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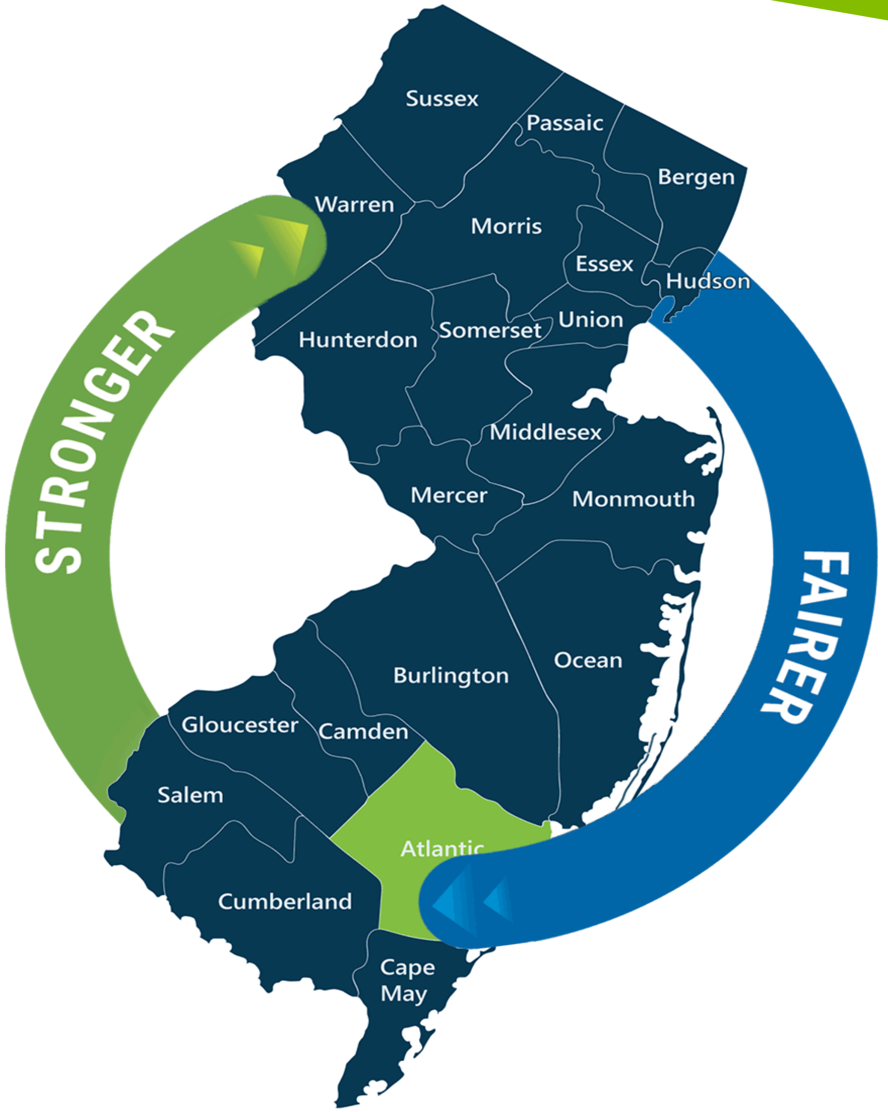
NJ Film & Digital Media Tax Credit Program EO 63 Slides

September 18th, 2025



Public Feedback Presentation

Members of the public can submit written feedback on the

Film and Digital Media Tax Credit Program
https://www.njeda.gov/informal-draft-rules-feedback/
through 5pm on September 24th, 2025

These Information slides outlining proposed changes to the Film and Digital Media Tax Credit Program are posted for viewing at **https://www.njeda.gov/informal-draft-rules-feedback/** so that members of the public have the opportunity to review.

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Executive Order No. 63

Pursuant to Governor Murphy's Executive Order No. 63, the NJEDA is providing opportunities for groups and stakeholders to engage with the NJEDA in crafting rules around the New Jersey Film and Digital Media Tax Credit Program.

