer during a privilege period that  
29 are incurred for services performed and tangible personal property  
30 purchased through vendors whose primary place of business is  
31 located in Atlantic, Burlington, Camden, Cape May, Cumberland,  
32 Gloucester, Mercer, or Salem County.

33 c. No tax credit shall be allowed pursuant to this section for  
34 any costs or expenses included in the calculation of any other tax  
35 credit or exemption granted pursuant to a claim made on a tax  
36 return filed with the director, or included in the calculation of an  
37 award of business assistance or incentive, for a period of time that  
38 coincides with the privilege period for which a tax credit authorized  
39 pursuant to this section is allowed. The order of priority in which  
40 the tax credit allowed pursuant to this section and any other tax  
41 credits allowed by law may be taken shall be as prescribed by the  
42 director. The amount of the tax credit applied under this section  
43 against the tax imposed pursuant to section 5 of P.L.1945, c.162  
44 (C.54:10A-5), for a privilege period, when taken together with any  
45 other payments, credits, deductions, and adjustments allowed by  
46 law shall not reduce the tax liability of the taxpayer to an amount  
47 less than the statutory minimum provided in subsection (e) of  
48 section 5 of P.L.1945, c.162 (C.54:10A-5). The amount of the tax

1 credit otherwise allowable under this section which cannot be  
2 applied for the privilege period due to the limitations of this  
3 subsection or under other provisions of P.L.1945, c.162 (C.54:10A-  
4 1 et seq.) may be carried forward, if necessary, to the seven  
5 privilege periods following the privilege period for which the tax  
6 credit was allowed.

7 d. A taxpayer, with an application for a tax credit provided for  
8 in subsection a. or subsection b. of this section, may apply to the  
9 authority and the director for a tax credit transfer certificate in lieu  
10 of the taxpayer being allowed any amount of the tax credit against  
11 the tax liability of the taxpayer. The tax credit transfer certificate,  
12 upon receipt thereof by the taxpayer from the authority and the  
13 director, may be sold or assigned, in full or in part, to any other  
14 taxpayer that may have a tax liability under the "Corporation  
15 Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), or  
16 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., in  
17 exchange for private financial assistance to be provided by the  
18 purchaser or assignee to the taxpayer that has applied for and been  
19 granted the tax credit. The tax credit transfer certificate provided to  
20 the taxpayer shall include a statement waiving the taxpayer's right  
21 to claim that amount of the tax credit against the tax imposed  
22 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) that the  
23 taxpayer has elected to sell or assign. The sale or assignment of any  
24 amount of a tax credit transfer certificate allowed under this section  
25 shall not be exchanged for consideration received by the taxpayer of  
26 less than 75 percent of the transferred tax credit amount. Any  
27 amount of a tax credit transfer certificate used by a purchaser or  
28 assignee against a tax liability under P.L.1945, c.162 (C.54:10A-1  
29 et seq.) shall be subject to the same limitations and conditions that  
30 apply to the use of a tax credit pursuant to subsection c. of this  
31 section. Any amount of a tax credit transfer certificate obtained by  
32 a purchaser or assignee under subsection a. or subsection b. of this  
33 section may be applied against the purchaser's or assignee's tax  
34 liability under N.J.S.54A:1-1 et seq. and shall be subject to the  
35 same limitations and conditions that apply to the use of a credit  
36 pursuant to subsections c. and d. of section 2 of P.L.2018, c.56  
37 (C.54A:4-12b).

38 e. (1) The value of tax credits, including tax credits allowed  
39 through the granting of tax credit transfer certificates, approved by  
40 the director and the authority pursuant to subsection a. of this  
41 section and pursuant to subsection a. of section 2 of P.L.2018, c.56  
42 (C.54A:4-12b) to taxpayers, other than New Jersey studio partners  
43 and New Jersey film-lease partners, shall not exceed a cumulative  
44 total of \$100,000,000 in fiscal year 2019 and in each fiscal year  
45 thereafter prior to fiscal year 2035 to apply against the tax imposed  
46 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) and the tax  
47 imposed pursuant to the "New Jersey Gross Income Tax Act,"  
48 N.J.S.54A:1-1 et seq. In addition to the \$100,000,000 limitation on

1 the value of tax credits approved by the director for New Jersey  
2 film-lease partners and the \$100,000,000 limitation on the value of  
3 tax credits approved by the director for other taxpayers imposed by  
4 this paragraph, the value of tax credits, including tax credits  
5 allowed through the granting of tax credit transfer certificates,  
6 approved by the director and the authority pursuant to subsection a.  
7 of this section and pursuant to subsection a. of section 2 of  
8 P.L.2018, c.56 (C.54A:4-12b) to New Jersey studio partners shall  
9 not exceed a cumulative total of \$100,000,000 in fiscal year 2021  
10 and in each fiscal year thereafter prior to fiscal year 2034 to apply  
11 against the tax imposed pursuant to section 5 of P.L.1945, c.162  
12 (C.54:10A-5) and the tax imposed pursuant to the "New Jersey  
13 Gross Income Tax Act," N.J.S.54A:1-1 et seq. Beginning in fiscal  
14 year 2025, in addition to the \$100,000,000 made available for New  
15 Jersey studio partners pursuant to this paragraph, up to an additional  
16 \$350,000,000 may be made available annually, in the discretion of  
17 the authority, to New Jersey studio partners for the award of tax  
18 credits, including tax credits allowed through the granting of tax  
19 credit transfer certificates, pursuant to subsection a. of this section  
20 and subsection a. of section 2 of P.L.2018, c.56 (C.54A:4-12b),  
21 from the funds made available pursuant to subparagraph (i) of  
22 paragraph (1) of subsection b. of section 98 of P.L.2020, c.156  
23 (C.34:1B-362). In addition to the \$100,000,000 limitation on the  
24 value of tax credits approved by the director for New Jersey studio  
25 partners and the \$100,000,000 limitation on the value of tax credits  
26 approved by the director for other taxpayers imposed by this  
27 paragraph, the value of tax credits, including tax credits allowed  
28 through the granting of tax credit transfer certificates, approved by  
29 the director and the authority pursuant to subsection a. of this  
30 section and pursuant to subsection a. of section 2 of P.L.2018, c.56  
31 (C.54A:4-12b) to New Jersey film-lease partners shall not exceed a  
32 cumulative total of \$100,000,000 in fiscal year 2021 and in each  
33 fiscal year thereafter prior to fiscal year 2034 to apply against the  
34 tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5)  
35 and the tax imposed pursuant to the "New Jersey Gross Income Tax  
36 Act," N.J.S.54A:1-1 et seq. Beginning in fiscal year 2025, in  
37 addition to the \$100,000,000 made available for New Jersey film-  
38 lease partners pursuant to this paragraph, up to an additional  
39 \$100,000,000 may be made available annually, in the discretion of  
40 the authority, to New Jersey film-lease partners for the award of tax  
41 credits, including tax credits allowed through the granting of tax  
42 credit transfer certificates, pursuant to subsection a. of this section  
43 and subsection a. of section 2 of P.L.2018, c.56 (C.54A:4-12b),  
44 from the funds made available pursuant to subparagraph (i) of  
45 paragraph (1) of subsection b. of section 98 of P.L.2020, c.156  
46 (C.34:1B-362). Approvals made to New Jersey studio partners and  
47 New Jersey film-lease partners shall be subject to award agreements  
48 with the authority detailing obligations of the awardee and

1 outcomes relating to events of default, including, but not limited to,  
2 recapture, forfeiture, and termination. If in any privilege period,  
3 beginning following a date determined by the authority, a New  
4 Jersey film-lease partner's annual average of qualified film  
5 production expenses falls below \$50,000,000, the authority shall  
6 reduce by 20 percent any tax credit award for a film for which final  
7 documentation has been submitted, until a privilege period when the  
8 annual average of qualified film production expenses has been  
9 restored to \$50,000,000. The authority shall establish a non-  
10 binding, administrative pre-certification process for potentially  
11 eligible projects.

12 If the cumulative total amount of tax credits, and tax credit  
13 transfer certificates, allowed to taxpayers for privilege periods or  
14 taxable years commencing during a single fiscal year under  
15 subsection a. of this section and subsection a. of section 2 of  
16 P.L.2018, c.56 (C.54A:4-12b) exceeds the amount of tax credits  
17 available in that fiscal year, then taxpayers who have first applied  
18 for and have not been allowed a tax credit or tax credit transfer  
19 certificate amount for that reason shall be allowed, in the order in  
20 which they have submitted an application, the amount of tax credit  
21 or tax credit transfer certificate on the first day of the next  
22 succeeding fiscal year in which tax credits and tax credit transfer  
23 certificates under subsection a. of this section and subsection a. of  
24 section 2 of P.L.2018, c.56 (C.54A:4-12b) are not in excess of the  
25 amount of credits available.

26 Notwithstanding any provision of this paragraph to the contrary,  
27 for any fiscal year in which the amount of tax credits approved to  
28 New Jersey studio partners, New Jersey film-lease partners, or  
29 taxpayers other than New Jersey studio partners and New Jersey  
30 film-lease partners pursuant to this paragraph is less than the  
31 cumulative total amount of tax credits permitted to be approved to  
32 each such category, in that fiscal year, the authority shall certify the  
33 amount of the remaining tax credits available for approval to each  
34 such category in that fiscal year, and shall increase the cumulative  
35 total amount of tax credits permitted to be approved for New Jersey  
36 studio partners, New Jersey film-lease partners, or taxpayers other  
37 than New Jersey studio partners and New Jersey film-lease partners  
38 in the subsequent fiscal year by the certified amount remaining for  
39 each such category from the prior fiscal year. The authority shall  
40 also certify, for each fiscal year, the amount of tax credits that were  
41 previously approved, but that the taxpayer is not able to redeem or  
42 transfer to another taxpayer under this section, and shall increase  
43 the cumulative total amount of tax credits permitted to be approved  
44 for New Jersey studio partners, New Jersey film-lease partners, or  
45 taxpayers other than New Jersey studio partners and New Jersey  
46 film-lease partners in the subsequent fiscal year by the amount of  
47 tax credits previously approved for each such category, but not  
48 subject to redemption or transfer. In each fiscal year in which tax

1 credits remain unapproved for, or unredeemed or not transferred by,  
2 New Jersey film-lease partners or taxpayers other than New Jersey  
3 studio partners and New Jersey film-lease partners, the authority  
4 may reallocate some or all of such remaining tax credits in the  
5 subsequent fiscal year between the category of New Jersey film-  
6 lease partners and the category of taxpayers other than New Jersey  
7 studio partners and New Jersey film-lease partners in lieu of  
8 increasing the tax credits available for the respective category by  
9 the amount reallocated.

10 (2) The value of tax credits, including tax credits allowed  
11 through the granting of tax credit transfer certificates, approved by  
12 the authority and the director pursuant to subsection b. of this  
13 section and pursuant to subsection b. of section 2 of P.L.2018, c.56  
14 (C.54A:4-12b) shall not exceed a cumulative total of \$30,000,000 in  
15 fiscal year 2019 and in each fiscal year thereafter prior to fiscal year  
16 2035 to apply against the tax imposed pursuant to section 5 of  
17 P.L.1945, c.162 (C.54:10A-5) and the tax imposed pursuant to the  
18 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.

