

[First Reprint]

SENATE, No. 4618

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED JUNE 19, 2025

Sponsored by:

Senator RAJ MUKHERJI

District 32 (Hudson)

Senator VIN GOPAL

District 11 (Monmouth)

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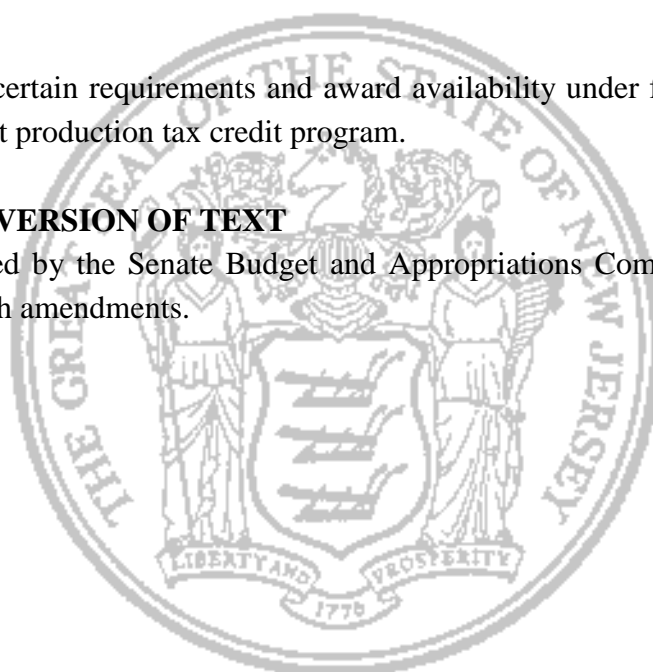
Senator McKnight

SYNOPSIS

Modifies certain requirements and award availability under film and digital media content production tax credit program.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on June 26, 2025, with amendments.



(Sponsorship Updated As Of: 6/30/2025)

1 AN ACT concerning the film and digital media content production
 2 tax credit program, amending and supplementing P.L.2018, c.56,
 3 and amending P.L.2020, c.156.

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, in the case of a taxpayer designated as a New
 14 Jersey studio partner or New Jersey film-lease production company,
 15 40 percent, and in the case of a taxpayer other than a New Jersey
 16 studio partner or New Jersey film-lease production company, 35
 17 percent, of the qualified film production expenses of the taxpayer
 18 during a privilege period commencing on or after July 1, 2018 but
 19 before July 1, **2039** 2049, provided that:

20 (a) at least 60 percent of the total film production expenses,
 21 exclusive of post-production costs, of the taxpayer are incurred for
 22 services performed and goods purchased through vendors
 23 authorized to do business in New Jersey or the qualified film
 24 production expenses of the taxpayer during the privilege period for
 25 services performed and goods purchased through vendors
 26 authorized to do business in New Jersey exceed \$1,000,000 per
 27 production¹**];** and, for reality shows, at least 60 percent of the total
 28 film production expenses, exclusive of post-production costs, of the
 29 taxpayer are incurred for services performed and goods purchased
 30 through vendors authorized to do business in New Jersey and the
 31 qualified film production expenses of the taxpayer during the
 32 privilege period for services performed and goods purchased
 33 through vendors authorized to do business in New Jersey exceed
 34 \$1,000,000 per production¹**];**

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 f. of this section; and

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:

¹Senate SBA committee amendments adopted June 26, 2025.

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

(2) Notwithstanding the provisions of paragraph (1) of subsection a. of this section to the contrary, the tax credit allowed pursuant to this subsection against the tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) shall be in an amount equal to, in the case of a taxpayer designated as a New Jersey studio partner **or New Jersey film-lease production company**, **[35]** 40 percent, in the case of a taxpayer designated as a New Jersey film-lease production company, 35 percent, and in the case of a taxpayer other than a New Jersey studio partner or New Jersey film-lease production company, 30 percent, of the qualified film production expenses of the taxpayer during a privilege period that are 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.

¹**[(3) In addition to the amount of tax credits otherwise allowed pursuant to this subsection, a taxpayer that is designated as a New Jersey studio partner, or New Jersey film-lease production company shall be eligible for an additional tax credit in an amount equal to four and one-half percent of the taxpayer's qualified film production expenses incurred during a privilege period commencing on or after July 1, 2025 but before July 1, 2049 for a film that is a television series that relocated to New Jersey.]**¹

b. (1) A taxpayer, upon approval of an application to the authority and the director, shall be allowed a credit against the tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in an amount equal to: 30 percent of the qualified digital media content production expenses of the taxpayer during a privilege period commencing on or after July 1, 2018 but before July 1, **[2039]** 2049, provided that:

(a) at least \$2,000,000 of the total digital media content production expenses of the taxpayer are incurred for services performed and goods purchased through vendors authorized to do business in New Jersey, provided, however, that for applications submitted after the effective date of P.L.2024, c.33, qualified wage and salary payments made to full-time employees working on digital media shall not be deemed an expense incurred for services performed;

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

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

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

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

14 (3) Notwithstanding the provisions of paragraph (1) of this
15 subsection to the contrary, the tax credit allowed pursuant to this
16 subsection against the tax imposed pursuant to section 5 of
17 P.L.1945, c.162 (C.54:10A-5) shall be in an amount equal to 40
18 percent of the qualified digital media content production expenses
19 of the taxpayer during a privilege period that are incurred for post-
20 production services, including visual effects services performed at a
21 New Jersey film-lease **【production】 partner** facility, that are
22 incurred by a taxpayer that is a New Jersey film-lease post-
23 production company, or that are incurred by a taxpayer that is a
24 New Jersey studio partner, provided that:

25 (a) at least \$500,000 of the qualified digital media content
26 production expenses **【of the taxpayer】** are incurred for post-
27 production services, including visual effects services performed at a
28 New Jersey film-lease **【production】 partner** facility, are incurred by
29 a taxpayer that is a New Jersey film-lease post-production company,
30 or are incurred by a taxpayer that is a New Jersey studio partner;

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

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

37 (4) Notwithstanding the provisions of paragraph (1) of this
38 subsection to the contrary, the tax credit allowed pursuant to this
39 subsection against the tax imposed pursuant to section 5 of
40 P.L.1945, c.162 (C.54:10A-5) shall be in an amount equal to 35
41 percent of the qualified digital media content production expenses
42 of the taxpayer during a privilege period that are incurred for post-
43 production services, including visual effects services performed by
44 a qualified **【independent】** post-production company, provided that:

45 (a) at least \$500,000 of the qualified digital media content
46 production expenses of the taxpayer are incurred for post-
47 production services, including visual effects services performed by
48 a taxpayer that is a qualified **【independent】** post-production

1 company, which may include qualified digital media content
2 production expenses incurred for post-production, including visual
3 effects activities performed by a business entity in which the
4 qualified post-production company has an ownership interest of at
5 least 51 percent;

6 (b) the taxpayer submits a tax credit verification report prepared
7 by an independent certified public accountant licensed in this State
8 in accordance with subsection f. of this section; and

9 (c) the taxpayer complies with the withholding requirements
10 provided for payments to loan out companies and independent
11 contractors in accordance with subsection g. of this section.

12 c. No tax credit shall be allowed pursuant to this section for
13 any costs or expenses included in the calculation of any other tax
14 credit or exemption granted pursuant to a claim made on a tax
15 return filed with the director, or included in the calculation of an
16 award of business assistance or incentive, for a period of time that
17 coincides with the privilege period for which a tax credit authorized
18 pursuant to this section is allowed. The order of priority in which
19 the tax credit allowed pursuant to this section and any other tax
20 credits allowed by law may be taken shall be as prescribed by the
21 director. The amount of the tax credit applied under this section
22 against the tax imposed pursuant to section 5 of P.L.1945, c.162
23 (C.54:10A-5), for a privilege period, when taken together with any
24 other payments, credits, deductions, and adjustments allowed by
25 law shall not reduce the tax liability of the taxpayer to an amount
26 less than the statutory minimum provided in subsection (e) of
27 section 5 of P.L.1945, c.162 (C.54:10A-5). The amount of the tax
28 credit otherwise allowable under this section which cannot be
29 applied for the privilege period due to the limitations of this
30 subsection or under other provisions of P.L.1945, c.162 (C.54:10A-
31 1 et seq.) may be carried forward, if necessary, to the seven
32 privilege periods following the privilege period for which the tax
33 credit was allowed.

34 d. (1) A taxpayer, with an application for a tax credit provided
35 for in subsection a. or subsection b. of this section, may apply to the
36 authority and the director for a tax credit transfer certificate in lieu
37 of the taxpayer being allowed any amount of the tax credit against
38 the tax liability of the taxpayer. The tax credit transfer certificate,
39 upon receipt thereof by the taxpayer from the authority and the
40 director, may be sold or assigned, in full or in part, to any other
41 taxpayer that may have a tax liability under the "Corporation
42 Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.),
43 **[or]** the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et
44 seq., sections 2 and 3 of P.L.1945, c.132 (C.54:18A-2 and
45 C.54A:18A-3), section 1 of P.L.1950, c.231 (C.17:32-15), or
46 N.J.S.17B:23-5, in exchange for private financial assistance to be
47 provided by the purchaser or assignee to the taxpayer that has
48 applied for and been granted the tax credit. The tax credit transfer
49 certificate provided to the taxpayer shall include a statement

1 waiving the taxpayer's right to claim that amount of the tax credit
 2 against the tax imposed pursuant to section 5 of P.L.1945, c.162
 3 (C.54:10A-5) that the taxpayer has elected to sell or assign. The
 4 sale or assignment of any amount of a tax credit transfer certificate
 5 allowed under this section shall not be exchanged for consideration
 6 received by the taxpayer of less than 75 percent of the transferred
 7 tax credit amount. Any amount of a tax credit transfer certificate
 8 used by a purchaser or assignee against a tax liability under
 9 P.L.1945, c.162 (C.54:10A-1 et seq.) ¹ ["New Jersey Gross Income
 10 Tax Act," N.J.S.54A:1-1 et seq.]¹, sections 2 and 3 of P.L.1945,
 11 c.132 (C.54:18A-2 and C.54A:18A-3), section 1 of P.L.1950, c.231
 12 (C.17:32-15), or N.J.S.17B:23-5 shall be subject to the same
 13 limitations and conditions that apply to the use of a tax credit
 14 pursuant to subsection c. of this section. Any amount of a tax credit
 15 transfer certificate obtained by a purchaser or assignee under
 16 subsection a. or subsection b. of this section may be applied against
 17 the purchaser's or assignee's tax liability under N.J.S.54A:1-1 et
 18 seq. and shall be subject to the same limitations and conditions that
 19 apply to the use of a credit pursuant to subsections c. and d. of
 20 section 2 of P.L.2018, c.56 (C.54A:4-12b).

21 (2) A ¹credit issued to a¹ taxpayer, including the purchaser or
 22 assignee of a tax credit transfer certificate, may first ¹use the credit
 23 in ¹be taken by the tax certificate holder for¹ the tax period for which
 24 it was issued, ¹for¹ the tax period in which it was issued, or in any
 25 tax period ¹after the tax period for which it was issued, up to and
 26 including the next three successive tax periods after receipt by the
 27 purchaser ¹during the time a business is required to maintain the
 28 project at a location in this State, subject to the carryforward
 29 provisions of this section. The tax credit transfer certificate holder
 30 may transfer the tax credit amount on or after the date of issuance for
 31 use by the transferee in the tax period for which it was issued, in the
 32 tax period for which it was issued, or in any of the next successive tax
 33 periods, subject to the carryforward provisions of this section. The tax
 34 certificate holder or transferee may first use the credit against tax
 35 liabilities in the tax period in which it was issued or in a succeeding
 36 tax period, as authorized in this paragraph, subject to the carryforward
 37 provisions in this section¹, without the need to amend the return for
 38 the year for which the credit was issued.

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), and except as provided in section 98 of P.L.2020,
 44 c.156 (C.34:1B-362), to taxpayers, other than New Jersey studio
 45 partners and New Jersey film-lease production companies, shall not
 46 exceed a cumulative total of \$100,000,000 in fiscal year 2019 and
 47 in each fiscal year thereafter prior to fiscal year **[2040]** 2050, to
 48 apply against the tax imposed pursuant to section 5 of P.L.1945,

1 c.162 (C.54:10A-5) and the tax imposed pursuant to the "New
2 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. In addition to
3 the limitation on the value of tax credits approved by the director
4 for New Jersey film-lease production companies and the limitation
5 on the value of tax credits approved by the director for other
6 taxpayers imposed by this paragraph, and except as provided in
7 section 98 of P.L.2020, c.156 (C.34:1B-362), the value of tax
8 credits, including tax credits allowed through the granting of tax
9 credit transfer certificates, approved by the director and the
10 authority pursuant to subsection a. of this section and pursuant to
11 subsection a. of section 2 of P.L.2018, c.56 (C.54A:4-12b) to New
12 Jersey studio partners shall not exceed a cumulative total of
13 \$100,000,000 in fiscal year 2021 and in each fiscal year thereafter
14 prior to fiscal year 2024, and shall not exceed a cumulative total of
15 \$150,000,000 in fiscal year 2024 and in each fiscal year thereafter
16 prior to fiscal year **2040** ¹**2026**, and shall not exceed a
17 cumulative total of \$300,000,000 in fiscal year 2026 and in each
18 fiscal year thereafter prior to fiscal year ¹ 2050, to apply against the
19 tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5)
20 and the tax imposed pursuant to the "New Jersey Gross Income Tax
21 Act," N.J.S.54A:1-1 et seq. Beginning in fiscal year **2023**
22 ¹**2026** 2023¹, in addition to the cumulative total tax credits made
23 available for New Jersey studio partners pursuant to this paragraph
24 and subsection d. of section 98 of P.L.2020, c.156 (C.34:1B-362),
25 up to an additional **\$400,000,000** ¹**\$250,000,000** \$400,000,000¹
26 may be made available annually, in the discretion of the authority,
27 to New Jersey studio partners for the award of tax credits, including
28 tax credits allowed through the granting of tax credit transfer
29 certificates, pursuant to subsection a. of this section and subsection
30 a. of section 2 of P.L.2018, c.56 (C.54A:4-12b), from the funds
31 made available pursuant to subparagraph (i) of paragraph (1) of
32 subsection b. of section 98 of P.L.2020, c.156 (C.34:1B-362). In
33 addition to the limitation on the value of tax credits approved by the
34 director for New Jersey studio partners and the limitation on the
35 value of tax credits approved by the director for other taxpayers
36 imposed by this paragraph, and except as provided in section 98 of
37 P.L.2020, c.156 (C.34:1B-362), the value of tax credits, including
38 tax credits allowed through the granting of tax credit transfer
39 certificates, approved by the director and the authority pursuant to
40 subsection a. of this section and pursuant to subsection a. of section
41 2 of P.L.2018, c.56 (C.54A:4-12b) to New Jersey film-lease
42 production companies shall not exceed a cumulative total of
43 \$100,000,000 in fiscal year 2021 and in each fiscal year thereafter
44 prior to fiscal year 2024, and shall not exceed a cumulative total of
45 \$150,000,000 in fiscal year 2024 and in each fiscal year thereafter
46 prior to fiscal year ¹**2040** 2050¹, 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. Beginning in fiscal year 2023, in addition to
2 the cumulative total tax credits made available for New Jersey film-
3 lease production companies pursuant to this paragraph and
4 subsection d. of section 98 of P.L.2020, c.156 (C.34:1B-362), up to
5 an additional \$250,000,000 may be made available annually, in the
6 discretion of the authority, to New Jersey film-lease production
7 companies for the award of tax credits, including tax credits
8 allowed through the granting of tax credit transfer certificates,
9 pursuant to subsection a. of this section and subsection a. of section
10 2 of P.L.2018, c.56 (C.54A:4-12b), from the funds made available
11 pursuant to subparagraph (i) of paragraph (1) of subsection b. of
12 section 98 of P.L.2020, c.156 (C.34:1B-362). Approvals made to
13 New Jersey studio partners and New Jersey film-lease production
14 companies shall be subject to award agreements with the authority
15 detailing obligations of the awardee and outcomes relating to events
16 of default, including, but not limited to, recapture, forfeiture, and
17 termination, except that in the event of a recapture of tax credits,
18 the tax credits shall only be recaptured from the initial recipient of
19 the tax credits, not the purchaser or assignee of a tax credit transfer
20 certificate. Notwithstanding any provision of this subsection or
21 other law to the contrary, if a film production company designated
22 as a New Jersey studio partner ceases to qualify for its designation
23 as a New Jersey film studio partner and becomes designated as a
24 New Jersey film-lease partner facility, the authority shall reduce the
25 cumulative total amount of tax credits, including tax credits allowed
26 through the granting of tax credit transfer certificates, made
27 available to New Jersey studio partners in each fiscal year and shall
28 increase the cumulative total amount of tax credits permitted to be
29 approved for New Jersey film-lease production companies in each
30 fiscal year by a corresponding amount pursuant to a formula
31 established in rules adopted by the authority which shall consider
32 the volume of applications submitted by New Jersey studio partners
33 and New Jersey film-lease production facilities, the cumulative total
34 amount of tax credits allowed to New Jersey studio partners and
35 New Jersey film-lease production facilities in the prior fiscal year,
36 the total square footage of facility space occupied in the State by
37 New Jersey studio partners and New Jersey film-lease production
38 facilities, and any other factors that the authority deems appropriate.
39 Award agreements between the authority and New Jersey studio
40 partners shall include a requirement for each New Jersey studio
41 partner to occupy the production facility developed, purchased, or
42 leased as a condition of designation as a New Jersey studio partner
43 for the duration of the commitment period. If a New Jersey studio
44 partner fails to occupy the production facility developed, purchased,
45 or leased as a condition of designation as a New Jersey studio
46 partner for the duration of the commitment period or otherwise fails
47 to satisfy the conditions for designation as a New Jersey studio
48 partner, except for the failure to occupy the production facility for
49 any reason outside the control of the New Jersey studio partner,