We welcome constructive input on how to ensure new programs created through the ERA are structured and administered in a manner that drives opportunities for all residents and communities.

Information slides summarizing the Program and outlining proposed rule and policy changes have been posted for viewing in these slides so that members of the public can have the opportunity to review and provide feedback.

BACKGROUND

NJEDA published specially adopted and concurrently proposed new rules and amendments in the June 19, 2025 New Jersey Register, at 57 N.J.R. 6(2), incorporating recent statutory revisions pursuant to P.L. 2019, c. 506, P.L. 2020, c. 156, P.L. 2021, c. 160, P.L. 2021, c. 367, P.L. 2023, c. 97, and P.L. 2024, c. 33, as well as stakeholder input received through prior rulemakings. After publication, on June 30, 2025, the Governor signed S4618 into law as P.L. 2025, c. 81. NJEDA is filing a notice of adoption without change of the rules as published in the June 19, 2025 New Jersey Register. An additional rulemaking incorporating the P.L. 2025, c. 81 program changes will follow.

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Introduction

On June 30th, 2025, Governor Murphy signed P.L. 2025, c.81 into law amending the Film and Digital Media Tax Credit Program. The changes to the program include, but are not limited to:

- Extending the program out to 2049
- Increase tax credit % for Studio Partners to 40%
- Reduced Reality Show Eligibility Criteria
- New Distressed Area Hiring Bonus (4%)
- New "Promote NJ" Bonus (4%)
- Transferred credits can apply toward Insurance Premiums Tax liability
- More Flexibility for Tax Credit Use
- New Recapture Exceptions
- New Digital Media Tax Credits for Film-lease Post-Production Companies

WHAT'S NEXT?

The Authority is currently drafting new rule amendments to incorporate the legislative changes and policy decisions created to implement the program. Once rule language is board approved and added to the NJ Register, there will be a 60-day formal public comment period to allow for additional feedback on the changes included in the rules.

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STATUTORY LANGUAGE AND NOT SUBJECT TO COMMENT

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Film Tax Credit Program Overview

Established under the Garden State Film and Digital Media Jobs Act in 2018 and expanded by the **Economic Recovery Act of 2020.** $430MM annual allocation through 2049.

"Legacy" FILM TAX CREDIT: Provides tax credits for film eligible productions.

- 35% credit on all qualifying labor expenses / 30-35% for qualifying expenses for goods and services.

DIGITAL MEDIA TAX CREDIT: Provides tax credits for eligible digital media expenses in the state.

- 30% tax credit with a 5% bonus for incurring expenses through authorized NJ vendors based in SNJ.
- 35-40% post-production tax credit

STUDIO PARTNERS: Separate allocation for large studios committing to occupy at least 250,000SF of production facility space for a period of at least 10 years.

- **Studio partners can capture more ATL salary and wage expenses as qualified expenses.**
- **Increased Tax Credits for SP projects up to 40% for all qualified expenses.**

FILM-LEASE PARTNER FACILITY: A production facility whose owner committed to build, lease, or operate a production facility of at least 250,000SF for a period of at least 5 years.

- **Only 3 New Jersey production facilities can be designated a Film-Lease Partner Facility.**
- **Not an award of tax credits.**

FILM-LEASE PRODUCTION COMPANY: Separate Allocation for projects committing to lease or occupy a designated production space and shoot at least 50% of the total principal photography shoot days of the project within NJ at the NJ film-lease partner facility.