19 If the total amount of tax credits and tax credit transfer  
20 certificates allowed to taxpayers for privilege periods or taxable  
21 years commencing during a single fiscal year under subsection b. of  
22 this section and subsection b. of section 2 of P.L.2018, c.56  
23 (C.54A:4-12b) exceeds the amount of tax credits available in that  
24 year, then taxpayers who have first applied for and have not been  
25 allowed a tax credit or tax credit transfer certificate amount for that  
26 reason shall be allowed, in the order in which they have submitted  
27 an application, the amount of tax credit or tax credit transfer  
28 certificate on the first day of the next succeeding fiscal year in  
29 which tax credits and tax credit transfer certificates under  
30 subsection b. of this section and subsection b. of section 2 of  
31 P.L.2018, c.56 (C.54A:4-12b) are not in excess of the amount of  
32 credits available.

33 Notwithstanding any provision of this paragraph to the contrary,  
34 for any fiscal year in which the amount of tax credits approved  
35 pursuant to this paragraph is less than the cumulative total amount  
36 of tax credits permitted to be approved in that fiscal year, the  
37 authority shall certify the amount of the remaining tax credits  
38 available for approval in that fiscal year, and shall increase the  
39 cumulative total amount of tax credits permitted to be approved in  
40 the subsequent fiscal year by the certified amount remaining from  
41 the prior fiscal year. The authority shall also certify, for each fiscal  
42 year, the amount of tax credits that were previously approved, but  
43 that the taxpayer is not able to redeem or transfer to another  
44 taxpayer under this section, and shall increase the cumulative total  
45 amount of tax credits permitted to be approved in the subsequent  
46 fiscal year by the amount of tax credits previously approved, but not  
47 subject to redemption or transfer.

1 f. A taxpayer shall submit to the authority and the director a  
2 report prepared by an independent certified public accountant  
3 licensed in this State to verify the taxpayer's tax credit claim  
4 following the completion of the production. The report shall be  
5 prepared by the independent certified public accountant pursuant to  
6 agreed-upon procedures prescribed by the authority and the  
7 director, and shall include such information and documentation as  
8 shall be determined to be necessary by the authority and the director  
9 to substantiate the qualified film production expenses or the  
10 qualified digital media content production expenses of the taxpayer.  
11 A single report with attachments deemed necessary by the authority  
12 shall be submitted electronically. Upon receipt of the report, the  
13 authority and the director shall review the findings of the  
14 independent certified public accountant's report, and shall make a  
15 determination as to the qualified film production expenses or the  
16 qualified digital media content production expenses of the taxpayer.  
17 The authority's and the director's review shall include, but shall not  
18 be limited to: a review of all non-payroll qualified film production  
19 expense items and non-payroll digital media content production  
20 expense items over \$20,000; a review of 100 randomly selected  
21 non-payroll qualified film production expense items and non-  
22 payroll digital media content production expense items that are  
23 greater than \$2,500, but less than \$20,000; a review of 100  
24 randomly selected non-payroll qualified film production expense  
25 items and non-payroll digital media content production expense  
26 items that are less than \$2,500; a review of the qualified wages for  
27 the 15 employees, independent contractors, or loan-out companies  
28 with the highest qualified wages; and a review of the qualified  
29 wages for 35 randomly selected employees, independent  
30 contractors, or loan-out companies with qualified wages other than  
31 the 15 employees, independent contractors, or loan-out companies  
32 with the highest qualified wages. The taxpayer's qualified film  
33 production expenses and digital media content production expenses  
34 shall be adjusted based on any discrepancies identified for the  
35 reviewed non-payroll qualified film production expense items, non-  
36 payroll digital media content production expense items and  
37 qualified wages. The taxpayer's qualified film production expenses  
38 and digital media content production expenses also shall be adjusted  
39 based on the projection of any discrepancies identified based on the  
40 review of randomly selected expense items or wages pursuant to  
41 this subsection to the extent that the discrepancies exceed one  
42 percent of the total reviewed non-payroll qualified film production  
43 expense items, non-payroll digital media content production  
44 expense items, or qualified wages. The determination shall be  
45 provided in writing to the taxpayer, and a copy of the written  
46 determination shall be included in the filing of a return that includes  
47 a claim for a tax credit allowed pursuant to this section.

1 g. A taxpayer shall withhold from each payment to a loan out  
2 company or to an independent contractor an amount equal to 6.37  
3 percent of the payment otherwise due. The amounts withheld shall  
4 be deemed to be withholding of liability pursuant to the "New  
5 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., and the  
6 taxpayer shall be deemed to have the rights, duties, and  
7 responsibilities of an employer pursuant to chapter 7 of Title 54A of  
8 the New Jersey Statutes. The director shall allocate the amounts  
9 withheld for a taxable year to the accounts of the individuals who  
10 are employees of a loan out company in proportion to the  
11 employee's payment by the loan out company in connection with a  
12 trade, profession, or occupation carried on in this State or for the  
13 rendition of personal services performed in this State during the  
14 taxable year. A loan out company that reports its payments to  
15 employees in connection with a trade, profession, or occupation  
16 carried on in this State or for the rendition of personal services  
17 performed in this State during a taxable year shall be relieved of its  
18 duties and responsibilities as an employer pursuant to chapter 7 of  
19 Title 54A of the New Jersey Statutes for the taxable year for any  
20 payments relating to the payments on which the taxpayer withheld.

21 h. As used in this section:

22 "Authority" means the New Jersey Economic Development  
23 Authority.

24 "Business assistance or incentive" means "business assistance or  
25 incentive" as that term is defined pursuant to section 1 of P.L.2007,  
26 c.101 (C.54:50-39).

27 "Commission" means the Motion Picture and Television  
28 Development Commission.

29 "Digital media content" means any data or information that is  
30 produced in digital form, including data or information created in  
31 analog form but reformatted in digital form, text, graphics,  
32 photographs, animation, sound, and video content. "Digital media  
33 content" shall not mean content offerings generated by the end user  
34 (including postings on electronic bulletin boards and chat rooms);  
35 content offerings comprised primarily of local news, events,  
36 weather, or local market reports; public service content; electronic  
37 commerce platforms (such as retail and wholesale websites);  
38 websites or content offerings that contain obscene material as  
39 defined pursuant to N.J.S.2C:34-2 and N.J.S.2C:34-3; websites or  
40 content that are produced or maintained primarily for private,  
41 industrial, corporate, or institutional purposes; or digital media  
42 content acquired or licensed by the taxpayer for distribution or  
43 incorporation into the taxpayer's digital media content.

44 "Film" means a feature film, a television series, or a television  
45 show of 22 minutes or more in length, intended for a national  
46 audience, or a television series or a television show of 22 minutes  
47 or more in length intended for a national or regional audience,  
48 including, but not limited to, a game show, award show, or other

1 gala event filmed and produced at a nonprofit arts and cultural  
2 venue receiving State funding. "Film" shall not include a  
3 production featuring news, current events, weather, and market  
4 reports or public programming, talk show, or sports event, a  
5 production that solicits funds, a production containing obscene  
6 material as defined under N.J.S.2C:34-2 and N.J.S.2C:34-3, or a  
7 production primarily for private, industrial, corporate, or  
8 institutional purposes, or a reality show, except if the production  
9 company of the reality show owns, leases, or otherwise occupies a  
10 production facility of no less than 20,000 square feet of real  
11 property for a minimum term of 24 months, and invests no less than  
12 \$3,000,000 in such a facility within a designated enterprise zone  
13 established pursuant to the "New Jersey Urban Enterprise Zones  
14 Act," P.L.1983, c.303 (C.52:27H-60 et al.), or a UEZ-impacted  
15 business district established pursuant to section 3 of P.L.2001,  
16 c.347 (C.52:27H-66.2). "Film" shall not include an award show or  
17 other gala event that is not filmed and produced at a nonprofit arts  
18 and cultural venue receiving State funding.

19 "Full-time or full-time equivalent employee" means an individual  
20 employed by the taxpayer for consideration for at least 35 hours a  
21 week, or who renders any other standard of service generally  
22 accepted by custom or practice as full-time or full-time equivalent  
23 employment, whose wages are subject to withholding as provided in  
24 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., or  
25 who is a partner of a taxpayer, who works for the partnership for at  
26 least 35 hours a week, or who renders any other standard of service  
27 generally accepted by custom or practice as full-time or full-time  
28 equivalent employment, and whose distributive share of income,  
29 gain, loss, or deduction, or whose guaranteed payments, or any  
30 combination thereof, is subject to the payment of estimated taxes, as  
31 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1  
32 et seq. "Full-time or full-time equivalent employee" shall not  
33 include an individual who works as an independent contractor or on  
34 a consulting basis for the taxpayer.

35 "Highly compensated individual" means an individual who  
36 directly or indirectly receives compensation in excess of \$500,000  
37 for the performance of services used directly in a production. An  
38 individual receives compensation indirectly when the taxpayer pays  
39 a loan out company that, in turn, pays the individual for the  
40 performance of services.

41 "Incurred in New Jersey" means, for any application submitted  
42 after the effective date of P.L.2018, c.56 (C.54:10A-5.39b et al.),  
43 pursuant to which a tax credit has not been allowed prior to the  
44 effective date of P.L.2021, c.160, service performed within New  
45 Jersey and tangible personal property used or consumed in New  
46 Jersey. A service is performed in New Jersey to the extent that the  
47 individual performing the service is physically located in New  
48 Jersey while performing the service. Notwithstanding where the

1 property is delivered or acquired, rented tangible property is used or  
2 consumed in New Jersey to the extent that the property is located in  
3 New Jersey during its use or consumption and is rented from a  
4 vendor authorized to do business in New Jersey or the film  
5 production company provides to the authority the vendor's  
6 information in a form and manner prescribed by the authority.  
7 Purchased tangible property is not used and consumed in New  
8 Jersey unless it is purchased from a vendor authorized to do  
9 business in New Jersey and is delivered to or acquired within New  
10 Jersey; provided, however, that if a production is also located in  
11 another jurisdiction, the purchased tangible property is used and  
12 consumed in New Jersey if the acquisition and delivery of  
13 purchased tangible property is located in either New Jersey or  
14 another jurisdiction where the production takes place.

15 "Independent contractor" means an individual treated as an  
16 independent contractor for federal and State tax purposes who is  
17 contracted with by the taxpayer for the performance of services  
18 used directly in a production.

19 "Loan out company" means a personal service corporation or  
20 other entity that is contracted with by the taxpayer to provide  
21 specified individual personnel, such as artists, crew, actors,  
22 producers, or directors for the performance of services used directly  
23 in a production. "Loan out company" shall not include entities  
24 contracted with by the taxpayer to provide goods or ancillary  
25 contractor services such as catering, construction, trailers,  
26 equipment, or transportation.