1 ¹subject to any rules the authority may determine necessary to
2 implement this provision, including, but not limited to, a definition of
3 reasons outside the control of the New Jersey studio partner,¹ the
4 authority **【shall】** may recapture the portion of the tax credit that
5 was only available to the taxpayer by virtue of the taxpayer's
6 designation as a New Jersey studio partner, and all films for which
7 an initial approval has been given, but for which the authority has
8 not approved final documentation, shall **【terminate】** be reduced to
9 eliminate the portion of the tax credits only available by virtue of
10 such designation. Notwithstanding any law, regulation, or rule to
11 the contrary, in the event of a recapture of tax credits, the tax
12 credits shall only be recaptured from the initial recipient of the tax
13 credits, not the purchaser or assignee of a tax credit transfer
14 certificate. The authority shall establish a non-binding,
15 administrative pre-certification process for potentially eligible
16 projects.

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

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

1 transfer to another taxpayer under this section, and shall increase
2 the cumulative total amount of tax credits permitted to be approved
3 for New Jersey studio partners, New Jersey film-lease production
4 companies, or taxpayers other than New Jersey studio partners and
5 New Jersey film-lease production companies in the subsequent
6 fiscal year by the amount of tax credits previously approved for
7 each such category, but not subject to redemption or transfer.

8 ¹Notwithstanding any provision of this paragraph to the contrary,
9 beginning in fiscal year 2028, if the amount of tax credits approved to
10 taxpayers other than New Jersey studio partners and New Jersey film-
11 lease production companies pursuant to this paragraph is less than the
12 cumulative total amount of tax credits permitted to be approved to
13 taxpayers other than New Jersey studio partners and New Jersey film-
14 lease production companies in that fiscal year, the authority shall
15 certify the amount of the remaining tax credits available for approval
16 in that fiscal year, which certified amount shall not exceed
17 \$100,000,000 in any fiscal year, and shall increase the cumulative total
18 amount of tax credits permitted to be approved for New Jersey studio
19 partners pursuant to subsection a. of this section and subsection a. of
20 section 2 of P.L.2018, c.56 (C.54A:4-12b) in the next subsequent
21 fiscal year by the certified amount remaining for taxpayers other than
22 New Jersey studio partners and New Jersey film-lease production
23 companies from the prior fiscal year. If the certified amount
24 remaining from the prior fiscal year is less than \$100,000,000, then, in
25 addition to the tax credits remaining from the prior fiscal year, the
26 difference between \$100,000,000 and the certified amount shall be
27 made available to New Jersey studio partners, first from any funds
28 available pursuant to subparagraph (f) of paragraph (1) of subsection
29 b. of section 98 of P.L.2020, c.156 (C.34:1B-362), not including tax
30 credits made available for transformative projects, and then, if there
31 are insufficient funds available pursuant to subparagraph (f) of
32 paragraph (1) of subsection b. of section 98 of P.L.2020, c.156
33 (C.34:1B-362), from the tax credits allocated in the current fiscal year
34 to taxpayers other than New Jersey studio partners and New Jersey
35 film-lease production companies.¹

36 (2) The value of tax credits, including tax credits allowed
37 through the granting of tax credit transfer certificates, approved by
38 the authority and the director pursuant to subsection b. of this
39 section and pursuant to subsection b. of section 2 of P.L.2018, c.56
40 (C.54A:4-12b) shall not exceed a cumulative total of \$30,000,000 in
41 fiscal year 2019 and in each fiscal year thereafter prior to fiscal year
42 **[2040] 2050** to apply against the tax imposed pursuant to section 5
43 of P.L.1945, c.162 (C.54:10A-5) and the tax imposed pursuant to
44 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.

45 If the total amount of tax credits and tax credit transfer
46 certificates allowed to taxpayers for privilege periods or taxable
47 years commencing during a single fiscal year under subsection b. of
48 this section and subsection b. of section 2 of P.L.2018, c.56

1 (C.54A:4-12b) exceeds the amount of tax credits available in that
2 year, then taxpayers who have first applied for and have not been
3 allowed a tax credit or tax credit transfer certificate amount for that
4 reason shall have their applications approved by the authority,
5 provided the application otherwise satisfies the requirements of this
6 section, and shall be allowed the amount of tax credit or tax credit
7 transfer certificate on the first day of the next succeeding fiscal year
8 in which tax credits and tax credit transfer certificates under
9 subsection b. of this section and subsection b. of section 2 of
10 P.L.2018, c.56 (C.54A:4-12b) are not in excess of the amount of
11 credits available.

12 Beginning in the fiscal year beginning July 1, 2024, in addition
13 to the total amount of tax credits and tax credit transfer certificates
14 allowed to taxpayers for privilege periods or taxable years
15 commencing during a single fiscal year under subsection b. of this
16 section and subsection b. of section 2 of P.L.2018, c.56 (C.54A:4-
17 12b), up to an additional \$100,000,000 may be made available, in
18 the discretion of the authority for the award of tax credits, including
19 tax credits allowed through the granting of tax credit transfer
20 certificates, pursuant to subsection b. of this section and subsection
21 b. of section 2 of P.L.2018, c.56 (C.54A:4-12b), from the funds
22 made available to taxpayers other than New Jersey studio partners
23 and New Jersey film-lease production companies pursuant to
24 paragraph (3) of subsection d. of section 98 of P.L.2020, c.156
25 (C.34:1B-362).

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

41 f. A taxpayer shall submit to the authority and the director a
42 report prepared by an independent certified public accountant
43 licensed in this State to verify the taxpayer's tax credit claim
44 following the completion of the production. A New Jersey studio
45 partner that makes deferred compensation payments based on work
46 or services provided on a production may file a supplemental report
47 prepared by an independent certified public accountant, pursuant to
48 agreed-upon procedures prescribed by the authority and the
49 director, no later than **two** four years after the date on which the

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

1 g. A taxpayer shall withhold from each payment to a loan out
2 company, to an independent contractor, or to a homeowner for the
3 use of a personal residence an amount equal to 6.37 percent of the
4 payment otherwise due. The amounts withheld shall be deemed to
5 be withholding of liability pursuant to the "New Jersey Gross
6 Income Tax Act," N.J.S.54A:1-1 et seq., and the taxpayer shall be
7 deemed to have the rights, duties, and responsibilities of an
8 employer pursuant to chapter 7 of Title 54A of the New Jersey
9 Statutes. The director shall allocate the amounts withheld for a
10 taxable year to the accounts of the individuals who are employees
11 of a loan out company in proportion to the employee's payment by
12 the loan out company in connection with a trade, profession, or
13 occupation carried on in this State or for the rendition of personal
14 services performed in this State during the taxable year. A loan out
15 company that reports its payments to employees in connection with
16 a trade, profession, or occupation carried on in this State or for the
17 rendition of personal services performed in this State during a
18 taxable year shall be relieved of its duties and responsibilities as an
19 employer pursuant to chapter 7 of Title 54A of the New Jersey
20 Statutes for the taxable year for any payments relating to the
21 payments on which the taxpayer withheld. Notwithstanding any
22 provision of this section to the contrary, qualified film production
23 expenses and qualified digital media content production expenses
24 shall include any payments made by the taxpayer to a loan out
25 company for services performed in New Jersey by individuals who
26 are employees of the loan out company and whose wages and
27 salaries are subject to withholding, but not subject to tax under the
28 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., due to
29 the provisions of a reciprocity agreement with another state.
30 Notwithstanding any provision of this section to the contrary,
31 deferred compensation payments made directly to a bona fide labor
32 union on behalf of an individual that performed services on a
33 production that tax under the "New Jersey Gross Income Tax Act,"
34 N.J.S.54A:1-1 et seq. was not withheld shall constitute qualified
35 film production expenses, provided that the payment otherwise
36 satisfies the requirements of this section.

37 h. As used in this section:

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

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

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

45 "Commitment period" means, for New Jersey studio partners, the
46 period beginning with the commencement of the eligibility period
47 and **[expiring]** continuing for a minimum of 10 years following:

48 (1) in the case of a taxpayer developing or purchasing a
49 production facility, the issuance of a temporary certificate of

1 occupancy for the production facility developed or purchased as a
2 condition of designation as a New Jersey studio partner; or

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

6 "Digital media content" means the following: digitally formatted
7 and distributed content, which content includes data or information
8 created in analog form, but reformatted in digital form: animation;
9 video games; visual effects; interactive media, including virtual,
10 augmented, or mixed reality; content containing text, graphics, or
11 photographs; sound; and video. "Digital media content" shall not
12 mean content offerings generated by the end user (including
13 postings on electronic bulletin boards and chat rooms); content
14 offerings comprised primarily of local news, events, weather, or
15 local market reports; public service content; electronic commerce
16 platforms (such as retail and wholesale websites); websites or
17 content offerings that contain obscene material as defined pursuant
18 to N.J.S.2C:34-2 and N.J.S.2C:34-3; websites or content that are
19 produced or maintained primarily for private, industrial, corporate,
20 or institutional purposes; or digital media content acquired or
21 licensed by the taxpayer for distribution or incorporation into the
22 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** less 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, talk show,
43 competition or variety show filmed before a live audience, or other
44 gala event filmed and produced at a nonprofit arts and cultural
45 venue receiving State funding. "Film" shall not include a
46 production featuring news, current events, weather, and market
47 reports or public programming, or sports event, a production that
48 solicits funds, a production containing obscene material as defined
49 under N.J.S.2C:34-2 and N.J.S.2C:34-3, or a production primarily

1 for private, industrial, corporate, or institutional purposes, or a
2 reality show, except if the production company of the reality show
3 has obtained a minimum ¹~~【six-episode】~~ four-episode¹ order from,
4 and is commissioned and scheduled to premiere on, a major linear
5 network or streaming service. Notwithstanding any provision of
6 this section to the contrary, for a New Jersey studio partner, “film”
7 shall include an ongoing television production that relocated to New
8 Jersey and features news or current events, which may include
9 sports themed current events programming, but shall not include a
10 sports event, provided that the ongoing television production
11 relocates to a ¹~~【New Jersey studio partner】~~¹ facility that is leased or
12 owned by the New Jersey studio partner ¹and for which facility such
13 New Jersey studio partner received its designation as a New Jersey
14 studio partner¹. "Film" shall not include an award show or other
15 gala event that is not filmed and produced at a nonprofit arts and
16 cultural venue receiving State funding.

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

37 "Highly compensated individual" means~~【~~, for New Jersey studio
38 partners and New Jersey film-lease production companies, an
39 individual who directly or indirectly receives compensation in
40 excess of \$500,000 for the performance of services used directly in
41 a production and, for taxpayers other than New Jersey studio
42 partners and New Jersey film-lease production companies,~~】~~ an
43 individual who directly or indirectly receives compensation in
44 excess of \$750,000 for the performance of services used directly in
45 a production. An individual receives compensation indirectly when
46 the taxpayer pays a loan out company that, in turn, pays the
47 individual for the performance of services.

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

30 "Independent contractor" means an individual treated as an
31 independent contractor for federal and State tax purposes who is
32 contracted with by the taxpayer for the performance of services
33 used directly in a production.

34 **["Independent post-production company" means a corporation,**
35 **partnership, limited liability company, or other entity principally**
36 **engaged in the provision of post-production, including visual**
37 **effects services for a film or films described in this section,**
38 **including a film or films that do not satisfy the requirements of**
39 **subparagraph (a) of paragraph (1) of subsection a. of this section,**
40 **which entity is not a publicly traded entity or for which entity no**
41 **more than five percent of the beneficial ownership is owned directly**
42 **or indirectly by a publicly traded entity.]**

43 "Loan out company" means, for applications submitted prior to
44 the effective date of P.L.2024, c.33, a personal service corporation
45 or other entity with which a taxpayer contracts for the provision of
46 specified individual personnel, such as artists, crew, actors,
47 producers, or directors for the performance of services used directly
48 in a production and, for applications submitted on or after the
49 effective date of P.L.2024, c.33, a personal service corporation or

1 other entity authorized to do business in New Jersey that is
2 contracted with by the taxpayer to provide specified individual
3 personnel, such as artists, crew, actors, producers, or directors for
4 the performance of services used directly in a production. "Loan
5 out company" shall not include entities contracted with by the
6 taxpayer to provide goods or ancillary contractor services such as
7 catering, construction, trailers, equipment, or transportation.

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

9 (1) (a) a production facility in New Jersey whose owner or
10 developer has made the commitment to build, lease, or operate a
11 production facility of 250,000 square feet or more, including a
12 sound stage and production support space, such as production
13 offices, mill space, or a backlot, for a period of five or more
14 successive years, as evidenced by site plan approval or an executed
15 redevelopment agreement with a governmental entity for the
16 purpose of developing a production facility of 250,000 square feet
17 or more;

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

21 (c) a portion of a production facility owned by a New Jersey
22 studio partner that is in excess of the space being utilized by the
23 New Jersey studio partner; provided the spaces utilized and
24 unutilized by the New Jersey studio partner both exceed 250,000
25 square feet.

26 (2) A film production company that executes at least a 10-year
27 lease for 250,000 square feet or more from a New Jersey film-lease
28 partner facility shall be eligible to be designated as a New Jersey
29 studio partner, provided the film production company otherwise
30 complies with the eligibility requirements of the program.