- **Increased Tax Credits for FLPC projects to 40% for certain expenses & ATL thresholds increased**

Key Features of the Film Tax Credit Program

- **Program capped at $430MM per year through FY2049**
  - **$100MM** for Legacy Film Projects
  - **$150MM** for Film-lease Production Companies
  - **$150MM** for Studio Partners
  - **$30MM** for Digital Media Projects
- Tax credits are transferable – can be used in the tax year issued
- Tax credits can be used to offset Corporate Business Tax (CBT), Gross Income Tax (GIT), or transferred for use against Insurance Premium Tax liability
- ATL/BTL resident and non-resident wages and salary can be included as a qualifying expense
- Wage and salary payments must be subject to NJ Gross Income Tax – All loan out payments must have 6.37% WH

APPLICATION PROCESS

1. APPLICATION
2. INITIAL APPROVAL
3. CPA CERTIFICATION
4. TAX CREDIT ISSUED

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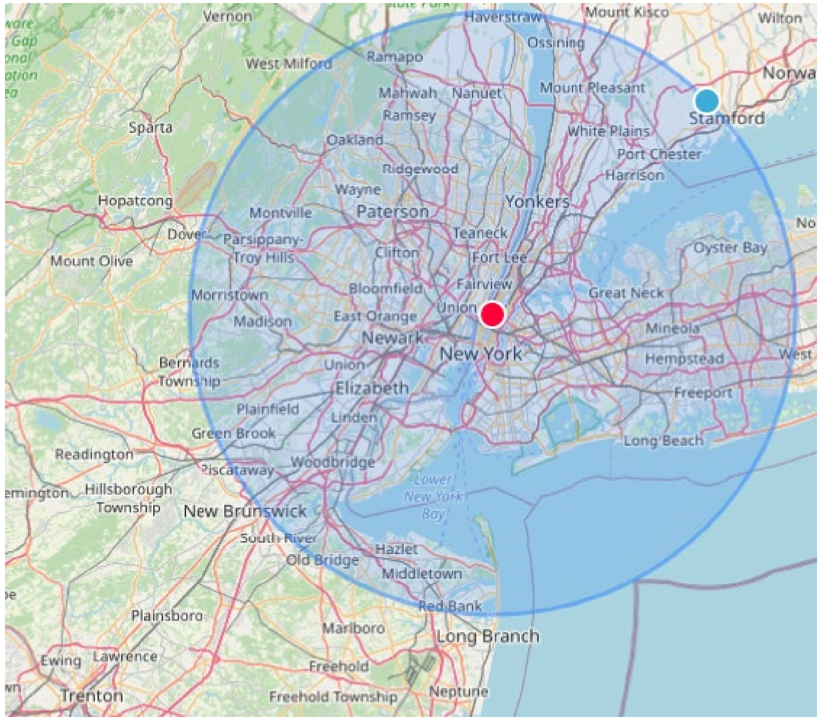
STATUTORY LANGUAGE AND NOT SUBJECT TO COMMENT

Tax Credit Amounts

Legacy Film Tax Credit Applications

- 35% for qualifying labor expenses
- 35% for expenses incurred for goods and services used **outside** the 30-mile radius of Columbus Circle, NYC.
- 30% for expenses incurred for goods and services used **inside** the 30-mile radius of Columbus Circle, NYC.



Film-lease Production Company and Studio Partner Project Applications

- 40% for qualified labor expenses (statewide)
- 40% for expenses incurred for goods and services used **outside** the 30-mile radius of Columbus Circle NYC
- 35% (FLPC) 40% (Studio Partners) for expenses incurred for goods and services used **inside** the 30-mile radius of Columbus Circle, NYC.

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Film-Lease Production Company (FLPC)

- Separate allocation of **$150MM** annually & separate project queue.
- Must commit to lease or occupy a production space in a designated NJ Film-lease Partner Facility.
- If facility has a TCO: Production must shoot 50% of shoot days in NJ and 1) shoot at least 50% of the NJ principal photography shoot days for the project **at a FLPF** or, 2) incur 33% of the qualified film production expenses for goods and services used at the FLPF.
- If facility does not have TCO: the film-lease production company must have a lease to **occupy at least 36,000 square feet for no less than 3 years** to apply for benefits prior to the facility being operational.
- Each Film-Lease Production Company is able to capture more above-the-line (ATL) wages and salary as a qualified expenses depending on the size of the project:

Qualified Expenses	Eligible ATL Wage Cap
< $50 million	$15 million
> $50 million	$60 million

ATL (above the line) refers to the positions responsible for the creative development, production, and/or direction of the film.