27 "New Jersey film-lease partner" means a taxpayer, including any  
28 taxpayer that is a member of a combined group under section 23 of  
29 P.L.2018, c.48 (C.54:10A-4.11), that has made a commitment to  
30 lease or acquire all or part of a New Jersey production facility,  
31 which leased or acquired space shall have an aggregate square  
32 footage of at least 50,000 square feet, including a sound stage and  
33 production support space, such as production offices or a backlot,  
34 for a period of five or more successive years and commits to spend,  
35 on a separate-entity basis or in the aggregate with other members of  
36 the taxpayer's combined group, an annual average of \$50,000,000 of  
37 qualified film production expenses over the period of at least five  
38 but not to exceed 10 years.

39 "New Jersey studio partner" means a film production company  
40 that has made a commitment to produce films or commercial  
41 audiovisual products in New Jersey and has developed, purchased,  
42 or executed a 10-year contract to lease a production facility of  
43 250,000 square feet or more, or has executed a purchase contract  
44 with a governmental entity for the purpose of developing a  
45 production facility of 250,000 square feet or more within 60 months  
46 after being designated as a New Jersey studio partner. A film  
47 production company designated as a New Jersey studio partner, that  
48 receives approval of an application to the authority and the director,

1 shall be allowed a credit against the tax imposed pursuant to section  
2 5 of P.L.1945, c.162 (C.54:10A-5) as provided in this section. No  
3 more than three film production companies may be designated as a  
4 New Jersey studio partner.

5 "Partnership" means an entity classified as a partnership for  
6 federal income tax purposes.

7 "Post-production costs" means the costs of the phase of  
8 production of a film that follows principal photography, in which  
9 raw footage is cut and assembled into a finished film with sound  
10 synchronization and visual effects.

11 "Pre-production costs" means the costs of the phase of  
12 production of a film that precedes principal photography, in which a  
13 detailed schedule and budget for the production is prepared, the  
14 script and location is finalized, and contracts with vendors are  
15 negotiated.

16 "Qualified digital media content production expenses" means an  
17 expense incurred in New Jersey for the production of digital media  
18 content. "Qualified digital media content production expenses"  
19 shall include but not be limited to: wages and salaries of individuals  
20 employed in the production of digital media content on which the  
21 tax imposed by the "New Jersey Gross Income Tax Act,"  
22 N.J.S.54A:1-1 et seq. has been paid or is due; and the costs of  
23 computer software and hardware, data processing, visualization  
24 technologies, sound synchronization, editing, and the rental of  
25 facilities and equipment. Payment made to a loan out company or  
26 to an independent contractor shall not be deemed a "qualified digital  
27 media content production expense" unless the payment is made in  
28 connection with a trade, profession, or occupation carried on in this  
29 State or for the rendition of personal services performed in this  
30 State and the taxpayer has made the withholding required pursuant  
31 to subsection g. of this section. "Qualified digital media content  
32 production expenses" shall not include expenses incurred in  
33 marketing, promotion, or advertising digital media or other costs  
34 not directly related to the production of digital media content.  
35 Costs related to the acquisition or licensing of digital media content  
36 by the taxpayer for distribution or incorporation into the taxpayer's  
37 digital media content shall not be deemed "qualified digital media  
38 content production expenses."

39 "Qualified film production expenses" means an expense incurred  
40 in New Jersey for the production of a film including pre-production  
41 costs and post-production costs incurred in New Jersey. "Qualified  
42 film production expenses" shall include but not be limited to: wages  
43 and salaries of individuals employed in the production of a film on  
44 which the tax imposed by the "New Jersey Gross Income Tax Act,"  
45 N.J.S.54A:1-1 et seq. has been paid or is due; and the costs for  
46 tangible personal property used, and services performed, directly  
47 and exclusively in the production of a film, such as expenditures for  
48 film production facilities, props, makeup, wardrobe, film

1 processing, camera, sound recording, set construction, lighting,  
2 shooting, editing, and meals. Payment made to a loan out company  
3 or to an independent contractor shall not be deemed a "qualified  
4 film production expense" unless the payment is made in connection  
5 with a trade, profession, or occupation carried on in this State or for  
6 the rendition of personal services performed in this State and the  
7 taxpayer has made the withholding required pursuant to subsection  
8 g. of this section. "Qualified film production expenses" shall not  
9 include: expenses incurred in marketing or advertising a film; and  
10 payment in excess of \$500,000 to a highly compensated individual  
11 for costs for a story, script, or scenario used in the production of a  
12 film and wages or salaries or other compensation for writers,  
13 directors, including music directors, producers, and performers,  
14 other than background actors with no scripted lines, except as  
15 follows:

16 (1) for a New Jersey studio partner that incurs more than  
17 \$15,000,000, but less than \$50,000,000, in qualified film production  
18 expenses in the State, an amount, not to exceed \$15,000,000, of the  
19 wages or salaries or other compensation for writers, directors,  
20 including music directors, producers, and performers, other than  
21 background actors with no scripted lines, shall constitute qualified  
22 film production expenses;

23 (2) for a New Jersey studio partner that incurs \$50,000,000 or  
24 more, but less than \$100,000,000, in qualified film production  
25 expenses in the State, an amount, not to exceed \$25,000,000, of the  
26 wages or salaries or other compensation for writers, directors,  
27 including music directors, producers, and performers, other than  
28 background actors with no scripted lines, shall constitute qualified  
29 film production expenses;

30 (3) for a New Jersey studio partner that incurs \$100,000,000 or  
31 more, but less than \$150,000,000, in qualified film production  
32 expenses in the State, an amount, not to exceed \$40,000,000, of the  
33 wages or salaries or other compensation for writers, directors,  
34 including music directors, producers, and performers, other than  
35 background actors with no scripted lines, shall constitute qualified  
36 film production expenses; and

37 (4) for a New Jersey studio partner that incurs \$150,000,000 or  
38 more in qualified film production expenses in the State, an amount,  
39 not to exceed \$60,000,000, of the wages or salaries or other  
40 compensation for writers, directors, including music directors,  
41 producers, and performers, other than background actors with no  
42 scripted lines, shall constitute qualified film production expenses.

43 "Total digital media content production expenses" means costs  
44 for services performed and property used or consumed in the  
45 production of digital media content.

46 "Total film production expenses" means costs for services  
47 performed and tangible personal property used or consumed in the  
48 production of a film.

1 i. A business that is not a "taxpayer" as defined and used in the  
2 "Corporation Business Tax Act (1945)," P.L.1945, c.162  
3 (C.54:10A-1 et seq.) and therefore is not directly allowed a credit  
4 under this section, but is a business entity that is classified as a  
5 partnership for federal income tax purposes and is ultimately owned  
6 by a business entity that is a "corporation" as defined in subsection  
7 (c) of section 4 of P.L.1945, c.162 (C.54:10A-4), or a limited  
8 liability company formed under the "Revised Uniform Limited  
9 Liability Company Act," P.L.2012, c.50 (C.42:2C-1 et seq.), or  
10 qualified to do business in this State as a foreign limited liability  
11 company, with one member, and is wholly owned by the business  
12 entity that is a "corporation" as defined in subsection (c) of section  
13 4 of P.L.1945, c.162 (C.54:10A-4), but otherwise meets all other  
14 requirements of this section, shall be considered an eligible  
15 applicant and "taxpayer" as that term is used in this section.  
16 (cf: P.L.2021, c.367, s.1)

17

18 2. Section 2 of P.L.2018, c.56 (C.54A:4-12b) is amended to  
19 read as follows:

20 2. a. (1) A taxpayer, upon approval of an application to the  
21 authority and the director, shall be allowed a credit against the tax  
22 otherwise due for the taxable year under the "New Jersey Gross  
23 Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to 35  
24 percent of the qualified film production expenses of the taxpayer  
25 during a taxable year commencing on or after July 1, 2018 but  
26 before July 1, 2034, provided that:

27 (a) at least 60 percent of the total film production expenses,  
28 exclusive of post-production costs, of the taxpayer are incurred for  
29 services performed, and goods purchased through vendors  
30 authorized to do business, in New Jersey, or the qualified film  
31 production expenses of the taxpayer during the taxable year for  
32 services performed, and goods purchased, through vendors  
33 authorized to do business in New Jersey, exceed \$1,000,000 per  
34 production;

35 (b) principal photography of the film commences within 180  
36 days from the date of the original application for the tax credit;

37 (c) the film includes, when determined to be appropriate by the  
38 commission, at no cost to the State, marketing materials promoting  
39 this State as a film and entertainment production destination, which  
40 materials shall include placement of a "Filmed in New Jersey" or  
41 "Produced in New Jersey" statement, or an appropriate logo  
42 approved by the commission, in the end credits of the film;

43 (d) the taxpayer submits a tax credit verification report prepared  
44 by an independent certified public accountant licensed in this State  
45 in accordance with subsection g. of this section; and

46 (e) the taxpayer complies with the withholding requirements  
47 provided for payments to loan out companies and independent  
48 contractors in accordance with subsection h. of this section.

1 (2) Notwithstanding the provisions of paragraph (1) of  
2 subsection a. of this section to the contrary, the tax credit allowed  
3 pursuant to this subsection against the tax otherwise due for the  
4 taxable year under the "New Jersey Gross Income Tax Act,"  
5 N.J.S.54A:1-1 et seq., shall be in an amount equal to 30 percent of  
6 the qualified film production expenses of the taxpayer during a  
7 taxable year that are incurred for services performed and tangible  
8 personal property purchased for use at a sound stage or other  
9 location that is located in the State within a 30-mile radius of the  
10 intersection of Eighth Avenue/Central Park West, Broadway, and  
11 West 59th Street/Central Park South, New York, New York.

12 b. (1) A taxpayer, upon approval of an application to the  
13 authority and the director, shall be allowed a credit against the tax  
14 otherwise due for the taxable year under the "New Jersey Gross  
15 Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to: 30  
16 percent of the qualified digital media content production expenses  
17 of the taxpayer during a taxable year commencing on or after July  
18 1, 2018 but before July 1, 2034, provided that:

19 (a) at least \$2,000,000 of the total digital media content  
20 production expenses of the taxpayer are incurred for services  
21 performed, and goods purchased through vendors authorized to do  
22 business, in New Jersey;

23 (b) at least 50 percent of the qualified digital media content  
24 production expenses of the taxpayer are for wages and salaries paid  
25 to full-time or full-time equivalent employees in New Jersey;

26 (c) the taxpayer submits a tax credit verification report prepared  
27 by an independent certified public accountant licensed in this State  
28 in accordance with subsection g. of this section; and

29 (d) the taxpayer complies with the withholding requirements  
30 provided for payments to loan out companies and independent  
31 contractors in accordance with subsection h. of this section.

32 (2) Notwithstanding the provisions of paragraph (1) of  
33 subsection b. of this section to the contrary, the tax credit allowed  
34 pursuant to this subsection against the tax otherwise due for the  
35 taxable year under the "New Jersey Gross Income Tax Act,"  
36 N.J.S.54A:1-1 et seq., shall be in an amount equal to 35 percent for  
37 the qualified digital media content production expenses of the  
38 taxpayer during a taxable year that are incurred for services  
39 performed and tangible personal property purchased through  
40 vendors whose primary place of business is located in Atlantic,  
41 Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer,  
42 or Salem County.