31 (3) Except for a production facility, or portion thereof, owned,
32 built, leased, or operated by a film production company designated
33 as a New Jersey studio partner by the authority on or before the
34 181st day next following the effective date of P.L.2023, c.97
35 (C.34:1B-4.2 et al.), in order for a production facility to be
36 designated as a New Jersey film-lease partner facility, the owner or
37 developer shall accept the acquisition by the authority, at the
38 authority's discretion, of equity in the production facility, on
39 commercially reasonable and customary terms and conditions
40 determined by the authority and the New Jersey film-lease partner
41 facility. A film production facility may receive its film-lease
42 partner facility designation prior to executing an equity agreement
43 with the authority provided final approval of such agreement occurs
44 on or before the date on which production commences at the
45 facility.

46 (4) No more than three New Jersey production facilities may be
47 designated as a New Jersey film-lease partner facility; provided,
48 however, this limitation shall not apply to production facilities, or

1 portions thereof, owned, built, leased, or operated by a film
2 production company designated as a New Jersey studio partner.

3 “New Jersey film-lease post-production company” means a
4 taxpayer, including any taxpayer that is a member of a combined
5 group pursuant to section 23 of P.L.2018, c.48 (C.54:10A-4.11) or
6 any other entity in which the New Jersey film-lease post-production
7 company has a material ownership interest and a material
8 operational role in the production, that otherwise complies with the
9 eligibility requirements of the Film and Digital Media Tax Credit
10 Program, has made a commitment to lease or otherwise occupy
11 production space in a New Jersey film-lease partner facility, and
12 satisfies the criteria of paragraph (3) of subsection b. of this section.
13 If a New Jersey film-lease partner facility has not yet received a
14 temporary or final certificate of occupancy, a New Jersey film-lease
15 post-production company shall have entered into a lease or sublease
16 with the owner or developer of a New Jersey film-lease partner
17 facility, which lease or sublease shall be for not less than three
18 years of occupancy of the New Jersey film-lease partner facility and
19 include at least 36,000 square feet of gross rentable space. For
20 purposes of satisfying the requirements of subparagraph (a) of
21 paragraph (3) of subsection b. of this section, a New Jersey film-
22 lease post-production company may include in an application the
23 qualified digital media content production expenses incurred for
24 post-production, including visual effects activities that are
25 performed by the New Jersey film-lease post-production company
26 or by a business entity in which the New Jersey film-lease post-
27 production company has an ownership interest of at least ¹~~50~~⁵¹
28 percent.

29 In the event that the authority determines that a New Jersey film-
30 lease post-production company has failed to meet the qualifications
31 of a New Jersey film-lease post-production company or otherwise
32 comply with the provisions of this section, except for the failure to
33 occupy the New Jersey film-lease partner facility for any reason
34 outside the control of the New Jersey film-lease post-production
35 company, ¹subject to any rules the authority may determine necessary
36 to implement this provision, including, but not limited to, a definition
37 of reasons outside the control of the New Jersey film-lease post-
38 production company, ¹the authority may recapture solely from that
39 film production company the portion of any tax credits that had
40 been awarded to that film production company that was only
41 available to the film production company by virtue of the film
42 production company’s designation as a New Jersey film-lease post-
43 production company, except that the tax credits shall not be
44 recaptured from the purchaser or assignee of a tax credit transfer
45 certificate, and all films for which an initial approval has been
46 given but for which the authority has not approved final
47 documentation shall be reduced to eliminate the portion of the tax
48 credits only available by virtue of such designation. If a New

1 Jersey film-lease post-production company was issued a film tax
2 credit on the basis of a lease or sublease with a New Jersey film-
3 lease partner facility before that facility receives a temporary or
4 final certificate of occupancy, and the New Jersey film-lease post-
5 production company fails to meet the qualifications of a New Jersey
6 film-lease post-production company or otherwise comply with the
7 applicable provisions in the definition of New Jersey film-lease
8 '[production] post-production' company, including, but not limited
9 to, the failure to occupy the required amount of space at a New
10 Jersey film-lease production facility for the required time, the
11 authority shall not recapture any tax credits within '[two years] one
12 year' of the date of the New Jersey film-lease post-production
13 company's lease with the New Jersey film-lease production facility,
14 which '[may be extended at the discretion of the authority] the
15 authority shall extend for one additional year if the New Jersey film-
16 lease production facility commences construction as evidenced by the
17 issuance of a building permit within one year of the date of the New
18 Jersey film-lease post-production company's lease with the New
19 Jersey film-lease production facility'.

20 "New Jersey film-lease production company" means a taxpayer,
21 including any taxpayer that is a member of a combined group under
22 section 23 of P.L.2018, c.48 (C.54:10A-4.11) or any other entity in
23 which the film-lease production company has a material ownership
24 interest and has oversight of operations of the entity, as
25 demonstrated by the control of at least one board of director
26 position or other management responsibilities, or has a material
27 operational role in the production, that otherwise complies with the
28 eligibility requirements of the Film and Digital Media Tax Credit
29 Program and has made a commitment to lease or otherwise occupy
30 production space in a New Jersey film-lease partner facility 'and
31 who will shoot at least 50 percent of the total principal photography
32 shoot days of the project within New Jersey'. In addition to the
33 forgoing, if a New Jersey film-lease partner facility has received a
34 temporary or final certificate of occupancy, a film production
35 company shall satisfy one of the following two criteria: (1) the film
36 production company shoots at least 50 percent of the total principal
37 photography shoot days of the project within New Jersey at the
38 New Jersey film-lease partner facility; or (2) the qualified film
39 production expenses of the project for all services performed and
40 goods used or consumed at the New Jersey film-lease partner
41 facility and payments made for the use of the New Jersey film-lease
42 partner facility equal or exceed 33 percent of the total qualified film
43 production expenses of the project. In addition to the forgoing, if a
44 New Jersey film-lease partner facility has not yet received a
45 temporary or final certificate of occupancy, a film production
46 company shall have entered into a lease or sublease with the owner
47 or developer of a New Jersey film-lease partner facility, which lease
48 or sublease is for not less than three years of occupancy of the New

1 Jersey film-lease partner facility and includes at least 36,000 square
2 feet of soundstage space, and the film production company shall
3 have executed a contract with the owner or developer of the New
4 Jersey film-lease partner facility to provide production services for
5 films produced by the film production company in New Jersey prior
6 to the New Jersey film-lease partner facility's receipt of a temporary
7 or final certificate of occupancy. ¹A television series produced by a
8 New Jersey film-lease production company that satisfies the three
9 year lease requirements under this paragraph and that commences
10 principal photography in New Jersey prior to the New Jersey film-
11 lease partner facility's receipt of a temporary or final certificate of
12 occupancy shall remain eligible to receive the tax credits only
13 available to the film production company by virtue of the film
14 production company's designation as a New Jersey film-lease
15 production company, provided that the series continues production
16 in New Jersey, the film production company continues to satisfy the
17 requirements of a New Jersey film-lease production company at
18 least through the conclusion of production of the television series in
19 New Jersey, and the television series continues to satisfy the
20 requirements for a film that commences production prior to the New
21 Jersey film-lease partner facility's receipt of a temporary or final
22 certificate of occupancy.¹ A "New Jersey film-lease production
23 company" may include any other member of a taxpayer's combined
24 group, pursuant to **【P.L.2018, c.131】** section 23 of P.L.2018, c.48
25 (C.54:10A-4.11), any other entity in which the New Jersey film-
26 lease production company has a material ownership interest, or an
27 unrelated entity principally engaged in the production of a film or
28 other commercial audiovisual product with whom a designated New
29 Jersey film-lease production company contracts to perform film
30 production services on its behalf such that the designated New
31 Jersey film-lease production company: (1) controls such film or
32 product during preproduction, production, and postproduction [and
33 all results and proceeds of such services constitute, from the
34 moment of creation, "works made for hire" for the New Jersey film-
35 lease production company pursuant to the provisions of the federal
36 "Copyright Act of 1976" (17 U.S.C. s.101 et seq.)】 ; or (2) controls
37 distribution rights for the resulting film or other commercial
38 audiovisual product, provided that the New Jersey film-lease
39 production company contracted with the unrelated entity prior to
40 qualified film production expenses being incurred.

41 In the event the authority determines that a New Jersey film-
42 lease production company has failed to meet the qualifications of a
43 New Jersey film-lease production company or otherwise comply
44 with the provisions of this section, except for the failure to occupy
45 the New Jersey film-lease partner facility for any reason outside the
46 control of the New Jersey film-lease production company, ¹subject
47 to any rules the authority may determine necessary to implement this
48 provision, including, but not limited to, a definition of reasons outside

1 the control of the New Jersey film-lease production company,¹ the
2 authority may recapture solely from that film production company
3 the portion of any tax [credit] credits that had been awarded to that
4 film production company that was only available to the film
5 production company by virtue of the film production company's
6 designation as a New Jersey film-lease production company, except
7 that the tax credits shall not be recaptured from the purchaser or
8 assignee of a tax credit transfer certificate, and all films for which
9 an initial approval has been given, but for which the authority has
10 not approved final documentation, shall be reduced to eliminate the
11 portion of the tax credits only available by virtue of such
12 designation. If a New Jersey film-lease production company was
13 issued a film tax credit on the basis of a lease or sublease with a
14 New Jersey film-lease partner facility before that facility receives a
15 temporary or final certificate of occupancy and the New Jersey
16 film-lease production company fails to meet the qualifications of a
17 New Jersey film-lease production company or otherwise comply
18 with the applicable provisions in the definition of New Jersey film-
19 lease production company, including, but not limited to, the failure
20 to occupy the required amount of space at a New Jersey film-lease
21 production facility for the required time, the authority shall not
22 recapture any tax credits within ¹[two years] one year¹ of the date
23 of the New Jersey film-lease production company's lease with the
24 New Jersey film-lease production facility, which ¹[period may be
25 extended at the discretion of the authority] the authority shall extend
26 for one additional year if the New Jersey film-lease production facility
27 commences construction, as evidenced by the issuance of a building
28 permit, within one year of the date of the New Jersey film-lease
29 production company's lease with the New Jersey film-lease production
30 facility¹.

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, except for the failure to occupy a New Jersey film-

1 lease partner facility for any reason outside the control of the New
2 Jersey studio partner, 'subject to any rules the authority may
3 determine necessary to implement this provision, including, but not
4 limited to, a definition of reasons outside the control of the New Jersey
5 studio partner,' the authority may rescind the New Jersey studio
6 partner designation and may recapture solely from that film
7 production company the portion of any tax credit that had been
8 awarded to that film production company that was only available to
9 the film production company by virtue of the film production
10 company's designation as a New Jersey studio partner, except that
11 the tax credits shall not be recaptured from the purchaser or
12 assignee of a tax credit transfer certificate, and all films for which
13 an initial approval has been given, but for which the authority has
14 not approved final documentation, shall be reduced to eliminate the
15 portion of the tax credits only available by virtue of such
16 designation. If a New Jersey studio partner was issued a film tax
17 credit on the basis of a lease or sublease with a New Jersey film-
18 lease partner facility before that facility receives a temporary or
19 final certificate of occupancy and the New Jersey studio partner
20 fails to meet the qualifications of a New Jersey studio partner,
21 including, but not limited to, the failure to occupy the required
22 amount of space at New Jersey film-lease production facility for the
23 required time, the authority shall not recapture any tax credits
24 within 'two years' one year' of the date of the New Jersey studio
25 partner's lease with the New Jersey film-lease production facility,
26 which 'period may be extended at the discretion of the authority']
27 the authority shall extend for one additional year if the New Jersey
28 film-lease production facility commences construction, as evidenced
29 by the issuance of a building permit, within one year of the date of the
30 New Jersey studio partner's lease with the New Jersey film-lease
31 production facility'. A "New Jersey studio partner" may include any
32 other member of a taxpayer's combined group, pursuant to
33 **[P.L.2018, c.131]** section 23 of P.L.2018, c.48 (C.54:10A-4.11), or
34 an unrelated entity principally engaged in the production of a film
35 or other commercial audiovisual product with whom a designated
36 New Jersey studio partner contracts to perform film production
37 services on its behalf or for its benefit such that the designated New
38 Jersey studio partner: (1) controls such film or product during pre-
39 production, production, and post-production; or (2) controls
40 distribution rights for the resulting film or other commercial
41 audiovisual product, provided that the New Jersey studio partner
42 contracted with the unrelated entity prior to qualified film
43 production expenses being incurred. No more than three film
44 production companies may be designated as a New Jersey studio
45 partner.
46 "Partnership" means an entity classified as a partnership for
47 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: the wages and salaries of
14 individuals employed in the production of digital media content on
15 which the 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 any wages and
17 salaries of individuals employed in the production of digital media
18 content that are not subject to tax under the "New Jersey Gross
19 Income Tax Act," N.J.S.54A:1-1 et seq., due to the provisions of a
20 reciprocity agreement with another state; the costs of computer
21 software and hardware, data processing, visualization technologies,
22 sound synchronization, editing, and the rental of facilities and
23 equipment; and the costs for post-production, including, but not
24 limited to: editing, sound design, visual effects, animation, music
25 composition, color grading, and mastering. Payment made to a loan
26 out company or to an independent contractor shall not be deemed a
27 "qualified digital media content production expense" unless the
28 payment is made 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 and the taxpayer has made the
31 withholding required pursuant to subsection g. of this section. For
32 applications submitted prior to the effective date of P.L.2024, c.33,
33 "qualified digital media content production expenses" shall not
34 include expenses incurred in marketing, promotion, advertising
35 digital media, or other costs not directly related to the production of
36 digital media content. For applications submitted after the effective
37 date of P.L.2024, c.33, "qualified digital media content production
38 expenses" shall not include expenses incurred in marketing,
39 promotion, or advertising digital media; costs incurred for the
40 design, maintenance, and hosting of websites; or other costs not
41 directly related to the production of digital media content. Costs
42 related to the acquisition or licensing of digital media content by the
43 taxpayer for distribution or incorporation into the taxpayer's digital
44 media content, or any costs included in an application submitted to
45 the authority, shall not be deemed "qualified digital media content
46 production expenses."