Refresher – Film-Lease Production Company (FLPC)

A FLPC is a production company who leases space at a New Jersey Film-lease Partner Facility (FLPF).

Prior to the FLPF obtaining a Temporary Certificate of Occupancy at its facility, a FLPC who leases no less than 36,000 sqft from the FLPF and commits to <u>occupy the facility for at least 3 years</u>, can apply for tax credit awards prior to the FLPF being operational.

Failure to meet these occupancy obligations may result in the recapture of issued tax credits and/or the reduction of any initial approval of tax credits not yet certified to.

Studio Partner

STATUTORY LANGUAGE AND NOT SUBJECT TO COMMENT

- Separate allocation of **$150MM** annually, separate project queue
- Must commit to build, lease, or operate a production facility at least **250,000 SF** or more for a period of at least **10 years**.
- Studio Partners must first apply to be designated as a Studio partner, then submit tax credit applications under that designation for each project.
- Only **3** entities can be designated a Studio Partner under the program.

- Studio Partners allowed to include more ATL wages and salary, over the $750k cap, as a qualified expenses depending on the size of the project:

All film projects:

Qualified Expenses	Eligible ATL Wage Cap
< $25 million	$18 million
> $25 million	$72 million

Feature Film Projects:

Qualified Expenses	Eligible ATL Wage Cap
> $125 million	$72 million**

**ATL payments for script costs, amounts paid or incurred for deferred comp and advances on deferred comp

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Refresher – Studio Partner

Once designated, a studio partner is required to meet several approval conditions to maintain their designation. These conditions include obtaining a Temporary Certificate of Occupancy for their production facility within 36-months. Once the facility is operational, the studio partner must maintain the facility for at least 10-years. Studio Partners can apply for tax credits prior to the facility being operational.

Failure to meet these requirements may result in the designation being revoked and potential recapture of already issued tax credits and/or the reduction of any tax credit initial approvals received and not yet certified.

Please Note

For the <u>remainder</u> of the presentation, please note the following:

Non-highlighted text indicates areas where the NJEDA has used the rules to add clarity to the legislation. Policy decisions will be marked with: **POLICY:**

Highlighted text is written into law which NJEDA does **<u>not</u>** have discretion to change.

Additional policy decisions will be in **<u>GREEN AND BOLD</u>** text when embedded with provisions written into law.

New Definitions

POLICY: DEFINITION – "DIGITAL MEDIA PROJECT"

- "Digital Media Project" means the total digital media content production expenses incurred during a privileged period or taxable year.

POLICY: NEW DEFINITION – "ECONOMICALLY DISADVANTAGED AREA"

- "Economically disadvantage area" means a New Jersey municipality that contains a Federal population census tract that was eligible to be designated as a qualified opportunity zone pursuant to 26 U.S.C. § 1400Z-1

POLICY: NEW DEFINITION – "PRODUCER FEES"

- "Producer fees" means payment made to a vendor that provides production services.

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New Definitions continued

POLICY: NEW DEFINITION – "REASONS OUTSIDE THE CONTROL"

- "Reasons outside the control" means any unforeseeable event related to the production facility beyond the approved applicant's control and without its fault or negligence for which the approved applicant is using best efforts, with all due diligence, to proceed with its obligations under the program and the approved applicant has made all reasonable efforts to prevent, avoid, mitigate, and overcome the event.

POLICY: NEW DEFINITION – "SCRIPT COSTS"

- "Script costs" means expenses incurred inside or outside the State of New Jersey for the direct costs of labor for writing a script. Script costs shall not include expenses for intellectual property rights, or any expenses incurred outside of the State of New Jersey for facilities or materials.

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Recapture Provisions

For Studio Partners:

- These designated studios commit to occupy at least 250,000 sf for a period of at least 10 years. If the designated studio partner is found to be in default, the Authority may recapture the *excess benefits* the Studio Partner received on the basis of its designation. This would include the tax credit percentage amounts received over the legacy program, any increase amounts based on increased Above-the-Line caps as well as any expenditures related to deferred compensation.