43 c. No tax credit shall be allowed pursuant to this section for  
44 any costs or expenses included in the calculation of any other tax  
45 credit or exemption granted pursuant to a claim made on a tax  
46 return filed with the director, or included in the calculation of an  
47 award of business assistance or incentive, for a period of time that  
48 coincides with the taxable year for which a tax credit authorized

1 pursuant to this section is allowed. The order of priority in which  
2 the tax credit allowed pursuant to this section and any other tax  
3 credits allowed by law may be taken shall be as prescribed by the  
4 director. The amount of the tax credit applied under this section  
5 against the tax otherwise due under the "New Jersey Gross Income  
6 Tax Act," N.J.S.54A:1-1 et seq., for a taxable year, when taken  
7 together with any other payments, credits, deductions, and  
8 adjustments allowed by law shall not reduce the tax liability of the  
9 taxpayer to an amount less than zero. The amount of the tax credit  
10 otherwise allowable under this section which cannot be applied for  
11 the taxable year due to the limitations of this subsection or under  
12 other provisions of N.J.S.54A:1-1 et seq., may be carried forward, if  
13 necessary, to the seven taxable years following the taxable year for  
14 which the tax credit was allowed.

15 d. (1) A business entity that is classified as a partnership for  
16 federal income tax purposes shall not be allowed a tax credit  
17 pursuant to this section directly, but the amount of tax credit of a  
18 taxpayer in respect of a distributive share of entity income, shall be  
19 determined by allocating to the taxpayer that proportion of the tax  
20 credit acquired by the entity that is equal to the taxpayer's share,  
21 whether or not distributed, of the total distributive income or gain  
22 of the entity for its taxable year ending within or with the taxpayer's  
23 taxable year.

24 (2) A New Jersey S Corporation shall not be allowed a tax credit  
25 pursuant to this section directly, but the amount of tax credit of a  
26 taxpayer in respect of a pro rata share of S Corporation income,  
27 shall be determined by allocating to the taxpayer that proportion of  
28 the tax credit acquired by the New Jersey S Corporation that is  
29 equal to the taxpayer's share, whether or not distributed, of the total  
30 pro rata share of S Corporation income of the New Jersey S  
31 Corporation for its privilege period ending within or with the  
32 taxpayer's taxable year.

33 A business entity that is not a gross income "taxpayer" as defined  
34 and used in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1  
35 et seq., and therefore is not directly allowed a credit under this  
36 section, but otherwise meets all the other requirements of this  
37 section, shall be considered an eligible applicant and "taxpayer" as  
38 that term is used in this section, and the application of an otherwise  
39 allowed credit amount shall be distributed to appropriate gross  
40 income taxpayers pursuant to the other requirements of this  
41 subsection.

42 e. A taxpayer, with an application for a tax credit provided for  
43 in subsection a. or subsection b. of this section, may apply to the  
44 authority and the director for a tax credit transfer certificate in lieu  
45 of the taxpayer being allowed any amount of the tax credit against  
46 the tax liability of the taxpayer. The tax credit transfer certificate,  
47 upon receipt thereof by the taxpayer from the authority and the  
48 director, may be sold or assigned, in full or in part, to any other

1 taxpayer that may have a tax liability under the "New Jersey Gross  
2 Income Tax Act," N.J.S.54A:1-1 et seq., or the "Corporation  
3 Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), in  
4 exchange for private financial assistance to be provided by the  
5 purchaser or assignee to the taxpayer that has applied for and been  
6 granted the tax credit. The tax credit transfer certificate provided to  
7 the taxpayer shall include a statement waiving the taxpayer's right  
8 to claim that amount of the tax credit against the tax imposed  
9 pursuant to N.J.S.54A:1-1 et seq. that the taxpayer has elected to  
10 sell or assign. The sale or assignment of any amount of a tax credit  
11 transfer certificate allowed under this section shall not be  
12 exchanged for consideration received by the taxpayer of less than  
13 75 percent of the transferred tax credit amount. Any amount of a  
14 tax credit transfer certificate used by a purchaser or assignee against  
15 a tax liability under N.J.S.54A:1-1 et seq. shall be subject to the  
16 same limitations and conditions that apply to the use of a tax credit  
17 pursuant to subsections c. and d. of this section. Any amount of a  
18 tax credit transfer certificate obtained by a purchaser or assignee  
19 under subsection e. of this section may be applied against the  
20 purchaser's or assignee's tax liability under P.L.1945, c.162  
21 (C.54:10A-1 et seq.) and shall be subject to the same limitations  
22 and conditions that apply to the use of a credit pursuant to  
23 subsection c. of section 1 of P.L.2018, c.56 (C.54:10A-5.39b).

24 f. (1) The value of tax credits, including tax credits allowed  
25 through the granting of tax credit transfer certificates, approved by  
26 the director and the authority pursuant to subsection a. of this  
27 section and pursuant to subsection a. of section 1 of P.L.2018, c.56  
28 (C.54:10A-5.39b) to taxpayers, other than New Jersey studio  
29 partners and New Jersey film-lease partners, shall not exceed a  
30 cumulative total of \$100,000,000 in fiscal year 2019 and in each  
31 fiscal year thereafter prior to fiscal year 2035 to apply against the  
32 tax imposed pursuant to the "New Jersey Gross Income Tax Act,"  
33 N.J.S.54A:1-1 et seq., and pursuant to section 5 of P.L.1945, c.162  
34 (C.54:10A-5). In addition to the \$100,000,000 limitation on the  
35 value of tax credits approved by the director for New Jersey film-  
36 lease partners and the \$100,000,000 limitation on the value of tax  
37 credits approved by the director for other taxpayers imposed by this  
38 paragraph, the value of tax credits, including tax credits allowed  
39 through the granting of tax credit transfer certificates, approved by  
40 the director and the authority pursuant to subsection a. of this  
41 section and pursuant to subsection a. of section 1 of P.L.2018, c.56  
42 (C.54:10A-5.39b) to New Jersey studio partners shall not exceed a  
43 cumulative total of \$100,000,000 in fiscal year 2021 and in each  
44 fiscal year thereafter prior to fiscal year 2034 to apply against the  
45 tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5)  
46 and the tax imposed pursuant to the "New Jersey Gross Income Tax  
47 Act," N.J.S.54A:1-1 et seq. Beginning in fiscal year 2025, in  
48 addition to the \$100,000,000 made available for New Jersey studio

1 partners pursuant to this paragraph, up to an additional  
2 \$350,000,000 may be made available annually, in the discretion of  
3 the authority, to New Jersey studio partners for the award of tax  
4 credits, including tax credits allowed through the granting of tax  
5 credit transfer certificates, pursuant to subsection a. of this section  
6 and subsection a. of section 1 of P.L.2018, c.56 (C.54:10A-5.39b),  
7 from the funds made available pursuant to subparagraph (i) of  
8 paragraph (1) of subsection b. of section 98 of P.L.2020, c.156  
9 (C.34:1B-362). In addition to the \$100,000,000 limitation on the  
10 value of tax credits approved by the director for New Jersey studio  
11 partners and the \$100,000,000 limitation on the value of tax credits  
12 approved by the director for other taxpayers imposed by this  
13 paragraph, the value of tax credits, including tax credits allowed  
14 through the granting of tax credit transfer certificates, approved by  
15 the director and the authority pursuant to subsection a. of this  
16 section and pursuant to subsection a. of section 1 of P.L.2018, c.56  
17 (C.54:10A-5.39b) to New Jersey film-lease partners shall not  
18 exceed a cumulative total of \$100,000,000 in fiscal year 2021 and  
19 in each fiscal year thereafter prior to fiscal year 2034 to apply  
20 against the tax imposed pursuant to section 5 of P.L.1945, c.162  
21 (C.54:10A-5) and the tax imposed pursuant to the "New Jersey  
22 Gross Income Tax Act," N.J.S.54A:1-1 et seq. Beginning in fiscal  
23 year 2025, in addition to the \$100,000,000 made available for New  
24 Jersey film-lease partners pursuant to this paragraph, up to an  
25 additional \$100,000,000 may be made available annually, in the  
26 discretion of the authority, to New Jersey film-lease partners for the  
27 award of tax credits, including tax credits allowed through the  
28 granting of tax credit transfer certificates, pursuant to subsection a.  
29 of this section and subsection a. of section 1 of P.L.2018, c.56  
30 (C.54:10A-5.39b), from the funds made available pursuant to  
31 subparagraph (i) of paragraph (1) of subsection b. of section 98 of  
32 P.L.2020, c.156 (C.34:1B-362). Approvals made to New Jersey  
33 studio partners and New Jersey film-lease partners shall be subject  
34 to award agreements with the authority detailing obligations of the  
35 awardee and outcomes relating to events of default, including, but  
36 not limited to, recapture, forfeiture, and termination. If in any  
37 taxable year, beginning following a date determined by the  
38 authority, a New Jersey film-lease partner's annual average of  
39 qualified film production expenses falls below \$50,000,000, the  
40 authority shall reduce by 20 percent any tax credit award for a film  
41 for which final documentation has been submitted, until a taxable  
42 year when the annual average of qualified film production expenses  
43 has been restored to \$50,000,000. The authority shall establish a  
44 non-binding, administrative pre-certification process for potentially  
45 eligible projects.

46 If the cumulative total amount of tax credits, and tax credit  
47 transfer certificates, allowed to taxpayers for taxable years or  
48 privilege periods commencing during a single fiscal year under

1 subsection a. of this section and subsection a. of section 1 of  
2 P.L.2018, c.56 (C.54:10A-5.39b) exceeds the amount of tax credits  
3 available in that fiscal year, then taxpayers who have first applied  
4 for and have not been allowed a tax credit or tax credit transfer  
5 certificate amount for that reason shall be allowed, in the order in  
6 which they have submitted an application, the amount of tax credit  
7 or tax credit transfer certificate on the first day of the next  
8 succeeding fiscal year in which tax credits and tax credit transfer  
9 certificates under subsection a. of this section and subsection a. of  
10 section 1 of P.L.2018, c.56 (C.54:10A-5.39b) are not in excess of  
11 the amount of credits available.

12 Notwithstanding any provision of this paragraph to the contrary,  
13 for any fiscal year in which the amount of tax credits approved to  
14 New Jersey studio partners, New Jersey film-lease partners, or  
15 taxpayers other than New Jersey studio partners and New Jersey  
16 film-lease partners pursuant to this paragraph is less than the  
17 cumulative total amount of tax credits permitted to be approved to  
18 each such category in that fiscal year, the authority shall certify the  
19 amount of the remaining tax credits available for approval to each  
20 such category in that fiscal year, and shall increase the cumulative  
21 total amount of tax credits permitted to be approved for New Jersey  
22 studio partners, New Jersey film-lease partners, or taxpayers other  
23 than New Jersey studio partners and New Jersey film-lease partners  
24 in the subsequent fiscal year by the certified amount remaining  
25 from the prior fiscal year. The authority shall also certify, for each  
26 fiscal year, the amount of tax credits that were previously approved,  
27 but that the taxpayer is not able to redeem or transfer to another  
28 taxpayer under this section, and shall increase the cumulative total  
29 amount of tax credits permitted to be approved for New Jersey  
30 studio partners, New Jersey film-lease partners, or taxpayers other  
31 than New Jersey studio partners and New Jersey film-lease partners  
32 in the subsequent fiscal year by the amount of tax credits previously  
33 approved for each such category, but not subject to redemption or  
34 transfer. In each fiscal year in which tax credits remain unapproved  
35 for, or unredeemed or not transferred by, New Jersey film-lease  
36 partners or taxpayers other than New Jersey studio partners and  
37 New Jersey film-lease partners, the authority may reallocate some  
38 or all of such remaining tax credits in the subsequent fiscal year  
39 between the category of New Jersey film-lease partners and the  
40 category of taxpayers other than New Jersey studio partners and  
41 New Jersey film-lease partners in lieu of increasing the tax credits  
42 available for the respective category by the amount reallocated.