47 "Qualified film production expenses" means an expense incurred
48 in New Jersey for the production of a film, including pre-production
49 costs and post-production costs incurred in New Jersey. "Qualified

1 film production expenses" shall include, but not be limited to: the
2 wages and salaries of individuals employed in the production of a
3 film on which the tax imposed by the "New Jersey Gross Income
4 Tax Act," N.J.S.54A:1-1 et seq. has been paid or is due and any
5 wages and salaries of individuals employed in the production of a
6 film that are not subject to tax under the "New Jersey Gross Income
7 Tax Act," N.J.S.54A:1-1 et seq., due to the provisions of a
8 reciprocity agreement with another state; and the costs for tangible
9 personal property used, and services performed, directly and
10 exclusively in the production of a film, such as expenditures for
11 film production facilities, props, makeup, wardrobe, film
12 processing, camera, sound recording, set construction, lighting,
13 shooting, editing, and meals. ¹For a New Jersey studio partner or
14 New Jersey film-lease production company that enters into a lease to
15 occupy a New Jersey film-lease partner facility for at least three years,
16 "qualified film production expenses" includes the following
17 expenses incurred in the production of the film, which expenses
18 shall be included in a percentage proportional to the percentage of
19 principal photography shoot days in the State: total production
20 insurance premiums paid to insurance companies doing business in
21 New Jersey, which premiums shall exclude payments for errors and
22 omissions insurance; total producer fees; and total rights fees.
23 However, cumulative expenses for production insurance premiums,
24 producer fees, and rights fees shall not exceed seven and one-half
25 percent of "qualified film production expenses" for any New Jersey
26 studio partner or New Jersey film-lease production company.¹ For a
27 New Jersey studio partner or New Jersey film-lease production
28 company ¹that enters into a lease to occupy a New Jersey film-lease
29 partner facility for at least three years¹, "qualified film production
30 expenses" includes: the total script costs of any script written within
31 New Jersey; or the product of the total script costs of any script
32 written outside New Jersey and the percentage of the principal
33 photography shoot days in New Jersey relative to the total principal
34 photography shoot days for the film. ¹Notwithstanding the
35 foregoing, for any original application approved by the authority on or
36 after January 1, 2028 for a New Jersey studio partner or New Jersey
37 film-lease production company that enters into a lease to occupy a
38 New Jersey film-lease partner facility for at least three years,
39 "qualified film production expenses" shall include the total script
40 costs of any script written within New Jersey; or the product of the
41 total script costs of any script written outside New Jersey and the
42 percentage of the principal photography shoot days in this State
43 relative to the total principal photography shoot days for the film,
44 provided that the taxpayer satisfies two of the following criteria as
45 certified by an independent certified public accountant licensed in
46 this State and according to such procedures as the authority may
47 establish: the taxpayer establishes a writer's skills development
48 program with a college, including a community college, apprentice

1 program, university, vocational school, or high school in this State;
2 the taxpayer opens a writer's room in this State at a production
3 facility where writing support services are provided at least in part
4 for the film; a writer on the film is a resident of this State for a
5 period including at least one year prior to the commencement of
6 principal photography for the film in this State; the taxpayer hires
7 one or more researchers that are residents of this State to perform
8 research services in this State for the development of a script or
9 scripts for a film; or any alternative criteria as the authority shall
10 provide.¹ Payment made to a loan out company or to an
11 independent contractor shall not be deemed a "qualified film
12 production expense" unless the payment is made in connection with
13 a trade, profession, or occupation carried on in this State or for the
14 rendition of personal services performed in this State and the
15 taxpayer has made the withholding required pursuant to subsection
16 g. of this section. Payment made to a homeowner, who is otherwise
17 not a vendor authorized to do business in New Jersey, for the use of
18 a personal residence for filming shall not be deemed a "qualified
19 film production expense" unless the taxpayer has made the
20 withholding required by subsection g. of this section. For the
21 purposes of this definition, wages and salaries of individuals
22 employed in the production of a film shall include deferred
23 compensation, including advances on deferred compensation,
24 incurred by a New Jersey studio **【partners】** partner, provided the
25 New Jersey studio partner files a supplemental report prepared by
26 an independent certified public accountant, pursuant to agreed-upon
27 procedures prescribed by the authority and the director, no later
28 than **【two】** four years after the date on which the production
29 concludes. "Qualified film production expenses" shall not include:
30 expenses incurred in marketing or advertising a film; expenses for a
31 story, script, or scenario to be used for a film, except that qualified
32 film production expenses may include script costs, including the
33 cost of script purchase, for a New Jersey studio partner or New
34 Jersey film-lease production company; **【for taxpayers other than**
35 New Jersey studio partners and New Jersey film-lease production
36 companies,**】** and payment in excess of \$750,000 to a highly
37 compensated individual for wages or salaries or other compensation
38 for writers, directors, including music directors, producers, and
39 performers, other than background actors with no scripted lines **【**;
40 and, for New Jersey studio partners and New Jersey film-lease
41 production companies, payment in excess of \$500,000 to a highly
42 compensated individual for wages or salaries or other compensation
43 for writers, directors, including music directors, producers, and
44 performers, other than background actors with no scripted lines**】**,
45 except as follows:
46 (1) for a New Jersey studio partner that incurs less than
47 \$25,000,000 in qualified film production expenses in the State,
48 which shall be determined by including the additional amount

1 provided in this paragraph, in excess of amounts paid to highly
2 compensated individuals, an additional amount, not to exceed
3 \$18,000,000, of the wages or salaries or other compensation for
4 writers, directors, including music directors, producers, and
5 performers, other than background actors with no scripted lines,
6 shall constitute qualified film production expenses; **[and]**

7 (2) (Deleted by amendment, P.L.2023, c.97)

8 (3) (Deleted by amendment, P.L.2023, c.97)

9 (4) (a) for a New Jersey studio partner that incurs \$25,000,000
10 or more in qualified film production expenses in the State, which
11 shall be determined by including the additional amount provided in
12 this paragraph, in excess of amounts paid to highly compensated
13 individuals, an additional amount, not to exceed \$72,000,000, 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

18 (b) for a New Jersey studio partner that incurs \$125,000,000 or
19 more in qualified film production expenses in the State, which shall
20 be determined by including the additional amount provided in this
21 paragraph, for the production of a film that is a feature film, in
22 excess of the amounts paid to highly compensated individuals,
23 amounts paid for script costs, amounts paid or incurred for deferred
24 compensation, including advances on deferred compensation, an
25 additional amount, not to exceed \$72,000,000, of the wages and
26 salaries or other compensation for writers, directors, including
27 music directors, producers, and performers, other than background
28 actors with no scripted lines, shall constitute qualified film
29 production expenses;

30 (5) for a New Jersey film-lease production company that incurs
31 less than \$50,000,000 in qualified film production expenses in the
32 State, which shall be determined by including the additional amount
33 provided in this paragraph, in excess of amounts paid to highly
34 compensated individuals, an additional amount, not to exceed
35 \$15,000,000, of the wages or salaries or other compensation for
36 writers, directors, including music directors, producers, and
37 performers, other than background actors with no scripted lines,
38 shall constitute qualified film production expenses; and

39 (6) for a New Jersey film-lease production company that incurs
40 \$50,000,000 or more in qualified film production expenses in the
41 State, which shall be determined by including the additional amount
42 provided in this paragraph, in excess of amounts paid to highly
43 compensated individuals, an additional amount, not to exceed
44 \$60,000,000, of the wages or salaries or other compensation for
45 writers, directors, including music directors, producers, and
46 performers, other than background actors with no scripted lines,
47 shall constitute qualified film production expenses.

48 "Qualified post-production company" means a corporation,
49 partnership, limited liability company, or other entity engaged in

1 post-production, including visual effects activities on a film or films
2 described in this section, including, but not limited to, a film or
3 films that do not satisfy the requirements of subparagraph (a) of
4 paragraph (1) of subsection a. of this section.

5 ¹["Television series that relocated to New Jersey" means a
6 scripted television series of at least six episodes, with an average
7 production budget of \$2,500,000 per episode, and for which all
8 prior seasons of the series were filmed outside New Jersey.]"¹

9 "Total digital media content production expenses" means costs
10 for services performed and property used or consumed in the
11 production of digital media content.

12 "Total film production expenses" means costs for services
13 performed and tangible personal property used or consumed in the
14 production of a film.

15 i. A business that is not a "taxpayer" as defined and used in the
16 "Corporation Business Tax Act (1945)," P.L.1945, c.162
17 (C.54:10A-1 et seq.) and therefore is not directly allowed a credit
18 under this section, but is a business entity that is classified as a
19 partnership for federal income tax purposes and is ultimately owned
20 by a business entity that is a "corporation" as defined in subsection
21 (c) of section 4 of P.L.1945, c.162 (C.54:10A-4), or a limited
22 liability company formed under the "Revised Uniform Limited
23 Liability Company Act," P.L.2012, c.50 (C.42:2C-1 et seq.), or
24 qualified to do business in this State as a foreign limited liability
25 company, with one member, and is wholly owned by the business
26 entity that is a "corporation" as defined in subsection (c) of section
27 4 of P.L.1945, c.162 (C.54:10A-4), but otherwise meets all other
28 requirements of this section, shall be considered an eligible
29 applicant and "taxpayer" as that term is used in this section.
30 (cf: P.L.2024, c.33, s.2)

31
32 2. Section 2 of P.L.2018, c.56 (C.54A:4-12b) is amended to
33 read as follows:

34 2. a. (1) A taxpayer, upon approval of an application to the
35 authority and the director, shall be allowed a credit against the tax
36 otherwise due for the taxable year under the "New Jersey Gross
37 Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to, in
38 the case of a taxpayer designated as a New Jersey studio partner or
39 New Jersey film-lease production company, 40 percent, and in the
40 case of a taxpayer other than a New Jersey studio partner or New
41 Jersey film-lease production company, 35 percent, of the qualified
42 film production expenses of the taxpayer during a taxable year
43 commencing on or after July 1, 2018 but before July 1, **[2039]**
44 2049, provided that:

45 (a) at least 60 percent of the total film production expenses,
46 exclusive of post-production costs, of the taxpayer are incurred for
47 services performed and goods purchased through vendors
48 authorized to do business in New Jersey or the qualified film

1 production expenses of the taxpayer during the taxable year for
2 services performed and goods purchased through vendors
3 authorized to do business in New Jersey exceed \$1,000,000 per
4 production ¹]; and, for reality shows, at least 60 percent of the total
5 film production expenses, exclusive of post-production costs, of the
6 taxpayer are incurred for services performed and goods purchased
7 through vendors authorized to do business in New Jersey and the
8 qualified film production expenses of the taxpayer during the
9 privilege period for services performed and goods purchased,
10 through vendors authorized to do business in New Jersey exceed
11 \$1,000,000 per production ¹;

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

14 (c) the film includes, when determined to be appropriate by the
15 commission, at no cost to the State, marketing materials promoting
16 this State as a film and entertainment production destination, which
17 materials shall include placement of a "Filmed in New Jersey" or
18 "Produced in New Jersey" statement, or an appropriate logo
19 approved by the commission, in the end credits of the film;

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

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

26 (2) Notwithstanding the provisions of paragraph (1) of
27 subsection a. of this section to the contrary, the tax credit allowed
28 pursuant to this subsection against the tax otherwise due for the
29 taxable year under the "New Jersey Gross Income Tax Act,"
30 N.J.S.54A:1-1 et seq., shall be in an amount equal to, in the case of
31 a taxpayer designated as a New Jersey studio partner [or New
32 Jersey film-lease production company], ~~35~~ 40 percent, in the
33 case of a taxpayer designated as a New Jersey film-lease production
34 company, 35 percent, and in the case of a taxpayer other than a New
35 Jersey studio partner or New Jersey film-lease production company,
36 30 percent, of the qualified film production expenses of the
37 taxpayer during a taxable year that are incurred for services
38 performed and tangible personal property purchased for use at a
39 sound stage or other location that is located in the State within a 30-
40 mile radius of the intersection of Eighth Avenue/Central Park West,
41 Broadway, and West 59th Street/Central Park South, New York,
42 New York.

43 ¹[(3) In addition to the amount of tax credits otherwise allowed
44 pursuant to this subsection, a taxpayer that is designated as a New
45 Jersey studio partner, or New Jersey film-lease production company
46 shall be eligible for an additional tax credit in an amount equal to
47 four and one-half percent of the taxpayer's qualified film
48 production expenses incurred during a taxable year commencing on

1 or after July 1, 2025 but before July 1, 2049 for a film that is a
2 television series that relocated to New Jersey.】¹

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, **【2039】 2049**, 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, provided, however, that for applications
14 submitted after the effective date of P.L.2024, c.33, qualified wage
15 and salary payments made to full-time employees working on
16 digital media shall not be deemed an expense incurred for services
17 performed;

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

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

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

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

38 (3) Notwithstanding the provisions of paragraph (1) of this
39 subsection to the contrary, the tax credit allowed pursuant to this
40 subsection against the tax otherwise due for the taxable year under
41 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.,
42 shall be in an amount equal to 40 percent of the qualified digital
43 media content production expenses of the taxpayer during a taxable
44 year that are incurred for post-production services, including visual
45 effects services performed at a New Jersey film-lease **【production】**
46 partner facility, that are incurred by a taxpayer that is a New Jersey
47 film-lease post-production company, or that are incurred by a
48 taxpayer that is a New Jersey studio partner, provided that:

1 (a) at least \$500,000 of the qualified digital media content
2 production expenses **【of the taxpayer】** are incurred for post-
3 production services, including visual effects services performed at a
4 New Jersey film-lease **【production】 partner** facility, are incurred by
5 a taxpayer that is a New Jersey film-lease post-production company,
6 or are incurred by a taxpayer that is a New Jersey studio partner;

7 (b) the taxpayer submits a tax credit verification report prepared
8 by an independent certified public accountant licensed in this State
9 in accordance with subsection g. of this section; and

10 (c) the taxpayer complies with the withholding requirements
11 provided for payments to loan out companies and independent
12 contractors in accordance with subsection h. of this section.

13 (4) Notwithstanding the provisions of paragraph (1) of this
14 subsection to the contrary, the tax credit allowed pursuant to this
15 subsection against the tax otherwise due for the taxable year under
16 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.,
17 shall be in an amount equal to 35 percent of the qualified digital
18 media content production expenses of the taxpayer during a taxable
19 year that are incurred for post-production services, including visual
20 effects services performed by a qualified **【independent】** post-
21 production company, provided that:

22 (a) at least \$500,000 of the qualified digital media content
23 production expenses of the taxpayer are incurred for post-
24 production services, including visual effects services performed by
25 a taxpayer that is a qualified **【independent】** post-production
26 company, which may include qualified digital media content
27 production expenses incurred for post-production, including visual
28 effects activities performed by a business entity in which the
29 qualified post-production company has an ownership interest of at
30 least 51 percent;

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

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

37 c. No tax credit shall be allowed pursuant to this section for
38 any costs or expenses included in the calculation of any other tax
39 credit or exemption granted pursuant to a claim made on a tax
40 return filed with the director, or included in the calculation of an
41 award of business assistance or incentive, for a period of time that
42 coincides with the taxable year for which a tax credit authorized
43 pursuant to this section is allowed. The order of priority in which
44 the tax credit allowed pursuant to this section and any other tax
45 credits allowed by law may be taken shall be as prescribed by the
46 director. The amount of the tax credit applied under this section
47 against the tax otherwise due under the "New Jersey Gross Income
48 Tax Act," N.J.S.54A:1-1 et seq., for a taxable year, when taken

1 together with any other payments, credits, deductions, and
2 adjustments allowed by law shall not reduce the tax liability of the
3 taxpayer to an amount less than zero. The amount of the tax credit
4 otherwise allowable under this section which cannot be applied for
5 the taxable year due to the limitations of this subsection or under
6 other provisions of N.J.S.54A:1-1 et seq., may be carried forward, if
7 necessary, to the seven taxable years following the taxable year for
8 which the tax credit was allowed.