For Film-Lease Partner Facilities:

- These designated facilities must commit to operate at least 250,000sf in production facility space for at least 5 years. If the designated facility is found to be in default of its commitment, the Authority may recapture from the designated facility operator any excess benefit amounts projects received on the basis of the designation. Similar to studio partners, this would only include the excess benefit portion of the award. However, if applicable, if a FLPC is found to be in default of its own occupancy commitments, the authority may recapture the excess benefits from the FLPC, not the designated Film-lease Partner facility owner.

For Both:

In a default scenario, if there have been any initial project approvals that have not yet been issued a tax credit, those designation approvals would be terminated and processed as if it was a legacy film project at the reduced amount.

What's New:

These recapture and reduction provisions apply **except** for an entity's failure to occupy a production facility for "any reason outside the control of the studio partner or film-lease production company " Additionally, there is no recapture of any credits issued during "safe harbor" periods.

STATUTE: Recapture "Safe Harbor"

Studio Partners and Film-lease Production Companies (FLPC) who receive tax credit awards based on leased space within an already designated Film-lease Partner Facility (FLPF) are allowed by law certain "safe harbor" periods where the Authority will not recapture issued credits.

Prior to the FLPF facility being operational, the Authority shall not recapture any issued tax credit within 12 months of the date of the Studio Partner's or FLPC's lease with the designated facility. This period will be extended out to 24 months, if construction commences at the Film-lease Partner Facility within 12 months of the lease signing.

From P.L. 2025, c.81:
"If a New Jersey studio partner was issued a film tax credit on the basis of a lease or sublease with a New Jersey film-lease partner facility before that facility receives a temporary or final certificate of occupancy and the New Jersey studio partner fails to meet the qualifications of a New Jersey studio partner, including, but not limited to, the failure to occupy the required amount of space at New Jersey film-lease production facility for the required time, the authority shall not recapture any tax credits within one year of the date of the New Jersey studio partner's lease with the New Jersey film-lease production facility, which the authority shall extend for one additional year if the New Jersey film-lease production facility commences construction, as evidenced by the issuance of a building permit, within one year of the date of the New Jersey studio partner's lease with the New Jersey film-lease production facility."

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Reason Outside the Control

P.L. 2025, c.81 directs the Authority to not recapture issued tax credits or reduce any initial approvals for any Studio Partners and certain Film-lease Production Companies (FLPC) who receive tax credits or initial approvals based on leased space within a designated Film-lease Partner Facility (FLPF) and are unable to occupy the facility for any reason outside the control of the entity.

From P.L. 2025, c.81:
"In the event the authority determines that a film production company has failed to meet the qualifications of a New Jersey studio partner [or film-lease production company] or otherwise comply with the provisions of this section, except for the failure to occupy a New Jersey film-lease partner facility for any reason outside the control of the New Jersey studio partner [or film-lease production company] , subject 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 studio partner [or film-lease production company], …"

NEW DEFINITION:

"Reason Outside the Control" - means any unforeseeable event related to the production facility beyond the approved applicant's control and without its fault or negligence for which the approved applicant is using best efforts, with all due diligence, to proceed with its obligations under the program and the approved applicant has made all reasonable efforts to prevent, avoid, mitigate, and overcome the event.

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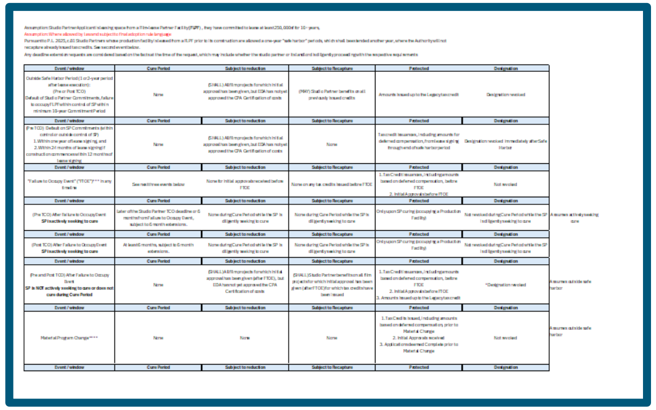
POLICY: Studio Partner Leasing from a FLPF

The Authority is proposing several policies surrounding recaptures, reductions, terminations, and cure periods for any Studio Partner who receives tax credits on the basis of occupying leased space at a Film-lease Partner Facility – and that studio partner is unable to occupy the facility.