43 (2) The value of tax credits, including tax credits allowed  
44 through the granting of tax credit transfer certificates, approved by  
45 the authority and the director pursuant to subsection b. of this  
46 section and pursuant to subsection b. of section 1 of P.L.2018, c.56  
47 (C.54:10A-5.39b) shall not exceed a cumulative total of  
48 \$30,000,000 in fiscal year 2019 and in each fiscal year thereafter

1 prior to fiscal year 2035 to apply against the tax imposed pursuant  
2 to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.  
3 and the tax imposed pursuant to section 5 of P.L.1945, c.162  
4 (C.54:10A-5).

5 If the total amount of tax credits and tax credit transfer  
6 certificates allowed to taxpayers for taxable years or privilege  
7 periods commencing during a single fiscal year under subsection b.  
8 of this section and subsection b. of section 1 of P.L.2018, c.56  
9 (C.54:10A-5.39b) exceeds the amount of tax credits available in  
10 that year, then taxpayers who have first applied for and have not  
11 been allowed a tax credit or tax credit transfer certificate amount for  
12 that reason shall be allowed, in the order in which they have  
13 submitted an application, the amount of tax credit or tax credit  
14 transfer certificate on the first day of the next succeeding fiscal year  
15 in which tax credits and tax credit transfer certificates under  
16 subsection b. of this section and subsection b. of section 1 of  
17 P.L.2018, c.56 (C.54:10A-5.39b) are not in excess of the amount of  
18 credits available.

19 Notwithstanding any provision of this paragraph to the contrary,  
20 for any fiscal year in which the amount of tax credits approved  
21 pursuant to this paragraph is less than the cumulative total amount  
22 of tax credits permitted to be approved in that fiscal year, the  
23 authority shall certify the amount of the remaining tax credits  
24 available for approval in that fiscal year, and shall increase the  
25 cumulative total amount of tax credits permitted to be approved in  
26 the subsequent fiscal year by the certified amount remaining from  
27 the prior fiscal year. The authority shall also certify, for each fiscal  
28 year, the amount of tax credits that were previously approved, but  
29 that the taxpayer is not able to redeem or transfer to another  
30 taxpayer under this section, and shall increase the cumulative total  
31 amount of tax credits permitted to be approved in the subsequent  
32 fiscal year by the amount of tax credits previously approved, but not  
33 subject to redemption or transfer.

34 g. A taxpayer shall submit to the authority and the director a  
35 report prepared by an independent certified public accountant  
36 licensed in this State to verify the taxpayer's tax credit claim  
37 following the completion of the production. The report shall be  
38 prepared by the independent certified public accountant pursuant to  
39 agreed-upon procedures prescribed by the authority and the  
40 director, and shall include such information and documentation as  
41 shall be determined to be necessary by the authority and the director  
42 to substantiate the qualified film production expenses or the  
43 qualified digital media content production expenses of the taxpayer.  
44 A single report with attachments deemed necessary by the authority  
45 shall be submitted electronically. Upon receipt of the report, the  
46 authority and the director shall review the findings of the  
47 independent certified public accountant's report, and shall make a  
48 determination as to the qualified film production expenses or the

1 qualified digital media content production expenses of the taxpayer.  
2 The authority's and the director's review shall include, but shall not  
3 be limited to: a review of all non-payroll qualified film production  
4 expense items and non-payroll digital media content production  
5 expense items over \$20,000; a review of 100 randomly selected  
6 non-payroll qualified film production expense items and non-  
7 payroll digital media content production expense items that are  
8 greater than \$2,500, but less than \$20,000; a review of 100  
9 randomly selected non-payroll qualified film production expense  
10 items and non-payroll digital media content production expense  
11 items that are less than \$2,500; a review of the qualified wages for  
12 the 15 employees, independent contractors, or loan-out companies  
13 with the highest qualified wages; and a review of the qualified  
14 wages for 35 randomly selected employees, independent  
15 contractors, or loan-out companies with qualified wages other than  
16 the 15 employees, independent contractors, or loan-out companies  
17 with the highest qualified wages. The taxpayer's qualified film  
18 production expenses and digital media content production expenses  
19 shall be adjusted based on any discrepancies identified for the  
20 reviewed non-payroll qualified film production expense items, non-  
21 payroll digital media content production expense items and  
22 qualified wages. The taxpayer's qualified film production expenses  
23 and digital media content production expenses also shall be adjusted  
24 based on the projection of any discrepancies identified based on the  
25 review of randomly selected expense items or wages pursuant to  
26 this subsection to the extent that the discrepancies exceed one  
27 percent of the total reviewed non-payroll qualified film production  
28 expense items, non-payroll digital media content production  
29 expense items, or qualified wages. The determination shall be  
30 provided in writing to the taxpayer, and a copy of the written  
31 determination shall be included in the filing of a return that includes  
32 a claim for a tax credit allowed pursuant to this section.

33 h. A taxpayer shall withhold from each payment to a loan out  
34 company or to an independent contractor an amount equal to 6.37  
35 percent of the payment otherwise due. The amounts withheld shall  
36 be deemed to be withholding of liability pursuant to the "New  
37 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., and the  
38 taxpayer shall be deemed to have the rights, duties, and  
39 responsibilities of an employer pursuant to chapter 7 of Title 54A of  
40 the New Jersey Statutes. The director shall allocate the amounts  
41 withheld for a taxable year to the accounts of the individuals who  
42 are employees of a loan out company in proportion to the  
43 employee's payment by the loan out company in connection with a  
44 trade, profession, or occupation carried on in this State or for the  
45 rendition of personal services performed in this State during the  
46 taxable year. A loan out company that reports its payments to  
47 employees in connection with a trade, profession, or occupation  
48 carried on in this State or for the rendition of personal services

1 performed in this State during a taxable year shall be relieved of its  
2 duties and responsibilities as an employer pursuant to chapter 7 of  
3 Title 54A of the New Jersey Statutes for the taxable year for any  
4 payments relating to the payments on which the taxpayer withheld.

5 i. As used in this section:

6 "Authority" means the New Jersey Economic Development  
7 Authority.

8 "Business assistance or incentive" means "business assistance or  
9 incentive" as that term is defined pursuant to section 1 of P.L.2007,  
10 c.101 (C.54:50-39).

11 "Commission" means the Motion Picture and Television  
12 Development Commission.

13 "Digital media content" means any data or information that is  
14 produced in digital form, including data or information created in  
15 analog form but reformatted in digital form, text, graphics,  
16 photographs, animation, sound, and video content. "Digital media  
17 content" shall not mean content offerings generated by the end user  
18 (including postings on electronic bulletin boards and chat rooms);  
19 content offerings comprised primarily of local news, events,  
20 weather or local market reports; public service content; electronic  
21 commerce platforms (such as retail and wholesale websites);  
22 websites or content offerings that contain obscene material as  
23 defined pursuant to N.J.S.2C:34-2 and N.J.S.2C:34-3; websites or  
24 content that are produced or maintained primarily for private,  
25 industrial, corporate, or institutional purposes; or digital media  
26 content acquired or licensed by the taxpayer for distribution or  
27 incorporation into the taxpayer's digital media content.

28 "Film" means a feature film, a television series, or a television  
29 show of 22 minutes or more in length, intended for a national  
30 audience, or a television series or a television show of 22 minutes  
31 or more in length intended for a national or regional audience,  
32 including, but not limited to, a game show, award show, or other  
33 gala event filmed and produced at a nonprofit arts and cultural  
34 venue receiving State funding. "Film" shall not include a  
35 production featuring news, current events, weather, and market  
36 reports or public programming, talk show, sports event, or reality  
37 show, a production that solicits funds, a production containing  
38 obscene material as defined under N.J.S.2C:34-2 and N.J.S.2C:34-  
39 3, or a production primarily for private, industrial, corporate, or  
40 institutional purposes. "Film" shall not include an award show or  
41 other gala event that is not filmed and produced at a nonprofit arts  
42 and cultural venue receiving State funding.

43 "Full-time or full-time equivalent employee" means an individual  
44 employed by the taxpayer for consideration for at least 35 hours a  
45 week, or who renders any other standard of service generally  
46 accepted by custom or practice as full-time or full-time equivalent  
47 employment, whose wages are subject to withholding as provided in  
48 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., or

1 who is a partner of a taxpayer, who works for the partnership for at  
2 least 35 hours a week, or who renders any other standard of service  
3 generally accepted by custom or practice as full-time or full-time  
4 equivalent employment, and whose distributive share of income,  
5 gain, loss, or deduction, or whose guaranteed payments, or any  
6 combination thereof, is subject to the payment of estimated taxes, as  
7 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1  
8 et seq. "Full-time or full-time equivalent employee" shall not  
9 include an individual who works as an independent contractor or on  
10 a consulting basis for the taxpayer.

11 "Highly compensated individual" means an individual who  
12 directly or indirectly receives compensation in excess of \$500,000  
13 for the performance of services used directly in a production. An  
14 individual receives compensation indirectly when the taxpayer pays  
15 a loan out company that, in turn, pays the individual for the  
16 performance of services.

17 "Incurred in New Jersey" means, for any application submitted  
18 after the effective date of P.L.2018, c.56 (C.54:10A-5.39b et al.),  
19 pursuant to which a tax credit has not been allowed prior to the  
20 effective date of P.L.2021, c.160, service performed within New  
21 Jersey and tangible personal property used or consumed in New  
22 Jersey. A service is performed in New Jersey to the extent that the  
23 individual performing the service is physically located in New  
24 Jersey while performing the service. Notwithstanding where the  
25 property is delivered or acquired, rented tangible property is used or  
26 consumed in New Jersey to the extent that the property is located in  
27 New Jersey during its use or consumption and is rented from a  
28 vendor authorized to do business in New Jersey or the film  
29 production company provides to the authority the vendor's  
30 information in a form and manner prescribed by the authority.  
31 Purchased tangible property is not used and consumed in New  
32 Jersey unless it is purchased from a vendor authorized to do  
33 business in New Jersey and is delivered to or acquired within New  
34 Jersey; provided, however, that if a production is also located in  
35 another jurisdiction, the purchased tangible property is used and  
36 consumed in New Jersey if the acquisition and delivery of  
37 purchased tangible property is located in either New Jersey or  
38 another jurisdiction where the production takes place.

39 "Independent contractor" means an individual treated as an  
40 independent contractor for federal and State tax purposes who is  
41 contracted with by the taxpayer for the performance of services  
42 used directly in a production.