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

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

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

36 e. (1) A taxpayer, with an application for a tax credit provided
37 for in subsection a. or subsection b. of this section, may apply to the
38 authority and the director for a tax credit transfer certificate in lieu
39 of the taxpayer being allowed any amount of the tax credit against
40 the tax liability of the taxpayer. The tax credit transfer certificate,
41 upon receipt thereof by the taxpayer from the authority and the
42 director, may be sold or assigned, in full or in part, to any other
43 taxpayer that may have a tax liability under the "New Jersey Gross
44 Income Tax Act," N.J.S.54A:1-1 et seq., **【or】** the "Corporation
45 Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.),
46 sections 2 and 3 of P.L.1945, c.132 (C.54:18A-2 and C.54A:18A-
47 3), section 1 of P.L.1950, c.231 (C.17:32-15), or N.J.S.17B:23-5, in
48 exchange for private financial assistance to be provided by the
49 purchaser or assignee to the taxpayer that has applied for and been

1 granted the tax credit. The tax credit transfer certificate provided to
 2 the taxpayer shall include a statement waiving the taxpayer's right
 3 to claim that amount of the tax credit against the tax imposed
 4 pursuant to N.J.S.54A:1-1 et seq. that the taxpayer has elected to
 5 sell or assign. The sale or assignment of any amount of a tax credit
 6 transfer certificate allowed under this section shall not be
 7 exchanged for consideration received by the taxpayer of less than
 8 75 percent of the transferred tax credit amount. Any amount of a
 9 tax credit transfer certificate used by a purchaser or assignee against
 10 a tax liability under N.J.S.54A:1-1 et seq. shall be subject to the
 11 same limitations and conditions that apply to the use of a tax credit
 12 pursuant to subsections c. and d. of this section. Any amount of a
 13 tax credit transfer certificate obtained by a purchaser or assignee
 14 under subsection e. of this section may be applied against the
 15 purchaser's or assignee's tax liability under P.L.1945, c.162
 16 (C.54:10A-1 et seq.) **[and]** ¹[, P.L.1945, c.162 (C.54:10A-1 et
 17 seq.)]¹, sections 2 and 3 of P.L.1945, c.132 (C.54:18A-2 and
 18 C.54A:18A-3), section 1 of P.L.1950, c.231 (C.17:32-15), or
 19 N.J.S.17B:23-5 shall be subject to the same limitations and
 20 conditions that apply to the use of a credit pursuant to subsection c.
 21 of section 1 of P.L.2018, c.56 (C.54:10A-5.39b).

22 (2) A ¹credit issued to a¹ taxpayer, including the purchaser or
 23 assignee of a tax credit transfer certificate, may first ¹[use the credit
 24 in] be taken by the tax certificate holder for¹ the tax period for which
 25 it was issued, ¹for¹ the tax period in which it was issued, or in any
 26 tax period ¹[after the tax period for which it was issued, up to and
 27 including the next three successive tax periods after receipt by the
 28 purchaser] during the time a business is required to maintain the
 29 project at a location in this State, subject to the carryforward
 30 provisions of this section. The tax credit transfer certificate holder
 31 may transfer the tax credit amount on or after the date of issuance for
 32 use by the transferee in the tax period for which it was issued, in the
 33 tax period for which it was issued, or in any of the next successive tax
 34 periods, subject to the carryforward provisions of this section. The tax
 35 certificate holder or transferee may first use the credit against tax
 36 liabilities in the tax period in which it was issued or in a succeeding
 37 tax period, as authorized in this paragraph, subject to the carryforward
 38 provisions in this section¹, without the need to amend the return for
 39 the year for which the credit was issued.

40 f. (1) The value of tax credits, including tax credits allowed
 41 through the granting of tax credit transfer certificates, approved by
 42 the director and the authority pursuant to subsection a. of this
 43 section and pursuant to subsection a. of section 1 of P.L.2018, c.56
 44 (C.54:10A-5.39b), and except as provided in section 98 of
 45 P.L.2020, c.156 (C.34:1B-362), to taxpayers, other than New Jersey
 46 studio partners and New Jersey film-lease production companies,
 47 shall not exceed a cumulative total of \$100,000,000 in fiscal year
 48 2019 and in each fiscal year thereafter prior to fiscal year **[2040]**

1 2050 to apply against the tax imposed pursuant to the "New Jersey
 2 Gross Income Tax Act," N.J.S.54A:1-1 et seq., and pursuant to
 3 section 5 of P.L.1945, c.162 (C.54:10A-5). In addition to the
 4 limitation on the value of tax credits approved by the director for
 5 New Jersey film-lease production companies and the limitation on
 6 the value of tax credits approved by the director for other taxpayers
 7 imposed by this paragraph, and except as provided in section 98 of
 8 P.L.2020, c.156 (C.34:1B-362), the value of tax credits, including
 9 tax credits allowed through the granting of tax credit transfer
 10 certificates, approved by the director and the authority pursuant to
 11 subsection a. of this section and pursuant to subsection a. of section
 12 1 of P.L.2018, c.56 (C.54:10A-5.39b) to New Jersey studio partners
 13 shall not exceed a cumulative total of \$100,000,000 in fiscal year
 14 2021 and in each fiscal year thereafter prior to fiscal year 2024, and
 15 shall not exceed a cumulative total of \$150,000,000 in fiscal year
 16 2024 and in each fiscal year thereafter prior to fiscal year **[2040]**
 17 **'[2026, and shall not exceed a cumulative total of \$300,000,000 in**
 18 **fiscal year 2026 and in each fiscal year thereafter prior to fiscal**
 19 **year]'** 2050, to apply against the tax imposed pursuant to section 5
 20 of P.L.1945, c.162 (C.54:10A-5) and the tax imposed pursuant to
 21 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.
 22 Beginning in fiscal year **[2023]** **'[2026]** 2023', in addition to the
 23 cumulative total tax credits made available for New Jersey studio
 24 partners pursuant to this paragraph and subsection d. of section 98
 25 of P.L.2020, c.156 (C.34:1B-362), up to an additional
 26 **[\$400,000,000]** **'[\$250,000,000]** \$400,000,000' may be made
 27 available annually, in the discretion of the authority, to New Jersey
 28 studio partners for the award of tax credits, including tax credits
 29 allowed through the granting of tax credit transfer certificates,
 30 pursuant to subsection a. of this section and subsection a. of section
 31 1 of P.L.2018, c.56 (C.54:10A-5.39b), from the funds made
 32 available pursuant to subparagraph (i) of paragraph (1) of
 33 subsection b. of section 98 of P.L.2020, c.156 (C.34:1B-362). In
 34 addition to the limitation on the value of tax credits approved by the
 35 director for New Jersey studio partners and the limitation on the
 36 value of tax credits approved by the director for other taxpayers
 37 imposed by this paragraph, and except as provided in section 98 of
 38 P.L.2020, c.156 (C.34:1B-362), the value of tax credits, including
 39 tax credits allowed through the granting of tax credit transfer
 40 certificates, approved by the director and the authority pursuant to
 41 subsection a. of this section and pursuant to subsection a. of section
 42 1 of P.L.2018, c.56 (C.54:10A-5.39b) to New Jersey film-lease
 43 production companies shall not exceed a cumulative total of
 44 \$100,000,000 in fiscal year 2021 and in each fiscal year thereafter
 45 prior to fiscal year 2024, and shall not exceed a cumulative total of
 46 \$150,000,000 in fiscal year 2024 and in each fiscal year thereafter
 47 prior to fiscal year **'[2040]** 2050', to apply against the tax imposed
 48 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) and the tax

1 imposed pursuant to the "New Jersey Gross Income Tax Act,"
2 N.J.S.54A:1-1 et seq. Beginning in fiscal year 2023, in addition to
3 the cumulative total tax credits made available for New Jersey film-
4 lease production companies pursuant to this paragraph and
5 subsection d. of section 98 of P.L.2020, c.156 (C.34:1B-362), up to
6 an additional \$250,000,000 may be made available annually, in the
7 discretion of the authority, to New Jersey film-lease production
8 companies for the award of tax credits, including tax credits
9 allowed through the granting of tax credit transfer certificates,
10 pursuant to subsection a. of this section and subsection a. of section
11 1 of P.L.2018, c.56 (C.54:10A-5.39b), from the funds made
12 available pursuant to subparagraph (i) of paragraph (1) of
13 subsection b. of section 98 of P.L.2020, c.156 (C.34:1B-362).
14 Approvals made to New Jersey studio partners and New Jersey
15 film-lease production companies shall be subject to award
16 agreements with the authority detailing obligations of the awardee
17 and outcomes relating to events of default, including, but not
18 limited to, recapture, forfeiture, and termination, except that in the
19 event of a recapture of tax credits, the tax credits shall only be
20 recaptured from the initial recipient of the tax credits, not the
21 purchaser or assignee of a tax credit transfer certificate.
22 Notwithstanding any provision of this subsection or other law to the
23 contrary, if a film production company designated as a New Jersey
24 studio partner ceases to qualify for its designation as a New Jersey
25 film studio partner and becomes designated as a New Jersey film-
26 lease partner facility, the authority shall reduce the cumulative total
27 amount of tax credits, including tax credits allowed through the
28 granting of tax credit transfer certificates, made available to New
29 Jersey studio partners in each fiscal year and shall increase the
30 cumulative total amount of tax credits permitted to be approved for
31 New Jersey film-lease production companies in each fiscal year by
32 a corresponding amount pursuant to a formula established in rules
33 adopted by the authority which shall consider the volume of
34 applications submitted by New Jersey studio partners and New
35 Jersey film-lease production facilities, the cumulative total amount
36 of tax credits allowed to New Jersey studio partners and New Jersey
37 film-lease production facilities in the prior fiscal year, the total
38 square footage of facility space occupied in the State by New Jersey
39 studio partners and New Jersey film-lease production facilities, and
40 any other factors that the authority deems appropriate. Award
41 agreements between the authority and New Jersey studio partners
42 shall include a requirement for each New Jersey studio partner to
43 occupy the production facility developed, purchased, or leased as a
44 condition of designation as a New Jersey studio partner for the
45 duration of the commitment period. If a New Jersey studio partner
46 fails to occupy the production facility developed, purchased, or
47 leased as a condition of designation as a New Jersey studio partner
48 for the duration of the commitment period or otherwise fails to
49 satisfy the conditions for designation as a New Jersey studio

1 partner, except for the failure to occupy the production facility for
2 any reason outside the control of the New Jersey studio partner,
3 ¹subject to any rules the authority may determine necessary to
4 implement this provision, including, but not limited to, a definition of
5 reasons outside the control of the New Jersey studio partner.¹ the
6 authority **【shall】** may recapture the portion of the tax credit that
7 was only available to the taxpayer by virtue of the taxpayer's
8 designation as a New Jersey studio partner, and all films for which
9 an initial approval has been given, but for which the authority has
10 not approved final documentation, shall **【terminate】** be reduced to
11 eliminate the portion of the tax credits only available by virtue of
12 such designation. Notwithstanding any law, regulation, or rule to
13 the contrary, in the event of a recapture of tax credits, the tax
14 credits shall only be recaptured from the initial recipient of the tax
15 credits, not the purchaser or assignee of a tax credit transfer
16 certificate. The authority shall establish a non-binding,
17 administrative pre-certification process for potentially eligible
18 projects.

19 If the cumulative total amount of tax credits, and tax credit
20 transfer certificates, allowed to taxpayers for taxable years or
21 privilege periods commencing during a single fiscal year under
22 subsection a. of this section and subsection a. of section 1 of
23 P.L.2018, c.56 (C.54:10A-5.39b) exceeds the amount of tax credits
24 available in that fiscal year, then taxpayers who have first applied
25 for and have not been allowed a tax credit or tax credit transfer
26 certificate amount for that reason shall have their applications
27 approved by the authority, provided the application otherwise
28 satisfies the requirements of this section, and shall be allowed the
29 amount of tax credit or tax credit transfer certificate on the first day
30 of the next succeeding fiscal year in which tax credits and tax credit
31 transfer certificates under subsection a. of this section and
32 subsection a. of section 1 of P.L.2018, c.56 (C.54:10A-5.39b) are
33 not in excess of the amount of 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 to
36 New Jersey studio partners, New Jersey film-lease production
37 companies, or taxpayers other than New Jersey studio partners and
38 New Jersey film-lease production companies pursuant to this
39 paragraph is less than the cumulative total amount of tax credits
40 permitted to be approved to each such category in that fiscal year,
41 the authority shall certify the amount of the remaining tax credits
42 available for approval to each such category in that fiscal year, and
43 shall increase the cumulative total amount of tax credits permitted
44 to be approved for New Jersey studio partners, New Jersey film-
45 lease production companies, or taxpayers other than New Jersey
46 studio partners and New Jersey film-lease production companies in
47 the subsequent fiscal year by the certified amount remaining from
48 the prior fiscal year. The authority shall also certify, for each fiscal

1 year, the amount of tax credits that were previously approved, but
2 that the taxpayer is not able to redeem or transfer to another
3 taxpayer under this section, and shall increase the cumulative total
4 amount of tax credits permitted to be approved for New Jersey
5 studio partners, New Jersey film-lease production companies, or
6 taxpayers other than New Jersey studio partners and New Jersey
7 film-lease production companies in the subsequent fiscal year by
8 the amount of tax credits previously approved for each such
9 category, but not subject to redemption or transfer.

10 ¹Notwithstanding any provision of this paragraph to the contrary,
11 beginning in fiscal year 2028, if the amount of tax credits approved to
12 taxpayers other than New Jersey studio partners and New Jersey film-
13 lease production companies pursuant to this paragraph is less than the
14 cumulative total amount of tax credits permitted to be approved to
15 taxpayers other than New Jersey studio partners and New Jersey film-
16 lease production companies in that fiscal year, the authority shall
17 certify the amount of the remaining tax credits available for approval
18 in that fiscal year, which certified amount shall not exceed
19 \$100,000,000 in any fiscal year, and shall increase the cumulative total
20 amount of tax credits permitted to be approved for New Jersey studio
21 partners pursuant to subsection a. of this section and subsection a. of
22 section 1 of P.L.2018, c.56 (C.54:10A-5.39b) in the next subsequent
23 fiscal year by the certified amount remaining for taxpayers other than
24 New Jersey studio partners and New Jersey film-lease production
25 companies from the prior fiscal year. If the certified amount
26 remaining from the prior fiscal year is less than \$100,000,000, then, in
27 addition to the tax credits remaining from the prior fiscal year, the
28 difference between \$100,000,000 and the certified amount shall be
29 made available to New Jersey studio partners, first from any funds
30 available pursuant to subparagraph (f) of paragraph (1) of subsection
31 b. of section 98 of P.L.2020, c.156 (C.34:1B-362), not including tax
32 credits made available for transformative projects, and then, if there
33 are insufficient funds available pursuant to subparagraph (f) of
34 paragraph (1) of subsection b. of section 98 of P.L.2020, c.156
35 (C.34:1B-362), from the tax credits allocated in the current fiscal year
36 to taxpayers other than New Jersey studio partners and New Jersey
37 film-lease production companies.¹

38 (2) The value of tax credits, including tax credits allowed
39 through the granting of tax credit transfer certificates, approved by
40 the authority and the director pursuant to subsection b. of this
41 section and pursuant to subsection b. of section 1 of P.L.2018, c.56
42 (C.54:10A-5.39b) shall not exceed a cumulative total of
43 \$30,000,000 in fiscal year 2019 and in each fiscal year thereafter
44 prior to fiscal year **2040** 2050 to apply against the tax imposed
45 pursuant to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
46 et seq. and the tax imposed pursuant to section 5 of P.L.1945, c.162
47 (C.54:10A-5).

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

16 Beginning in the fiscal year beginning July 1, 2024, in addition
17 to the total amount of tax credits and tax credit transfer certificates
18 allowed to taxpayers for privilege periods or taxable years
19 commencing during a single fiscal year under subsection b. of this
20 section and subsection b. of section 1 of P.L.2018, c.56 (C.54:10A-
21 5.39b), up to an additional \$100,000,000 may be made available, in
22 the discretion of the authority for the award of tax credits, including
23 tax credits allowed through the granting of tax credit transfer
24 certificates, pursuant to subsection b. of this section and subsection
25 b. of section 1 of P.L.2018, c.56 (C.54:10A-5.39b), from the funds
26 made available to taxpayers other than New Jersey studio partners
27 and New Jersey film-lease production companies pursuant to
28 paragraph (3) of subsection d. of section 98 of P.L.2020, c.156
29 (C.34:1B-362).