43 "Loan out company" means a personal service corporation or  
44 other entity that is contracted with by the taxpayer to provide  
45 specified individual personnel, such as artists, crew, actors,  
46 producers, or directors for the performance of services used directly  
47 in a production. "Loan out company" shall not include entities  
48 contracted with by the taxpayer to provide goods or ancillary

1 contractor services such as catering, construction, trailers,  
2 equipment, or transportation.

3 "New Jersey film-lease partner" means a taxpayer, including any  
4 taxpayer that is a member of a combined group under section 23 of  
5 P.L.2018, c.131 (C.54:10A-4.11), that has made a commitment to  
6 lease or acquire all or part of a New Jersey production facility ,  
7 which leased or acquired space shall have an aggregate square  
8 footage of at least 50,000 square feet, including a sound stage and  
9 production support space, such as production offices or a backlot,  
10 for a period of five or more successive years and commits to spend,  
11 on a separate-entity basis or in the aggregate with other members of  
12 the taxpayer's combined group, an annual average of \$50,000,000 of  
13 qualified film production expenses over the period of at least five  
14 but not to exceed 10 years.

15 "New Jersey studio partner" means a film production company  
16 that has made a commitment to produce films or commercial  
17 audiovisual products in New Jersey and has developed, purchased,  
18 or executed a 10-year contract to lease a production facility of  
19 250,000 square feet or more, or a film production company that has  
20 made a commitment to produce films or commercial audiovisual  
21 products in New Jersey and has executed a purchase contract with a  
22 governmental entity for the purpose of developing a production  
23 facility of 250,000 square feet or more within 60 months after being  
24 designated as a New Jersey studio partner. A film production  
25 company designated as a New Jersey studio partner, that receives  
26 approval of an application to the authority and the director, shall be  
27 allowed a credit against the tax otherwise due for the taxable year  
28 under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et  
29 seq. as provided in this section. No more than three film production  
30 companies may be designated as a New Jersey studio partner.

31 "Partnership" means an entity classified as a partnership for  
32 federal income tax purposes.

33 "Post-production costs" means the costs of the phase of  
34 production of a film that follows principal photography, in which  
35 raw footage is cut and assembled into a finished film with sound  
36 synchronization and visual effects.

37 "Pre-production costs" means the costs of the phase of  
38 production of a film that precedes principal photography, in which a  
39 detailed schedule and budget for the production is prepared, the  
40 script and location is finalized, and contracts with vendors are  
41 negotiated.

42 "Qualified digital media content production expenses" means an  
43 expense incurred in New Jersey for the production of digital media  
44 content. "Qualified digital media content production expenses"  
45 shall include but not be limited to: wages and salaries of individuals  
46 employed in the production of digital media content on which the  
47 tax imposed by the "New Jersey Gross Income Tax Act,"  
48 N.J.S.54A:1-1 et seq. has been paid or is due; and the costs of

1 computer software and hardware, data processing, visualization  
2 technologies, sound synchronization, editing, and the rental of  
3 facilities and equipment. Payment made to a loan out company or  
4 to an independent contractor shall not be deemed a "qualified digital  
5 media content production expense" unless the payment is made in  
6 connection with a trade, profession, or occupation carried on in this  
7 State or for the rendition of personal services performed in this  
8 State and the taxpayer has made the withholding required pursuant  
9 to subsection h. of this section. "Qualified digital media content  
10 production expenses" shall not include expenses incurred in  
11 marketing, promotion, or advertising digital media or other costs  
12 not directly related to the production of digital media content.  
13 Costs related to the acquisition or licensing of digital media content  
14 by the taxpayer for distribution or incorporation into the taxpayer's  
15 digital media content shall not be deemed "qualified digital media  
16 content production expenses."

17 "Qualified film production expenses" means an expense incurred  
18 in New Jersey for the production of a film including pre-production  
19 costs and post-production costs incurred in New Jersey. "Qualified  
20 film production expenses" shall include but not be limited to:  
21 wages and salaries of individuals employed in the production of a  
22 film on which the tax imposed by the "New Jersey Gross Income  
23 Tax Act," N.J.S.54A:1-1 et seq. has been paid or is due; and the  
24 costs for tangible personal property used, and services performed,  
25 directly and exclusively in the production of a film, such as  
26 expenditures for film production facilities, props, makeup,  
27 wardrobe, film processing, camera, sound recording, set  
28 construction, lighting, shooting, editing, and meals. Payment made  
29 to a loan out company or to an independent contractor shall not be  
30 deemed a "qualified film production expense" unless the payment is  
31 made in connection with a trade, profession, or occupation carried  
32 on in this State or for the rendition of personal services performed  
33 in this State and the taxpayer has made the withholding required by  
34 subsection h. of this section. "Qualified film production expenses"  
35 shall not include: expenses incurred in marketing or advertising a  
36 film; and payment in excess of \$500,000 to a highly compensated  
37 individual for costs for a story, script, or scenario used in the  
38 production of a film and wages or salaries or other compensation  
39 for writers, directors, including music directors, producers, and  
40 performers, other than background actors with no scripted lines,  
41 except as follows:

42 (1) for a New Jersey studio partner that incurs more than  
43 \$15,000,000, but less than \$50,000,000, in qualified film production  
44 expenses in the State, an amount, not to exceed \$15,000,000, of the  
45 wages or salaries or other compensation for writers, directors,  
46 including music directors, producers, and performers, other than  
47 background actors with no scripted lines, shall constitute qualified  
48 film production expenses;

1 (2) for a New Jersey studio partner that incurs \$50,000,000 or  
2 more, but less than \$100,000,000, in qualified film production  
3 expenses in the State, an amount, not to exceed \$25,000,000, of the  
4 wages or salaries or other compensation for writers, directors,  
5 including music directors, producers, and performers, other than  
6 background actors with no scripted lines, shall constitute qualified  
7 film production expenses;

8 (3) for a New Jersey studio partner that incurs \$100,000,000 or  
9 more, but less than \$150,000,000, in qualified film production  
10 expenses in the State, an amount, not to exceed \$40,000,000, of the  
11 wages or salaries or other compensation for writers, directors,  
12 including music directors, producers, and performers, other than  
13 background actors with no scripted lines, shall constitute qualified  
14 film production expenses; and

15 (4) for a New Jersey studio partner that incurs \$150,000,000 or  
16 more in qualified film production expenses in the State, an amount,  
17 not to exceed \$60,000,000, of the wages or salaries or other  
18 compensation for writers, directors, including music directors,  
19 producers, and performers, other than background actors with no  
20 scripted lines, shall constitute qualified film production expenses.

21 "Total digital media content production expenses" means costs  
22 for services performed and property used or consumed in the  
23 production of digital media content.

24 "Total film production expenses" means costs for services  
25 performed and tangible personal property used or consumed in the  
26 production of a film.

27 (cf: P.L.2021, c.367, s.2)

28

29 3. This act shall take effect immediately.

30

31

32

## STATEMENT

33

34 This bill revises the definition of "New Jersey studio partner"  
35 with respect to the film and digital media content production tax  
36 credit program.

37 Under the film and digital media content production tax credit  
38 program, the State awards corporation business and gross income  
39 tax credits to eligible taxpayers equal to: (1) 30 percent of the  
40 qualified film production expenses incurred for use within certain  
41 parts of Northern New Jersey, or 35 percent of qualified film  
42 production expenses incurred for use within all other parts of the  
43 State; and (2) 35 percent of the qualified digital media content  
44 production expenses purchased through vendors located in certain  
45 counties in Southern New Jersey, or 30 percent of all other qualified  
46 digital media content production expenses purchased within the  
47 State. Under this program, a New Jersey studio partner may be  
48 eligible for corporation business or gross income tax credits with

1 respect to qualified film production expenses incurred by the New  
2 Jersey studio partner. A New Jersey studio partner is required to be  
3 a film production company that has made a commitment to produce  
4 films or audiovisual products in New Jersey and has site control of  
5 a production facility that is at least 250,000 square feet for at least  
6 10 years. No more than three film production companies may be  
7 designated as New Jersey studio partners.

8 This bill expands the definition of “New Jersey studio partner” to  
9 include a film production company that has made a commitment to  
10 produce films or commercial audiovisual products in New Jersey  
11 and has executed a purchase contract with a governmental entity for  
12 the purpose of developing a production facility of 250,000 square  
13 feet or more within 60 months after being designated as a New  
14 Jersey studio partner.

ASSEMBLY SCIENCE, INNOVATION AND TECHNOLOGY  
COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 5393**

**STATE OF NEW JERSEY**

DATED: JUNE 15, 2023

The Assembly Science, Innovation and Technology Committee reports favorably Assembly Bill No. 5393.

As reported, this bill revises the definition of “New Jersey studio partner” with respect to the film and digital media content production tax credit program.

Under the film and digital media content production tax credit program, the State awards corporation business and gross income tax credits to eligible taxpayers equal to: (1) 30 percent of the qualified film production expenses incurred for use within certain parts of Northern New Jersey, or 35 percent of the qualified film production expenses incurred for use within all other parts of the State; and (2) 35 percent of the qualified digital media content production expenses purchased through vendors located in certain counties in Southern New Jersey, or 30 percent of all other qualified digital media content production expenses purchased within the State. Under this program, a New Jersey studio partner may be eligible for corporation business or gross income tax credits with respect to qualified film production expenses incurred by the New Jersey studio partner. A New Jersey studio partner is required to be a film production company that has made a commitment to produce films or audiovisual products in New Jersey and has site control of a production facility that is at least 250,000 square feet for at least 10 years. No more than three film production companies may be designated as New Jersey studio partners.

This bill expands the definition of “New Jersey studio partner” to include a film production company that has made a commitment to produce films or commercial audiovisual products in New Jersey and has executed a purchase contract with a governmental entity for the purpose of developing a production facility of 250,000 square feet or more within 60 months after being designated as a New Jersey studio partner.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR  
ASSEMBLY, No. 5393

**STATE OF NEW JERSEY**

DATED: JUNE 22, 2023

The Assembly Appropriations Committee reports favorably a Assembly Committee Substitute for Assembly Bill No. 5393.

This committee substitute revises certain provisions of the Garden State Film and Digital Media Jobs Act, which provides corporation business tax and the gross income tax credits for expenses incurred for the production of certain films and digital media content. The bill also makes certain changes to the Motion Picture and Television Development Commission.

*Changes to the Garden State Film and Digital Media Jobs Act*

The bill makes certain modifications to the Garden State Film and Digital Media Jobs Act. The bill permits the New Jersey Economic Development Authority (EDA) to make available, for New Jersey studio partners and New Jersey film-lease production companies, the uncommitted balance of the total value of tax credits authorized for award by the EDA pursuant to the “Aspire Program Act” and “Emerge Program Act.” The bill increases the amount of additional tax credits that the EDA may decide to make available to New Jersey film-lease production companies annually from up to \$100 million to up to \$250 million. Additionally, the bill increases the amount of additional tax credits that the EDA may decide to make available for New Jersey studio partners annually from up to \$350 million to up to \$400 million.