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

45 g. A taxpayer shall submit to the authority and the director a
46 report prepared by an independent certified public accountant
47 licensed in this State to verify the taxpayer's tax credit claim
48 following the completion of the production. A New Jersey studio
49 partner that makes deferred compensation payments based on work

1 or services provided on a production may file a supplemental report
2 prepared by an independent certified public accountant, pursuant to
3 agreed-upon procedures prescribed by the authority and the
4 director, no later than **two** four years after the date on which the
5 production concludes. The deferred compensation payments,
6 including deferred compensation payments made directly to a bona
7 fide labor union, shall constitute qualified film production expenses
8 as if the expenses were incurred at the time of production, provided
9 there are credits available and subject to the authority's review. The
10 report shall be prepared by the independent certified public
11 accountant pursuant to agreed-upon procedures prescribed by the
12 authority and the director, and shall include such information and
13 documentation as shall be determined to be necessary by the
14 authority and the director to substantiate the qualified film
15 production expenses or the qualified digital media content
16 production expenses of the taxpayer. A single report with
17 attachments deemed necessary by the authority shall be submitted
18 electronically. Upon receipt of the report, the authority and the
19 director shall review the findings of the independent certified public
20 accountant's report, and shall make a determination as to the
21 qualified film production expenses or the qualified digital media
22 content production expenses of the taxpayer. The authority's and
23 the director's review shall include, but shall not be limited to: a
24 review of all non-payroll qualified film production expense items
25 and non-payroll digital media content production expense items
26 over \$20,000; a review of 100 randomly selected non-payroll
27 qualified film production expense items and non-payroll digital
28 media content production expense items that are greater than
29 \$2,500, but less than \$20,000; a review of 100 randomly selected
30 non-payroll qualified film production expense items and non-
31 payroll digital media content production expense items that are less
32 than \$2,500; a review of the qualified wages for the 15 employees,
33 independent contractors, or loan-out companies with the highest
34 qualified wages; and a review of the qualified wages for 35
35 randomly selected employees, independent contractors, or loan-out
36 companies with qualified wages other than the 15 employees,
37 independent contractors, or loan-out companies with the highest
38 qualified wages. The taxpayer's qualified film production expenses
39 and digital media content production expenses shall be adjusted
40 based on any discrepancies identified for the reviewed non-payroll
41 qualified film production expense items, non-payroll digital media
42 content production expense items and qualified wages. The
43 taxpayer's qualified film production expenses and digital media
44 content production expenses also shall be adjusted based on the
45 projection of any discrepancies identified based on the review of
46 randomly selected expense items or wages pursuant to this
47 subsection to the extent that the discrepancies exceed one percent of
48 the total reviewed non-payroll qualified film production expense
49 items, non-payroll digital media content production expense items,

1 or qualified wages. The determination shall be provided in writing
2 to the taxpayer, and a copy of the written determination shall be
3 included in the filing of a return that includes a claim for a tax
4 credit allowed pursuant to this section.

5 h. A taxpayer shall withhold from each payment to a loan out
6 company, to an independent contractor, or to a homeowner for the
7 use of a personal residence an amount equal to 6.37 percent of the
8 payment otherwise due. The amounts withheld shall be deemed to
9 be withholding of liability pursuant to the "New Jersey Gross
10 Income Tax Act," N.J.S.54A:1-1 et seq., and the taxpayer shall be
11 deemed to have the rights, duties, and responsibilities of an
12 employer pursuant to chapter 7 of Title 54A of the New Jersey
13 Statutes. The director shall allocate the amounts withheld for a
14 taxable year to the accounts of the individuals who are employees
15 of a loan out company in proportion to the employee's payment by
16 the loan out company in connection with a trade, profession, or
17 occupation carried on in this State or for the rendition of personal
18 services performed in this State during the taxable year. A loan out
19 company that reports its payments to employees in connection with
20 a trade, profession, or occupation carried on in this State or for the
21 rendition of personal services performed in this State during a
22 taxable year shall be relieved of its duties and responsibilities as an
23 employer pursuant to chapter 7 of Title 54A of the New Jersey
24 Statutes for the taxable year for any payments relating to the
25 payments on which the taxpayer withheld. Notwithstanding any
26 provision of this section to the contrary, qualified film production
27 expenses and qualified digital media content production expenses
28 shall include any payments made by the taxpayer to a loan out
29 company for services performed in New Jersey by individuals who
30 are employees of the loan out company and whose wages and
31 salaries are subject to withholding, but not subject to tax under the
32 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., due to
33 the provisions of a reciprocity agreement with another state.
34 Notwithstanding any provision of this section to the contrary,
35 deferred compensation payments made directly to a bona fide labor
36 union on behalf of an individual that performed services on a
37 production that tax under the "New Jersey Gross Income Tax Act,"
38 N.J.S.54A:1-1 et seq. was not withheld shall constitute qualified
39 film production expenses, provided that the payment otherwise
40 satisfies the requirements of this section.

41 i. As used in this section:

42 "Authority" means the New Jersey Economic Development
43 Authority.

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

47 "Commission" means the Motion Picture and Television
48 Development Commission.

1 "Commitment period" means, for New Jersey studio partners, the
2 period beginning with the commencement of the eligibility period
3 and ~~【expiring】~~ continuing for a minimum of 10 years following:

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

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

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

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

43 "Film" means a feature film, a television series, or a television
44 show of 22 minutes or more in length, intended for a national
45 audience, or a television series or a television show of 22 minutes
46 or more in length intended for a national or regional audience,
47 including, but not limited to, a game show, award show, talk show,
48 competition or variety show filmed before a live audience, or other
49 gala event filmed and produced at a nonprofit arts and cultural

1 venue receiving State funding. "Film" shall not include a
2 production featuring news, current events, weather, and market
3 reports or public programming; a sports event; a production that
4 solicits funds; a production containing obscene material as defined
5 under N.J.S.2C:34-2 and N.J.S.2C:34-3; a production primarily for
6 private, industrial, corporate, or institutional purposes; or a reality
7 show, except if the production company has obtained a minimum
8 ~~'[six-episode]~~ four-episode¹ order from, and is commissioned and
9 scheduled to premiere on, a major linear network or streaming
10 service. Notwithstanding any provision of this section to the
11 contrary, for a New Jersey studio partner, "film" shall include an
12 ongoing television production that relocated to New Jersey and
13 features news or current events, which may include sports themed
14 current events programming, but shall not include a sports event,
15 provided that the ongoing television production relocates to a
16 '[New Jersey studio partner]'¹ facility that is leased or owned by
17 the New Jersey studio partner¹ and for which facility such New
18 Jersey studio partner received its designation as a New Jersey studio
19 partner¹ . "Film" shall not include an award show or other gala
20 event that is not filmed and produced at a nonprofit arts and cultural
21 venue receiving State funding.

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

42 "Highly compensated individual" means **■**, for New Jersey studio
43 partners and New Jersey film-lease production companies, an
44 individual who directly or indirectly receives compensation in
45 excess of \$500,000 for the performance of services used directly in
46 a production and, for taxpayers other than New Jersey studio
47 partners and New Jersey film-lease production companies, **■** an
48 individual who directly or indirectly receives compensation in

1 excess of \$750,000 for the performance of services used directly in
2 a production. An individual receives compensation indirectly when
3 the taxpayer pays a loan out company that, in turn, pays the
4 individual for the performance of services.

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

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

38 **["Independent post-production company" means a corporation,**
39 **partnership, limited liability company, or other entity principally**
40 **engaged in the provision of post-production, including visual**
41 **effects services for a film or films described in this section**
42 **including a film or films that do not satisfy the requirements of**
43 **subparagraph (a) of paragraph (1) of subsection a. of this section,**
44 **which entity is not a publicly traded entity or for which entity no**
45 **more than five percent of the beneficial ownership is owned directly**
46 **or indirectly by a publicly traded entity.]**

47 "Loan out company" means, for applications submitted prior to
48 the effective date of P.L.2024, c.33, a personal service corporation
49 or other entity with which a taxpayer contracts for the provision of

1 specified individual personnel, such as artists, crew, actors,
2 producers, or directors for the performance of services used directly
3 in a production and, for applications submitted on or after the
4 effective date of P.L.2024, c.33, a personal service corporation or
5 other entity, authorized to do business in New Jersey, that is
6 contracted with by the taxpayer to provide specified individual
7 personnel, such as artists, crew, actors, producers, or directors for
8 the performance of services used directly in a production. "Loan
9 out company" shall not include entities contracted with by the
10 taxpayer to provide goods or ancillary contractor services such as
11 catering, construction, trailers, equipment, or transportation.

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

13 (1) (a) a production facility in New Jersey whose owner or
14 developer has made the commitment to build, lease, or operate a
15 production facility of 250,000 square feet or more, including a
16 sound stage and production support space, such as production
17 offices, mill space, or a backlot, for a period of five or more
18 successive years, as evidenced by site plan approval or an executed
19 redevelopment agreement with a governmental entity for the
20 purpose of developing a production facility of 250,000 square feet
21 or more;

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

25 (c) a portion of a production facility owned by a New Jersey
26 studio partner that is in excess of the space being utilized by the
27 New Jersey studio partner; provided the spaces utilized and
28 unutilized by the New Jersey studio partner both exceed 250,000
29 square feet.

30 (2) A film production company that executes at least a 10-year
31 lease for 250,000 square feet or more from a New Jersey film-lease
32 partner facility shall be eligible to be designated as a New Jersey
33 studio partner, provided the film production company otherwise
34 complies with the eligibility requirements of the program.

35 (3) Except for a production facility, or portion thereof, owned,
36 built, leased, or operated by a film production company designated
37 as a New Jersey studio partner by the authority on or before the
38 181st day next following the effective date of P.L.2023, c.97
39 (C.34:1B-4.2 et al.), in order for a production facility to be
40 designated as a New Jersey film-lease partner facility, the owner or
41 developer shall accept the acquisition by the authority, at the
42 authority's discretion, of equity in the production facility, on
43 commercially reasonable and customary terms and conditions
44 determined by the authority and the New Jersey film-lease partner
45 facility. A film production facility may receive its film-lease
46 partner facility designation prior to executing an equity agreement
47 with the authority provided final approval of such agreement occurs
48 on or before the date on which production commences at the
49 facility.

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

“New Jersey film-lease post-production company” means a taxpayer, including any taxpayer that is a member of a combined group pursuant to section 23 of P.L.2018, c.48 (C.54:10A-4.11) or any other entity in which the New Jersey film-lease post-production company has a material ownership interest and a material operational role in the production, that otherwise complies with the eligibility requirements of the Film and Digital Media Tax Credit Program, has made a commitment to lease or otherwise occupy production space in a New Jersey film-lease partner facility, and satisfies the criteria of paragraph (3) of subsection b. of this section. If a New Jersey film-lease partner facility has not yet received a temporary or final certificate of occupancy, a New Jersey film-lease post-production company shall have entered into a lease or sublease with the owner or developer of a New Jersey film-lease partner facility, which lease or sublease shall be for not less than three years of occupancy of the New Jersey film-lease partner facility and include at least 36,000 square feet of gross rentable space. For purposes of satisfying the requirements of subparagraph (a) of paragraph (3) of subsection b. of this section, a New Jersey film-lease post-production company may include in an application the qualified digital media content production expenses incurred for post-production, including visual effects activities that are performed by the New Jersey film-lease post-production company or by a business entity in which the New Jersey film-lease post-production company has an ownership interest of at least ~~‘[50] 51~~¹ percent.

In the event that the authority determines that a New Jersey film-lease post-production company has failed to meet the qualifications of a New Jersey film-lease post-production company or otherwise comply with the provisions of this section, except for the failure to occupy the New Jersey film-lease partner facility for any reason outside the control of the New Jersey film-lease post-production company, ¹subject to any rules the authority may determine necessary to implement this provision, including, but not limited to, a definition of reasons outside the control of the New Jersey film-lease post-production company,¹ the authority may recapture solely from that film production company the portion of any tax credits that had been awarded to that film production company that was only available to the film production company by virtue of the film production company’s designation as a New Jersey film-lease post-production company, except that the tax credits shall not be recaptured from the purchaser or assignee of a tax credit transfer certificate, and all films for which an initial approval has been

1 given but for which the authority has not approved final
2 documentation shall be reduced to eliminate the portion of the tax
3 credits only available by virtue of such designation. If a New
4 Jersey film-lease post-production company was issued a film tax
5 credit on the basis of a lease or sublease with a New Jersey film-
6 lease partner facility before that facility receives a temporary or
7 final certificate of occupancy, and the New Jersey film-lease post-
8 production company fails to meet the qualifications of a New Jersey
9 film-lease post-production company or otherwise comply with the
10 applicable provisions in the definition of New Jersey film-lease
11 '[production] post-production' company, including, but not limited
12 to, the failure to occupy the required amount of space at a New
13 Jersey film-lease production facility for the required time, the
14 authority shall not recapture any tax credits within '[two years] one
15 year' of the date of the New Jersey film-lease post-production
16 company's lease with the New Jersey film-lease production facility,
17 which '[may be extended at the discretion of the authority] the
18 authority shall extend for one additional year if the New Jersey film-
19 lease production facility commences construction as evidenced by the
20 issuance of a building permit within one year of the date of the New
21 Jersey film-lease post-production company's lease with the New
22 Jersey film-lease production facility'.

23 "New Jersey film-lease production company" means a taxpayer,
24 including any taxpayer that is a member of a combined group under
25 section 23 of P.L.2018, c.48 (C.54:10A-4.11) or any other entity in
26 which the film-lease production company has a material ownership
27 interest and has oversight of operations of the entity, as
28 demonstrated by the control of at least one board of director
29 position or other management responsibilities, or has a material
30 operational role in the production, that otherwise complies with the
31 eligibility requirements of the Film and Digital Media Tax Credit
32 Program and has made a commitment to lease or otherwise occupy
33 production space in a New Jersey film-lease partner facility and
34 who will shoot at least 50 percent of the total principal photography
35 shoot days of the project within New Jersey. In addition to the
36 forgoing, if a New Jersey film-lease partner facility has received a
37 temporary or final certificate of occupancy, a film production
38 company shall satisfy one of the following two criteria: (1) the film
39 production company shoots at least 50 percent of the total principal
40 photography shoot days 'of the project' within New Jersey at the
41 New Jersey film-lease partner facility; or (2) the qualified film
42 production expenses of the project for all services performed and
43 goods used or consumed at the New Jersey film-lease partner
44 facility and payments made for the use of the New Jersey film-lease
45 partner facility equal or exceed 33 percent of the total qualified film
46 production expenses of the project. In addition to the forgoing, if a
47 New Jersey film-lease partner facility has not yet received a
48 temporary or final certificate of occupancy, a film production

1 company shall have entered into a lease or sublease with the owner
2 or developer of a New Jersey film-lease partner facility, which lease
3 or sublease is for not less than three years of occupancy of the New
4 Jersey film-lease partner facility and includes at least 36,000 square
5 feet of soundstage space, and the film production company shall
6 have executed a contract with the owner or developer of the New
7 Jersey film-lease partner facility to provide production services for
8 films produced by the film production company in New Jersey prior
9 to the New Jersey film-lease partner facility's receipt of a temporary
10 or final certificate of occupancy. ¹A television series produced by a
11 New Jersey film-lease production company that satisfies the three
12 year lease requirements under this paragraph and that commences
13 principal photography in New Jersey prior to the New Jersey film-
14 lease partner facility's receipt of a temporary or final certificate of
15 occupancy shall remain eligible to receive the tax credits only
16 available to the film production company by virtue of the film
17 production company's designation as a New Jersey film-lease
18 production company, provided that the series continues production
19 in New Jersey, the film production company continues to satisfy the
20 requirements of a New Jersey film-lease production company at
21 least through the conclusion of production of the television series in
22 New Jersey, and the television series continues to satisfy the
23 requirements for a film that commences production prior to the New
24 Jersey film-lease partner facility's receipt of a temporary or final
25 certificate of occupancy.¹ A "New Jersey film-lease production
26 company" may include any other member of a taxpayer's combined
27 group, pursuant to **【P.L.2018, c.131】** section 23 of P.L.2018, c.48
28 (C.54:10A-4.11), any other entity in which the New Jersey film-
29 lease production company has a material ownership interest, or an
30 unrelated entity principally engaged in the production of a film or
31 other commercial audiovisual product with whom a designated New
32 Jersey film-lease production company contracts to perform film
33 production services on its behalf such that the designated New
34 Jersey film-lease production company: (1) controls such film or
35 product during preproduction, production, and postproduction [and
36 all results and proceeds of such services constitute, from the
37 moment of creation, "works made for hire" for the New Jersey film-
38 lease production company pursuant to the provisions of the federal
39 "Copyright Act of 1976" (17 U.S.C. s.101 et seq.)】 ; or (2) controls
40 distribution rights for the resulting film or other commercial
41 audiovisual product, provided that the New Jersey film-lease
42 production company contracted with the unrelated entity prior to
43 qualified film production expenses being incurred.