The bill replaces references to “New Jersey film-lease partners” under current law with references to “New Jersey film-lease production companies.” The bill permits the EDA to make capital investments in New Jersey film-lease partner facilities in amounts not to exceed \$10 million per project. The bill appropriates \$30 million to the EDA for the purpose of making and administering these capital investments.

The bill also removes the penalty currently imposed on a New Jersey film-lease partner’s qualified film production expenses that fall below a \$50 million annual average. Under current law, if in any privilege period a New Jersey film-lease partner’s annual average of qualified film production expenses falls below \$50 million, the EDA is required to reduce by 20 percent any tax credit award for a film for

which final documentation has been submitted, until a privilege period when the annual average of qualified film production expenses is restored to \$50 million. The bill also includes a requirement for a New Jersey studio partner to occupy its production facility for the duration of the studio partner's commitment period or else risk recapture of awarded tax credits and loss of New Jersey studio partner designation.

The bill also revises the definitions of "incurred in New Jersey" and "qualified film production expenses," under current law, to include certain payments made to homeowners for the use of their personal residence located in New Jersey. The definition of "qualified film production expenses" is also expanded to include, for New Jersey studio partners, certain deferred compensation payments in the calculation of wages and salaries. The bill also modifies the limitation on the amount of wages, salaries, and other compensation that New Jersey studio partners and New Jersey film-lease production companies may include as "qualified film production expenses."

The bill revises the definition of "film" to include a talk show and a competition or variety show filmed in front of a live audience.

In addition, the bill revises certain requirements for the diversity plan credit established under current law to allow for a four-percent tax credit on qualified expenses if a taxpayer submits a diversity plan that includes the hiring of performers who are: (1) women or members of a minority group; (2) residents of New Jersey for a least 12 months preceding the beginning of filming or recording; and (3) members of a bona fide labor union representing film and television performers.

#### *Changes to the Motion Picture and Television Development Commission*

This bill also makes certain changes to the Motion Picture and Television Development Commission.

The bill would transfer all functions, powers, and duties of the Motion Picture and Television Development Commission to the EDA while increasing the number of public members appointed to the commission from eight to 10. The bill also adds the Chief Executive Officer of the New Jersey Economic Development Authority and the Secretary of State to the commission's membership, thereby increasing the total number of members from 12 to 14.

#### FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.

**LEGISLATIVE FISCAL ESTIMATE**  
**ASSEMBLY COMMITTEE SUBSTITUTE FOR**  
**ASSEMBLY, No. 5393**  
**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

DATED: JULY 3, 2023

**SUMMARY**

- Synopsis:** Transfers Motion Picture and Television Development Commission to EDA; revises certain provisions of tax credit program for film and digital media content production; appropriates \$30 million.
- Type of Impact:** Indeterminate fiscal net impact on State General Fund and Property Tax Relief Fund; potential revenue increase to certain local governments.
- Agencies Affected:** New Jersey Economic Development Authority. Department of the Treasury. Department of State. Certain Local Governments.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>FY 2023</u></b>	<b><u>FY 2024 through FY 2039</u></b>
<b>State Expenditure Increase</b>	Up to \$30 million	Indeterminate
<b>Direct State Revenue Loss</b>	No Impact	\$3.45 billion
<b>Indirect State Revenue Gain</b>	Indeterminate	Indeterminate
<b>State Opportunity Cost</b>	Indeterminate	Indeterminate
<b>Indirect Local Revenue Gain</b>	Indeterminate	Indeterminate
<b>Local Opportunity Cost</b>	Indeterminate	Indeterminate

- The Office of Legislative Services (OLS) is unable to ascertain whether the bill will have a positive or negative fiscal net impact on the State because of imperfect information on the level of economic activity that will be driven by the bill’s provisions.
- The State fiscal net impact is calculated by adding the direct revenue loss from awarding additional film and digital media tax incentive amounts and their indeterminate opportunity costs (the fiscal benefits the State forgoes as spending is redirected from one economic activity to another) and subtracting from that sum the indeterminate indirect revenue gain that will accrue from additional economic activity that the revised incentive amounts will catalyze.



- The bill will result in direct State revenue losses totaling as much as \$3.45 billion through fiscal year (FY) 2039 in the following manner: an additional \$500 million reduction due to provisions of the bill that extend the total amount of film tax credits available under the Film and Digital Media Tax Credit Program for taxpayers not considered film-lease production companies or New Jersey studio partners from FY 2034 to FY 2039; an additional \$2.8 billion due to increasing the amount of tax credits annually available for each New Jersey studio partners and New Jersey film-lease production companies to \$150 million and extending the time period for which the tax credits will be available to FY 2039; and an additional \$150 million due to provisions of the bill that extend the time period in which tax credits for qualified digital media content production expenses will be available from FY 2034 to FY 2039.
- The bill will also result in State costs in FY 2023 of up to \$30 million due to the bill's appropriation in that amount for the purpose of allowing the New Jersey Economic Development Authority to make capital investments in New Jersey film-lease partner facilities. Any funding not spent in the current fiscal year will be spent in subsequent fiscal years until the full \$30 million is exhausted. The bill amends current law to authorize the EDA to make these capital investments in an amount not to exceed \$10 million per project.
- Finally, the bill will result in a shift in State costs of approximately \$600,000 due to the transfer of the Motion Picture and Television Commission from the Department of State to the Economic Development Authority.

## **BILL DESCRIPTION**

This bill makes various changes to certain provisions of law governing the Garden State Film and Digital Media Tax Credit Program. Among other provisions, the bill increases the amount of authorized tax credits that are available to eligible New Jersey studio partners, New Jersey film-lease production companies, and taxpayers other than New Jersey studio partners and film-lease production companies. The bill also increases the amount that may be made available for New Jersey studio partners and New Jersey film-lease production companies from uncommitted balances of the total value of tax credits authorized for award under the Aspire Program Act and the Emerge Program Act.

The bill additionally appropriates \$30 million to the Economic Development Authority for the purpose of making and administering capital investments in New Jersey film-lease partner facilities.

Finally, the bill would transfer all functions, powers, and duties of the Motion Picture and Television Development Commission from the Department of State to the Economic Development Authority.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

**OFFICE OF LEGISLATIVE SERVICES**

The OLS is unable to ascertain whether the bill will have a positive or negative fiscal net impact on the State because of imperfect information on the level of economic activity that will be driven by the bill’s provisions. The State fiscal net impact is calculated by adding the direct revenue loss from awarding additional incentive amounts and their indeterminate opportunity costs (the fiscal benefits the State forgoes as spending is redirected from one economic activity to another) and subtracting from that sum the indeterminate indirect revenue gain that will accrue from additional economic activity that the additional incentive amounts will catalyze.

Direct State Revenue Loss

The OLS finds that the bill would produce a direct State revenue loss of as much as \$3.45 billion through FY 2039 from provisions of the bill that increase the amount of authorized tax credits that are available to eligible New Jersey studio partners, New Jersey film-lease production companies, and taxpayers other than New Jersey studio partners and film-lease production companies. These additional State revenue losses, compared to current law, are detailed in the table below.

<b>Entity</b>	<b>Current Law</b>	<b>Bill</b>	<b>Additional Revenue Loss</b>
Taxpayers Other Than Studio Partners and Film-Lease Production Companies (Film-Lease Production Companies under the Bill)	\$100 million annually from FY 2019 to FY 2034	\$100 million annually from FY 2019 to FY 2039	Total of \$500 million from FY 2035 to FY 2039
New Jersey Studio Partners	\$100 million annually from FY 2021 to FY 2033	\$150 million annually from FY 2024 to FY 2039	Total of \$1.4 billion from FY 2024 to FY 2039
New Jersey Film-Lease Partners	\$100 million annually from FY 2021 to FY 2033	\$150 million annually from FY 2024 to FY 2039	Total of \$1.4 billion from FY 2024 to FY 2039
Taxpayers Incurring Qualified Digital Media Production Expenses	\$30 million annually from FY 2019 to FY 2034	\$30 million annually from FY 2019 to FY 2039	Total of \$150 million from FY 2035 to FY 2039

By way of background, under current law, film tax credits may be awarded for up to 35 percent of qualified film production expenses. The bill would amend current law to provide a tax credit of up to 40 percent of qualified film production expenses for New Jersey studio partners and film-lease production companies, while maintaining the 35 percent tax credit for taxpayers other than New Jersey studio partners and film-lease production companies. Current law also provides that qualified film production expenses incurred for services performed, and tangible personal property purchased, for use at a sound stage or other location that is located in the State within a 30-mile radius of the intersection of Eighth Avenue/Central Park West, Broadway, and West 59th Street/Central Park South, New York, New York are eligible for a tax credit of up to 30 percent of

expenses. The bill similarly increases this tax credit amount up to 35 percent for New Jersey studio partners and film-lease production companies.

Current law establishes a tax credit equal to 30 percent of qualified digital media production expenses, or 35 percent of qualified digital media production expenses incurred for services performed and tangible personal property purchased through vendors whose primary place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer or Salem County. The bill does not change this percentage tax credit.

Finally, the bill also increases the amount of additional tax credits that the Economic Development Authority may make available, from the uncommitted balance of the total value of tax credits under the Aspire Program Act and the Emerge Program Act, to New Jersey film-lease production companies annually from up to \$100 million to up to \$250 million. The bill increases the amount of additional tax credits that the authority may make available from those uncommitted balances for New Jersey studio partners annually from up to \$350 million to up to \$400 million. The bill also requires that, from FY 2023 to FY 2025, \$250 million be made annually available from those uncommitted balances to each New Jersey studio partners and film-lease production companies. While these provisions of the bill will increase the total amount of tax credits that may be available for New Jersey studio partners and film-lease production companies, the OLS concludes that they will not result in additional State revenue losses. The provisions would merely shift tax credits that are already authorized under current law.

#### Indirect State and Local Revenue Gain

The OLS cannot quantify the bill's indirect revenue gain to the State and local governments from the issuance of qualified film production tax credits and qualified digital media content production tax credits because of imperfect information on the number and attributes of newly eligible film and digital media projects and expenses.

Like any government expenditure, an increase or extension of film and digital media tax credit incentive awards inject new spending into the economy. Once businesses and individuals receive payments that would otherwise not be received absent the incentive awards, at least a portion of these payments will newly circulate in New Jersey's economy and produce so-called "multiplier effects." As the additional financial resources flow through the economy they generate, as a byproduct, additional State and local revenue collections—the indirect revenue gain discussed in this section. Examples are enhanced local property tax collections accruing when an incentive recipient invests the incentive amount in business facility improvements, which then appreciate the property's value; or additional State sales and use tax collections from construction workers employed in a business facility improvement spending their resultant income on taxable goods and services.

Indirect State fiscal effects offset the State's direct revenue loss from awarding incentives in part or potentially even in whole. Fiscal "multiplier effects" tend to be maximized whenever an incentive award serves as the indispensable impetus for additional spending by the incentive recipient that would not otherwise occur. In this case, the incentive recipient magnifies the positive economic and fiscal impacts of the State's outlay. Depending on project and incentive attributes, the induced project may even yield indirect fiscal State benefits exceeding the subsidy amount. The larger the proportion of the public assistance relative to the financial outlay by the subsidized party, however, the lower the probability that the subsidized activity will generate positive net returns to the State.

In contrast, the State's return on investment is negative whenever the State subsidizes a project that a taxpayer will undertake with or without the public assistance. Because the financial inducement has not caused the project's realization, none of its economic and fiscal feedback

effects are attributable to the incentive, and therefore must be excluded from the tabulation of the incentive's indirect fiscal benefits.

Nevertheless, even if the State provides financial assistance to a project that would be realized anyway, some, albeit comparatively small, indirect fiscal benefits may still accrue to the State. These would occur whenever the subsidy beneficiary spends the incentive award in New Jersey on goods and services that the beneficiary would otherwise not have procured. In that event the incentive award still represents an injection of additional cash into New Jersey's economy whose ripple effects include the accumulation of indirect fiscal State benefits.

Lastly, given the high degree of integration of New Jersey's economy with the national and global economies, an additional amount of spending in New Jersey will eventually leak into other jurisdictions and cease to circulate within the State. Consequently, any tabulation of a subsidy payment's New Jersey feedback effects must disregard feedback effects that other jurisdictions will absorb.

### State Opportunity Costs

Given the State's finite resources and its balanced budget requirement, the decision to award film production and digital media content production tax credits under the bill will invariably divert resources from policy alternatives to which they would have been applied absent the inducements. These policy alternatives also produce direct State costs and indirect State revenue collections. The concept of opportunity costs captures the value of these fiscal benefits the State forgoes as it redirects cash flows. Once opportunity costs are factored into the analysis, it is therefore possible for a bill to produce a *net* fiscal loss to the State even if its direct fiscal benefits exceed its direct cost.

For example, if, instead of this bill, the State invested in road construction, the bill would produce a *net* fiscal effect equal to the difference between the total fiscal impact of the tax credit awards—or the State cost of awarding film production and digital media content production tax credits, minus the incentives' indirect State fiscal effects—and that of the forgone road construction investment.

### State Expenditure Effects

The bill will result in State costs in FY 2023 of up to \$30 million due to the bill's appropriation in that amount for the purpose of allowing the New Jersey Economic Development Authority to make capital investments in New Jersey film-lease partner facilities. Any funding not spent in the current fiscal year will be spent in subsequent fiscal years until the full \$30 million is exhausted. The bill amends current law to authorize the authority to make these capital investments in an amount not to exceed \$10 million per project.

The bill will also result in a shift in State expenditures of approximately \$600,000 due to the transfer of the Motion Picture and Television Commission from the Department of State to the Economic Development Authority. Currently, the commission employs between six and seven full-time equivalent positions in any given year, with expenditures totaling slightly less than \$600,000 for salaries in any given year.

*Section: Revenue, Finance and Appropriations*

*Analyst: Christopher Myles  
Senior Fiscal Analyst*

*Approved: Thomas Koenig  
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

# Governor Murphy Signs Major Legislation to Generate Good-Paying Union Jobs and Accelerate Growth of Emerging Sectors

07/6/2023

*Legislation Catalyzes Continued Job Generation and Expansion of Offshore Wind, Film Production, and Residential and Commercial Real Estate Industries*

**PAULSBORO** – Governor Phil Murphy today signed a package of bills to promote the generation of family-sustaining, primarily union jobs and the growth of burgeoning industries in New Jersey. A5651/S4019 will enable New Jersey's first offshore wind project, Ocean Wind 1, to access federal tax credits and commit to supporting our state's growing offshore wind supply chain. Additionally, S3748/A5393 appropriates \$30 million and bolsters the State's film and digital media tax credit program, while S4023/A5644 makes critical changes to the Aspire Program, which brings new residential and commercial developments to under-resourced communities by helping to finance projects that would otherwise not be economically feasible for developers.

"When future generations look back on this pivotal moment in our state's history, we will be judged not only by our long-term economic vision for the *Next New Jersey*, but by the concrete steps we took to create good-paying jobs for workers here and now," said **Governor Murphy**. "The future of tomorrow's industries begins today, and with it the promise of an inclusive 21<sup>st</sup>-century economy founded upon family-sustaining union jobs and continued growth in emerging sectors. Whether it's offshore wind, film production, or residential and commercial development, by bolstering our standing as a national leader in these industries, we will continue to build a stronger and fairer New Jersey for all."

"Today, New Jersey takes a major step toward reaching the Governor's goal of 11 GW of offshore wind capacity by 2040 so that we can provide clean, renewable energy for all New Jerseyans as we continue to fight the ravages of climate change," said **NJBPU President Joseph L. Fiordaliso**. "Not only is a thriving offshore wind industry vital for the future of our environment, but it will provide a significant boost to our state's economy including the creation of a supply chain hub in south Jersey and thousands of good-paying union jobs."

"Under Governor Murphy's leadership, New Jersey has made major investments to build and attract new, diverse, and innovative sectors to help create a stronger, more resilient economy," said **Tim Sullivan, CEO, New Jersey Economic Development Authority (NJEDA)**. "With the stroke of a pen today, Governor Murphy is reaffirming his commitment to creating good-paying jobs, revitalizing communities, and improving New Jersey's environment. I thank Governor Murphy, as well as the Legislature for passing these critical bills, and we will allow the NJEDA to continue developing these industries and move our economy forward."

"We've seen what these projects have done for some of our downtown corridors, leading to an infusion of growth and a strong return on their investments," said **Senate Majority Leader M. Teresa Ruiz**. "Since the bill was signed—almost three years ago -- the economic circumstances have changed in New Jersey and around the country. This legislation will increase the project caps in cities that need more housing stock and greater economic development, while maintaining the integrity of the program."

"Netflix has committed to developing a state-of-the-art production facility on the campus of Fort Monmouth in Monmouth County, creating both permanent production jobs as well as construction jobs, not to mention revitalizing local economic activity," said **Senator Vin Gopal**. "Incentivizing film and digital production companies to increase investments into New Jersey facilities and localities will no doubt have a lasting, positive impact on the Shore Region."

"I'm incredibly proud of the aggressive clean energy goals we've set here in New Jersey," said **Senator Gordon Johnson**. "This legislation will go a long way in keeping us on track ensuring our offshore wind industry has the support it needs to get off the ground."

"The promise of the Aspire Tax Incentive Program has the opportunity to change lives, and transform neighborhoods, especially in cities such as Paterson, Trenton and Atlantic City," said **Senator Nellie Pou**. "The further enhancement of the program through this legislation is a lifeline, and will allow the Aspire program to live up to its fullest potential, as well as provide a long-needed boost to cities that have suffered greatly from the economic stress brought on by the Pandemic."

"The Shore region has long been one of the main drivers of economic growth in our state," said **Senator Paul Sarlo, Budget Committee Chair**. "The Netflix redevelopment at Fort Monmouth and other projects that will be aided by this legislation will certainly play a starring role in the region's continuing revitalization."

"There is endless potential for creating good, family-wage jobs with clean energy projects in New Jersey. We have the greatest workforce in America," said **Senator Bob Smith, Chair of the Senate Environment Committee**. "With this law, we are sending a strong message to those employers who want to invest in New Jersey that we are committed to being a leader in offshore wind and the global clean energy economy."

"New Jersey is no stranger to the effects of climate change. Rising sea levels, flooding, and severe storms have decimated our state in recent years. We now have a chance to change the course of our state's history and mitigate the effects of climate change by harnessing clean, renewable offshore wind to power our homes and businesses, allowing us to diversify our state's energy portfolio and reduce our dependence on fossil fuels," said **Assembly Majority Leader Louis D. Greenwald**. "Investing in clean energy will not only protect the environment, breathe, and lessen our carbon footprint, but it will also strengthen our economy, create jobs, and stimulate the growth of small businesses. Offshore wind is a once-in-a-generation environmental and economic opportunity for our state."

"As the birthplace of the movie camera and the motion picture industry, it's fitting that our state's earlier expansion of film and digital media credits led to \$650 million of in-state production spending in 2022 and the creation of over 8,500 jobs," said **Assemblyman Raj Mukherji**. "The legislation being signed today will lead to the development of studio space totaling hundreds of thousands of square feet, creating a multibillion dollar industry, thousands of permanent jobs in the industry, and thousands more ancillary jobs. The impact will be seismic, as we look to revitalize communities throughout our state and energize local economies."

"The ASPIRE program serves as a catalyst for the overall supply and improvement of housing affordability for low- and moderate-income individuals and families by offering project financing through tax credits to support our local developers and businesses," said **Assembly Budget Chair Eliana Pintor Marin**. "Combined with incentives for film and digital media content production, we are attracting investments to set our economy up for sustainable success. These programs will play a vital role in supporting local communities, fostering innovation, and positioning New Jersey as a leader in film productions and economic development."

"It is appropriate that Governor Murphy chose to sign the tax credit bill at the EEW AOS plant in Paulsboro because investments like this ensure that offshore wind farms up and down the Atlantic Seaboard will be built with components manufactured by New Jersey workers and shipped out of New Jersey ports," said **Former Senate President Steve Sweeney**, chairs the advisory board for the Sweeney Center for Public Policy at Rowan University and sponsored the state's first offshore wind tax credit law as Senate President in 2010. "Both the Administration and the Legislature worked hard over the past five years to put New Jersey in the forefront of offshore wind manufacturing, supply chains and development. This legislation preserves our edge in the increasing competition with New York, Maryland and other states for offshore wind jobs."

"Under the leadership of Governor Phil Murphy, New Jersey is on the verge of leading in a new energy industry that will lead to good union jobs for workers," said **Eastern Atlantic States Regional Council of Carpenters Executive Secretary-Treasurer William C. Sproule**. "Our union is ready to meet the needs of the new offshore wind industry through our expanded training facilities, our newly announced accreditation as the first trade union with a Global Wind Organisation certified training program, and with the thousands of already highly skilled union carpenters, pile drivers, and millwrights who are ready to build and maintain New Jersey offshore wind turbines."

"IATSE International President Matthew D. Loeb and the over 5,000 IATSE members who play a key role in entertaining the world working in the Garden State thank Governor Phil Murphy for his undaunting support for the Arts since the day he took the oath of office, and we thank him for his gracious actions bestowed upon the Arts community guiding us through the pandemic," said **Greg Hancox, President, International Alliance of Theatrical Stage Employees (IATSE) Local 59**.

"We applaud Governor Murphy and the New Jersey Legislature for continuing to prioritize the generation of family-sustaining jobs in emerging sectors. Our more than 7,000 members across the Garden State look forward to building the projects that will serve as the foundation of New Jersey's growing economy," said **Greg Lalevee, Business Manager, International Union of Operating Engineers (IUOE) Local 825**.

"I would like to thank Governor Murphy and the legislature for their leadership in making this reality. The signing of this important legislation will allow for many jobs to be created in the short term as well as the long term with the construction of the monopiles located at the Paulsboro Port," said **Daniel Cosner, President, Southern New Jersey Building Trades Council**.

"Today's bill signings are a testament to our shared understanding that our unions remain the backbone of a thriving 21<sup>st</sup>-century economy. We thank Governor Murphy and the New Jersey Legislature for promoting economic opportunity and good-paying jobs not just in South Jersey, but across the Garden State as a whole," **stated Southern New Jersey Cer Labor Council.**