44 In the event the authority determines that a New Jersey film-
45 lease production company has failed to meet the qualifications of a
46 New Jersey film-lease production company or otherwise comply
47 with the provisions of this section, except for the failure to occupy
48 the New Jersey film-lease partner facility for any reason outside the

1 control of the New Jersey film-lease production company, ¹subject
2 to any rules the authority may determine necessary to implement this
3 provision, including, but not limited to, a definition of reasons outside
4 the control of the New Jersey film-lease production company,¹ the
5 authority may recapture solely from that film production company
6 the portion of any tax [credit] credits that had been awarded to that
7 film production company that was only available to the film
8 production company by virtue of the film production company's
9 designation as a New Jersey film-lease production company, except
10 that the tax credits shall not be recaptured from the purchaser or
11 assignee of a tax credit transfer certificate, and all films for which
12 an initial approval has been given, but for which the authority has
13 not approved final documentation, shall be reduced to eliminate the
14 portion of the tax credits only available by virtue of such
15 designation. If a New Jersey film-lease production company was
16 issued a film tax credit on the basis of a lease or sublease with a
17 New Jersey film-lease partner facility before that facility receives a
18 temporary or final certificate of occupancy and the New Jersey
19 film-lease production company fails to meet the qualifications of a
20 New Jersey film-lease production company or otherwise comply
21 with the applicable provisions in the definition of New Jersey film-
22 lease production company, including, but not limited to, the failure
23 to occupy the required amount of space at a New Jersey film-lease
24 production facility for the required time, the authority shall not
25 recapture any tax credits within ¹[two years] one year¹ of the date
26 of the New Jersey film-lease production company's lease with the
27 New Jersey film-lease production facility, which ¹[period may be
28 extended at the discretion of the authority] the authority shall extend
29 for one additional year if the New Jersey film-lease production facility
30 commences construction, as evidenced by the issuance of a building
31 permit, within one year of the date of the New Jersey film-lease
32 production company's lease with the New Jersey film-lease production
33 facility¹.

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

1 production company has failed to meet the qualifications of a New
2 Jersey studio partner or otherwise comply with the provisions of
3 this section, except for the failure to occupy a New Jersey film-
4 lease partner facility for any reason outside the control of the New
5 Jersey studio partner, 'subject to any rules the authority may
6 determine necessary to implement this provision, including, but not
7 limited to, a definition of reasons outside the control of the New Jersey
8 studio partner,' the authority may rescind the New Jersey studio
9 partner designation and may recapture solely from that film
10 production company the portion of any tax credit that had been
11 awarded to that film production company that was only available to
12 the film production company by virtue of the film production
13 company's designation as a New Jersey studio partner, except that
14 the tax credits shall not be recaptured from the purchaser or
15 assignee of a tax credit transfer certificate, and all films for which
16 an initial approval has been given, but for which the authority has
17 not approved final documentation, shall be reduced to eliminate the
18 portion of the tax credits only available by virtue of such
19 designation. If a New Jersey studio partner was issued a film tax
20 credit on the basis of a lease or sublease with a New Jersey film-
21 lease partner facility before that facility receives a temporary or
22 final certificate of occupancy and the New Jersey studio partner
23 fails to meet the qualifications of a New Jersey studio partner,
24 including, but not limited to, the failure to occupy the required
25 amount of space at New Jersey film-lease production facility for the
26 required time, the authority shall not recapture any tax credits
27 within 'two years' one year' of the date of the New Jersey studio
28 partner's lease with the New Jersey film-lease production facility,
29 which 'period may be extended at the discretion of the authority']
30 the authority shall extend for one additional year if the New Jersey
31 film-lease production facility commences construction, as evidenced
32 by the issuance of a building permit, within one year of the date of the
33 New Jersey studio partner's lease with the New Jersey film-lease
34 production facility'. A "New Jersey studio partner" may include any
35 other member of a taxpayer's combined group, pursuant to
36 **[P.L.2018, c.131]** section 23 of P.L.2018, c.48 (C.54:10A-4.11), or
37 an unrelated entity principally engaged in the production of a film
38 or other commercial audiovisual product with whom a designated
39 New Jersey studio partner contracts to perform film production
40 services on its behalf or for its benefit such that the designated New
41 Jersey studio partner: (1) controls such film or product during pre-
42 production, production, and post-production; or (2) controls
43 distribution rights for the resulting film or other commercial
44 audiovisual product, provided that the New Jersey studio partner
45 contracted with the unrelated entity prior to qualified film
46 production expenses being incurred. No more than three film
47 production companies may be designated as a New Jersey studio
48 partner.

1 "Partnership" means an entity classified as a partnership for
2 federal income tax purposes.

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

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

12 "Qualified digital media content production expenses" means an
13 expense incurred in New Jersey for the production of digital media
14 content. "Qualified digital media content production expenses"
15 shall include, but not be limited to: the wages and salaries of
16 individuals employed in the production of digital media content on
17 which the tax imposed by the "New Jersey Gross Income Tax Act,"
18 N.J.S.54A:1-1 et seq. has been paid or is due and any wages and
19 salaries of individuals employed in the production of digital media
20 content that are not subject to tax under the "New Jersey Gross
21 Income Tax Act," N.J.S.54A:1-1 et seq., due to the provisions of a
22 reciprocity agreement with another state; the costs of computer
23 software and hardware, data processing, visualization technologies,
24 sound synchronization, editing, and the rental of facilities and
25 equipment; and the costs for post-production, including, but not
26 limited to: editing, sound design, visual effects, animation, music
27 composition, color grading, and mastering. Payment made to a loan
28 out company or to an independent contractor shall not be deemed a
29 "qualified digital media content production expense" unless the
30 payment is made in connection with a trade, profession, or
31 occupation carried on in this State or for the rendition of personal
32 services performed in this State and the taxpayer has made the
33 withholding required pursuant to subsection h. of this section. For
34 applications submitted prior to the effective date of P.L.2024, c.33,
35 "qualified digital media content production expenses" shall not
36 include expenses incurred in marketing, promotion, advertising
37 digital media, or other costs not directly related to the production of
38 digital media content. For applications submitted after the effective
39 date of P.L.2024, c.33, "qualified digital media content production
40 expenses" shall not include expenses incurred in marketing,
41 promotion, or advertising digital media; costs incurred for the
42 design, maintenance, and hosting of websites; or other costs not
43 directly related to the production of digital media content. Costs
44 related to the acquisition or licensing of digital media content by the
45 taxpayer for distribution or incorporation into the taxpayer's digital
46 media content, or any costs included in an application submitted to
47 the authority, shall not be deemed "qualified digital media content
48 production expenses."

1 "Qualified film production expenses" means an expense incurred
2 in New Jersey for the production of a film, including pre-production
3 costs and post-production costs incurred in New Jersey. "Qualified
4 film production expenses" shall include, but not be limited to: the
5 wages and salaries of individuals employed in the production of a
6 film on which the tax imposed by the "New Jersey Gross Income
7 Tax Act," N.J.S.54A:1-1 et seq. has been paid or is due and any
8 wages and salaries of individuals employed in the production of a
9 film that are not subject to tax under the "New Jersey Gross Income
10 Tax Act," N.J.S.54A:1-1 et seq., due to the provisions of a
11 reciprocity agreement with another state; and the costs for tangible
12 personal property used, and services performed, directly and
13 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. ¹For a New Jersey studio partner or
17 New Jersey film-lease production company that enters into a lease to
18 occupy a New Jersey film-lease partner facility for at least three years,
19 "qualified film production expenses" includes the following
20 expenses incurred in the production of the film, which expenses
21 shall be included in a percentage proportional to the percentage of
22 principal photography shoot days in the State: total production
23 insurance premiums paid to insurance companies doing business in
24 New Jersey, which premiums shall exclude payments for errors and
25 omissions insurance; total producer fees; and total rights fees.
26 However, cumulative expenses for production insurance premiums,
27 producer fees, and rights fees shall not exceed seven and one-half
28 percent of "qualified film production expenses" for any New Jersey
29 studio partner or New Jersey film-lease production company.¹ For a
30 New Jersey studio partner or New Jersey film-lease production
31 company ¹that enters into a lease to occupy a New Jersey film-lease
32 partner facility for at least three years¹, "qualified film production
33 expenses" includes: the total script costs of any script written within
34 New Jersey; or the product of the total script costs of any script
35 written outside New Jersey and the percentage of the principal
36 photography shoot days in New Jersey relative to the total principal
37 photography shoot days for the film. ¹Notwithstanding the
38 foregoing, for any original application approved by the authority on or
39 after January 1, 2028 for a New Jersey studio partner or New Jersey
40 film-lease production company that enters into a lease to occupy a
41 New Jersey film-lease partner facility for at least three years,
42 "qualified film production expenses" shall include the total script
43 costs of any script written within New Jersey; or the product of the
44 total script costs of any script written outside New Jersey and the
45 percentage of the principal photography shoot days in this State
46 relative to the total principal photography shoot days for the film,
47 provided that the taxpayer satisfies two of the following criteria as
48 certified by an independent certified public accountant licensed in

1 this State and according to such procedures as the authority may
2 establish: the taxpayer establishes a writer's skills development
3 program with a college, including a community college, apprentice
4 program, university, vocational school, or high school in this State;
5 the taxpayer opens a writer's room in this State at a production
6 facility where writing support services are provided at least in part
7 for the film; a writer on the film is a resident of this State for a
8 period including at least one year prior to the commencement of
9 principal photography for the film in this State; the taxpayer hires
10 one or more researchers that are residents of this State to perform
11 research services in this State for the development of a script or
12 scripts for a film; or any alternative criteria as the authority shall
13 provide.¹ Payment made to a loan out company or to an
14 independent contractor shall not be deemed a "qualified film
15 production expense" unless the payment is made in connection with
16 a trade, profession, or occupation carried on in this State or for the
17 rendition of personal services performed in this State and the
18 taxpayer has made the withholding required by subsection h. of this
19 section. Payment made to a homeowner, who is otherwise not a
20 vendor authorized to do business in New Jersey, for the use of a
21 personal residence for filming shall not be deemed a "qualified film
22 production expense" unless the taxpayer has made the withholding
23 required by subsection h. of this section. For the purposes of this
24 definition, wages and salaries of individuals employed in the
25 production of a film shall include deferred compensation, including
26 advances on deferred compensation, incurred by a New Jersey
27 studio **partners** partner, provided the New Jersey studio partner
28 files a supplemental report prepared by an independent certified
29 public accountant, pursuant to agreed-upon procedures prescribed
30 by the authority and the director, no later than **two** four years
31 after the date on which the production concludes. "Qualified film
32 production expenses" shall not include: expenses incurred in
33 marketing or advertising a film; expenses for a story, script, or
34 scenario to be used for a film, except that qualified film production
35 expenses may include script costs, including the cost of script
36 purchase, for a New Jersey studio partner or New Jersey film-lease
37 production company; for taxpayers other than New Jersey studio
38 partners and New Jersey film-lease production companies, and
39 payment in excess of \$750,000 to a highly compensated individual
40 for wages or salaries or other compensation for writers, directors,
41 including music directors, producers, and performers, other than
42 background actors with no scripted lines; and, for New Jersey
43 studio partners and New Jersey film-lease production companies,
44 payment in excess of \$500,000 to a highly compensated individual
45 for 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], except as follows:

1 (1) for a New Jersey studio partner that incurs less than
2 \$25,000,000 in qualified film production expenses in the State,
3 which shall be determined by including the additional amount
4 provided in this paragraph, in excess of amounts paid to highly
5 compensated individuals, an additional amount, not to exceed
6 \$18,000,000, of the wages or salaries or other compensation for
7 writers, directors, including music directors, producers, and
8 performers, other than background actors with no scripted lines,
9 shall constitute qualified film production expenses;

10 (2) (Deleted by amendment, P.L.2023, c.97)

11 (3) (Deleted by amendment, P.L.2023, c.97)

12 (4) (a) for a New Jersey studio partner that incurs \$25,000,000
13 or more in qualified film production expenses in the State, which
14 shall be determined by including the additional amount provided in
15 this paragraph, in excess of amounts paid to highly compensated
16 individuals, an additional amount, not to exceed \$72,000,000, of the
17 wages or salaries or other compensation for writers, directors,
18 including music directors, producers, and performers, other than
19 background actors with no scripted lines, shall constitute qualified
20 film production expenses; and

21 (b) for a New Jersey studio partner that incurs \$125,000,000 or
22 more in qualified film production expenses in the State, which shall
23 be determined by including the additional amount provided in this
24 paragraph, for the production of a film that is a feature film, in
25 excess of the amounts paid to highly compensated individuals,
26 amounts paid for script costs, amounts paid or incurred for deferred
27 compensation, including advances on deferred compensation, an
28 additional amount, not to exceed \$72,000,000, of the wages and
29 salaries or other compensation for writers, directors, including
30 music directors, producers, and performers, other than background
31 actors with no scripted lines, shall constitute qualified film
32 production expenses;

33 (5) for a New Jersey film-lease production company that incurs
34 less than \$50,000,000 in qualified film production expenses in the
35 State, which shall be determined by including the additional amount
36 provided in this paragraph, in excess of amounts paid to highly
37 compensated individuals, an additional amount, not to exceed
38 \$15,000,000, of the wages or salaries or other compensation for
39 writers, directors, including music directors, producers, and
40 performers, other than background actors with no scripted lines,
41 shall constitute qualified film production expenses; and

42 (6) for a New Jersey film-lease production company that incurs
43 \$50,000,000 or more in qualified film production expenses in the
44 State, which shall be determined by including the additional amount
45 provided in this paragraph, in excess of amounts paid to highly
46 compensated individuals, an additional amount, not to exceed
47 \$60,000,000, of the wages or salaries or other compensation for
48 writers, directors, including music directors, producers, and

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

3 "Qualified post-production company" means a corporation,
4 partnership, limited liability company, or other entity engaged in
5 post-production, including visual effects activities on a film or films
6 described in this section, including, but not limited to, a film or
7 films that do not satisfy the requirements of subparagraph (a) of
8 paragraph (1) of subsection a. of this section.

9 ¹["Television series that relocated to New Jersey" means a
10 scripted television series of at least six episodes, with an average
11 production budget of \$2,500,000 per episode, and for which all
12 prior seasons of the series were filmed outside New Jersey.]"¹

13 "Total digital media content production expenses" means costs
14 for services performed and property used or consumed in the
15 production of digital media content.

16 "Total film production expenses" means costs for services
17 performed and tangible personal property used or consumed in the
18 production of a film.

19 (cf: P.L.2024, c.33, s.3)

20

21 3. Section 4 of P.L.2018, c.56 is amended to read as follows:

22 4. a. A taxpayer, upon approval of an application to the
23 authority and the director, ¹and subject to the provisions of section 6
24 of P.L. , c. (pending before the Legislature as this bill),¹ shall be
25 allowed a credit against the tax imposed pursuant to section 5 of
26 P.L.1945, c.162 (C.54:10A-5) or under the "New Jersey Gross
27 Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to
28 **[two] four** ¹**[and one-half]"** percent of the qualified film
29 production expenses or four percent of the digital media content
30 production expenses of the taxpayer during a privilege period or
31 taxable year commencing on or after July 1, 2018 but before July 1,
32 **[2039] 2049**, provided that:

33 (1) the application is accompanied by a **[diversity]** plan
34 outlining specific goals, which may include advertising and
35 recruitment actions, for hiring **[minority persons and women]**
36 residents of an economically disadvantaged area in the State, a
37 distressed municipality as that term is defined in section 55 of
38 P.L.2020, c.156 (C.34:1B-323), or land owned by the federal
39 government on or before December 31, 2005;

40 (2) the director and the authority have approved the plan as
41 meeting the requirements established by the director and the
42 authority; and

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

45 b. **[The amount of a tax credit allowed pursuant to subsection**
46 **a. of this section shall increase to four percent of the qualified film**
47 **production expenses of the taxpayer if the diversity plan, in addition**
48 **to meeting the requirements of subsection a. of this section, outlines**

1 specific goals that include hiring persons as performers in the film
2 who are: (i) women or members of a minority group; (ii) residents
3 of New Jersey for at least 12 months preceding the beginning of
4 filming or recording; and (iii) members of a bona fide labor union
5 representing film and television performers.】 (Deleted by
6 amendment, P.L. , c.) (pending before the Legislature as this
7 bill)

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

10 d. The application shall indicate whether the applicant intends
11 to participate in training, education, and recruitment programs that
12 are organized in cooperation with State colleges and universities,
13 labor organizations, and the motion picture industry and are
14 designed to promote and encourage the training and hiring of New
15 Jersey residents 【who represent the diversity of the State
16 population】 of an economically disadvantaged area in the State, a
17 distressed municipality as that term is defined in section 55 of
18 P.L.2020, c.156 (C.34:1B-323), or land owned by the federal
19 government on or before December 31, 2005.

20 (cf: P.L.2024, c.33, s.4)

21
22 4. Section 89 of P.L.2020, c.156 (C.52:18A-263) is amended to
23 read as follows:

24 89. a. The Director of the Division of Taxation in the
25 Department of the Treasury may purchase unused tax credits
26 awarded under a program listed in paragraphs (1) through (5) or
27 paragraphs (7) through (12) of subsection b. of this section, and
28 shall purchase unused tax credits awarded under a program listed in
29 paragraphs (6), (13), and (14) of subsection b. of this section,
30 including tax credit transfer certificates issued by the director in
31 lieu of a tax credit allowed under such programs. The director shall
32 not pay consideration in excess of 75 percent of the credit amount
33 to be purchased, except for a credit awarded under:

34 (1) the "Emerge Program Act," sections 68 through 81 of
35 P.L.2020, c.156 (C.34:1B-336 et al.), which shall be subject to the
36 provisions of paragraph (4) of subsection d. of section 77 of
37 P.L.2020, c.156 (C.34:1B-345);

38 (2) the "New Jersey Aspire Program Act," sections 54 through
39 67 of P.L.2020, c.156 (C.34:1B-322 through C.34:1B-335), as
40 amended and supplemented, for which the director shall pay an
41 amount equal to 85 percent of the credit amount, provided that the
42 issuance date of the tax credit certificate or tax credit transfer
43 certificate to the developer or the holder of such certificate occurred
44 at least one year prior to the date of application to the director, and
45 further provided that, if the application to the director is submitted
46 after the sixth year of the eligibility period, the amount in excess of
47 the reasonable and appropriate rate of return on investment that the

1 developer is required to pay pursuant to subsection c. of section 60
2 of P.L.2020, c.156 (C.34:1B-328) shall increase to 50 percent; **【or】**

3 (3) the "Cultural Arts Incentives Program Act," P.L.2023, c.197
4 (C.34:1B-383 et al.), for which the director shall pay an amount
5 equal to 85 percent of the credit amount, provided that the issuance
6 date of the tax credit certificate or tax credit transfer certificate to
7 the developer or the holder of such certificate occurred at least one
8 year prior to the date of application to the director; or

9 (4) the "Garden State Film and Digital Media Jobs Act,"
10 P.L.2018, c.56 (C.54:10A-5.39b et al.), for which the director shall
11 pay an amount equal to 95 percent of the credit amount ¹for any
12 original application approved by the authority on or after January 1,
13 2026¹, provided that the issuance date of the tax credit certificate or
14 tax credit transfer certificate to the taxpayer, which taxpayer is a
15 New Jersey studio partner ¹【or New Jersey film-lease production
16 company that enters into lease of at least three years to occupy a
17 film-lease partner facility.】¹ or the holder of such certificate
18 ¹originally issued to a New Jersey studio partner,¹ occurred at least
19 one year prior to the date of application to the director and provided
20 that the director ¹shall purchase such certificates valued at no more
21 than a cumulative amount of \$80,000,000 in State fiscal year 2026,
22 \$160,000,000 in State fiscal year 2027, \$240,000,000 in State fiscal
23 year 2028, and \$200,000,000 in each State fiscal year thereafter,
24 subject to the conditions in this paragraph. If an application to the
25 director for the purchase of tax credits otherwise qualifies pursuant
26 to this paragraph, but the value of tax credits for which the director
27 receives applications exceeds the maximum cumulative amount for
28 the State fiscal year in which the application is made, the director
29 shall purchase the remaining tax credits in the State fiscal year next
30 following the State fiscal year in which the application is made,
31 provided that the director shall not purchase a cumulative amount
32 above the maximum cumulative amount for the respective State
33 fiscal year. No payments shall be made pursuant to this paragraph
34 unless the following conditions are met: full funding is provided
35 for the fiscal year to satisfy the requirement in Article VIII, Section
36 IV, paragraph 1 of the New Jersey Constitution that the Legislature
37 provide for the maintenance and support of a thorough and efficient
38 system of free public schools for the instruction of children in the
39 State between the ages of five and 18 years; full payment of the
40 contributions required by law for the fiscal year is made to the
41 State-administered retirement systems; and the annual
42 appropriations act for the State fiscal year maintains a budgetary
43 surplus of no less than 12 percent of total appropriations from the
44 General Fund and the Property Tax Relief Fund¹.

45 b. The Director of the Division of Taxation in the Department
46 of the Treasury may or shall, subject to the provisions of subsection
47 a. of this section, purchase tax credits awarded under the following:

- 1 (1) the "Historic Property Reinvestment Act," sections 2
2 through 8 of P.L.2020, c.156 (C.34:1B-270 through 34:1B-276);
- 3 (2) the "Brownfield Redevelopment Incentive Program Act,"
4 sections 9 through 19 of P.L.2020, c.156 (C.34:1B-277 through
5 34:1B-287);
- 6 (3) the "New Jersey Innovation Evergreen Act," sections 20
7 through 34 of P.L.2020, c.156 (C.34:1B-288 through 34:1B-302);
- 8 (4) the "Food Desert Relief Act," sections 35 through 42 of
9 P.L.2020, c.156 (C.34:1B-303 through 34:1B-310);
- 10 (5) the "New Jersey Community-Anchored Development Act,"
11 sections 43 through 53 of P.L.2020, c.156 (C.34:1B-311 through
12 34:1B-321);
- 13 (6) the "New Jersey Aspire Program Act," sections 54 through
14 67 of P.L.2020, c.156 (C.34:1B-322 through 34:1B-335);
- 15 (7) the " Emerge Program Act," sections 68 through 81 of
16 P.L.2020, c.156 (C.34:1B-336 et al.);
- 17 (8) the Grow New Jersey Assistance Program established
18 pursuant to section 3 of P.L.2011, c.149 (C.34:1B-244);
- 19 (9) section 6 of P.L.2010, c.57 (C.34:1B-209.4);
- 20 (10) the State Economic Redevelopment and Growth Grant
21 program established pursuant to section 5 of P.L.2009, c.90
22 (C.52:27D-489e);
- 23 (11) section 1 of P.L.2018, c.56 (C.54:10A-5.39b);
- 24 (12) section 2 of P.L.2018, c.56 (C.54A:4-12b); **[and]**
- 25 (13) the "Cultural Arts Incentives Program Act," P.L.2023,
26 c.197 (C.34:1B-383 et al.); and
- 27 (14) the "Garden State Film and Digital Media Jobs Act,"
28 P.L.2018, c.56 (C.54:10A-5.39b et al.).
29 (cf: P.L.2025, c.2, s.9)
- 30

31 5. (New section) **¹[a.]**¹ A taxpayer that is a New Jersey studio
32 partner or New Jersey film-lease production company, upon
33 approval of an application submitted pursuant to P.L.2018, c.56
34 (C.54:10A-5.39b et al.) by the authority and the director, ¹and
35 subject to the provisions of section 6 of P.L. , c. (pending before
36 the Legislature as this bill).¹ shall be allowed an additional tax credit
37 against the tax imposed pursuant to section 5 of P.L.1945, c.162
38 (C.54:10A-5) or the "New Jersey Gross Income Tax Act,"
39 N.J.S.54A:1-1 et seq. in an amount equal to four **¹[and one-half]**¹
40 percent of the qualified film production expenses or qualified
41 digital media content production expenses of the taxpayer incurred
42 during a tax period commencing on or after July 1, 2025 but before
43 July 1, 2049, provided that:

44 **¹[(1)] a.**¹ the application is accompanied by a plan outlining
45 specific goals to promote or invest in New Jersey, which plan shall
46 include at least **¹[two] four**¹ of the following criteria:

47 **¹[(a)] (1)**¹ the creation of a video at least three minutes in length
48 of publicly accessible locations in New Jersey used for the film,

1 with commentary on how and why each location was chosen,
2 published on the Internet website promoting the film or in another
3 form and manner approved by the authority. To receive credit for
4 this promotional criterion, a taxpayer shall provide a list of
5 locations in New Jersey used for the film and relevant footage for
6 use by the authority for promotional purposes;

7 **¹[(b)] (2)**¹ the creation of five public social media posts
8 including commentary on positive experiences at publicly
9 accessible New Jersey locations or positive experiences filming in
10 the State. The social media posts shall originate from an official
11 account of the taxpayer **¹[or]** ¹the film, ¹a leading actor or actress
12 in the film.¹ or as otherwise permitted by the authority. To receive
13 credit for this promotional criterion, the taxpayer shall provide the
14 Internet website on which the post is publicly visible for use by the
15 authority for promotional purposes;

16 **¹[(c)] (3)**¹ the placement of a New Jersey promotional logo
17 provided by the authority for a two-second exposure, not displayed
18 over content or on a shared card, and displayed before the below-
19 the-line crew crawl and after contractual credit placement
20 obligations;

21 **¹[(d)] (4)**¹ the film is set, at least in part, in New Jersey, and the
22 State is referenced in the film;

23 **¹[(e)] (5)**¹ support for a workforce development program
24 established by ¹the taxpayer with¹ a college, including a community
25 college, an apprentice program, or a university in this State, which
26 program includes direct training or employment opportunities on
27 the film for residents of this State;

28 **¹[(f)] (6)**¹ a film industry recruiting program established by the
29 taxpayer providing paid internships or entry level employment
30 opportunities in film crew positions for State residents of an
31 economically disadvantaged area in the State, a distressed
32 municipality as that term is defined in section 55 of P.L.2020, c.156
33 (C.34:1B-323), or land owned by the federal government on or
34 before December 31, 2005;

35 **¹[(g)] (7)**¹ the taxpayer engages at least five vendors authorized
36 to do business in New Jersey that employ at least one full-time
37 employee at a physical location in an economically disadvantaged
38 area in the State, a distressed municipality as that term is defined in
39 section 55 of P.L.2020, c.156 (C.34:1B-323), or on land owned by
40 the federal government on or before December 31, 2005; and

41 **¹[(h)] (8)**¹ any alternative criteria as the authority shall provide
42 pursuant to **¹[subsection c. of this section]** rules and regulations
43 adopted by the authority¹; and

44 **¹[(2)] b.**¹ the director and the authority have verified that the
45 taxpayer met the goals outlined in the plan submitted pursuant to
46 paragraph (1) of this subsection.

1 ¹[b. Unless the taxpayer a film that is eligible for an additional
2 tax credit for a television series that relocated to New Jersey,
3 pursuant to paragraph (3) of subsection a. of section 1 of P.L.2018,
4 c.56 (C.54:10A-5.39b) or paragraph (3) of subsection a. of section 2
5 of P.L.2018, c.56 (C.54A:4-12b), in addition to the credit provided
6 pursuant to subsection a. of this section, a taxpayer that is a New
7 Jersey studio partner or New Jersey film-lease production company,
8 upon approval of an application submitted pursuant to P.L.2018,
9 c.56 (C.54:10A-5.39b et al.) by the authority and the director, shall
10 be allowed an additional tax credit against the tax imposed pursuant
11 to section 5 of P.L.1945, c.162 (C.54:10A-5) or the “New Jersey
12 Gross Income Tax Act,” N.J.S.54A:1-1 et seq. in an amount equal
13 to four and one-half percent of the qualified film production
14 expenses or qualified digital media content production expenses of
15 the taxpayer incurred during a tax period commencing on or after
16 July 1, 2025 but before July 1, 2049, provided that the taxpayer’s
17 plan outlining specific goals to promote or invest in New Jersey
18 includes a total of at least four of the criteria in paragraph (1) of
19 subsection a. of this section.

20 c. The authority shall adopt, pursuant to the “Administrative
21 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), rules and
22 regulations necessary to implement the provisions of this section,
23 including, at a minimum, alternative promotional criteria, approved
24 social media platforms, and requirements for a vendor’s physical
25 location.】¹

26
27 ¹6. (New section) Notwithstanding any provision of P.L. ,
28 c. (pending before the Legislature as this bill) or any law, rule, or
29 regulation to the contrary:

30 a. any additional tax credits allowed pursuant to the amendatory
31 and supplemental provisions of P.L. , c. (pending before the
32 Legislature as this bill) shall not exceed an aggregate additional
33 amount totaling five percent of the qualified film production expenses
34 or qualified digital media content production expenses of the taxpayer
35 incurred during a tax period commencing on or after July 1, 2025 but
36 before July 1, 2049, provided that this limitation shall only apply to the
37 additional tax credit allowed for: hiring residents from certain areas in
38 the State pursuant to section 4 of P.L.2018, c.56, as amended by
39 section 3 of P.L. , c. (pending before the Legislature as this bill);
40 and the promotion of this State pursuant to section 5 of P.L. ,
41 c. (pending before the Legislature as this bill); and

42 b. the total amount of tax credits allowed under “Garden State
43 Film and Digital Media Jobs Act,” P.L.2018, c.56 (C.54:10A-5.39b
44 et al.), as amended and supplemented, shall not exceed an aggregate
45 additional amount totaling 45 percent of the qualified film production
46 expenses or qualified digital media content production expenses of the
47 taxpayer incurred during a tax period commencing on or after July 1,
48 2025 but before July 1, 2049.¹

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

13 ¹**[6.] 8.¹** This act shall take effect immediately and shall apply
14 to applications submitted after the effective date of this act.