Below is a link to a spreadsheet to provided more detail on the tax amounts that are protected from recapture or reductions depending on each scenario.

<u>This chart, and following policies where noted, only apply to Studio Partners leasing space at a FLPF.</u>



Assumption: Studio Partner Applicant is leasing space from a Film-lease Partner Facility (FLPF), they have committed to lease at least 250,000sf for 10+ years.

Assumption: Where allowed by law and subject to final adoption rule language

Pursuant to P.L. 2025, c.81 Studio Partners whose production facility is leased from a FLPF prior to its construction are allowed a one-year "safe harbor" periods, which shall be extended another year, where the Authority will not recapture already issued tax credits. See second event below.

Any deadline extension requests are considered based on the facts at the time of the request, which may include whether the studio partner or its landlord is diligently proceeding with the respective requirements.

Event / window	Cure Period	Subject to reduction	Subject to Recapture	Protected	Designation	
Outside Safe Harbor Period (1 or 2-year period after lease execution): (Pre or Post TCO) Default of Studio Partner Commitments, failure to occupy FLPF within control of SP within minimum 10-year Commitment Period	None	(SHALL) All film projects for which initial approval has been given, but EDA has not yet approved the CPA Certification of costs	(MAY) Studio Partner benefits on all previously issued credits	Amounts issued up to the Legacy tax credit	Designation revoked	
Event / window	**Cure Period**	**Subject to reduction**	**Subject to Recapture**	**Protected**	**Designation**	
(Pre TCO) Default on SP Commitments (within control or outside control of SP) 1. Within one year of lease signing, and 2. Within 24 months of lease signing if construction commences within 12 months of lease signing	None	(SHALL) All film projects for which initial approval has been given, but EDA has not yet approved the CPA Certification of costs	None	Tax credit issuances, including amounts for deferred compensation, from lease signing through end of safe harbor period	Designation revoked immediately after Safe Harbor	
Event / window	**Cure Period**	**Subject to reduction**	**Subject to Recapture**	**Protected**	**Designation**	
"Failure to Occupy Event" ("FTOE")*** in any timeline	See next three events below	None for initial approvals received before FTOE	None on any tax credits issued before FTOE	1. Tax Credit issuances, including amounts based on deferred compensation, before FTOE 2. Initial Approvals before FTOE	Not revoked	
Event / window	**Cure Period**	**Subject to reduction**	**Subject to Recapture**	**Protected**	**Designation**	
(Pre TCO) After Failure to Occupy Event **SP is actively seeking to cure**	Later of the Studio Partner TCO deadline or 6 months from Failure to Occupy Event, subject to 6 month extensions.	None during Cure Period while the SP is diligently seeking to cure	None during Cure Period while the SP is diligently seeking to cure	Only upon SP curing (occupying a Production Facility)	Not revoked during Cure Period while the SP is diligently seeking to cure	Assumes actively seeking cure
Event / window	**Cure Period**	**Subject to reduction**	**Subject to Recapture**	**Protected**	**Designation**	
(Post TCO) After Failure to Occupy Event **SP is actively seeking to cure**	At least 6 months, subject to 6 month extensions.	None during Cure Period while the SP is diligently seeking to cure	None during Cure Period while the SP is diligently seeking to cure	Only upon SP curing (occupying a Production Facility)	Not revoked during Cure Period while the SP is diligently seeking to cure	
Event / window	**Cure Period**	**Subject to reduction**	**Subject to Recapture**	**Protected**	**Designation**	
(Pre and Post TCO) After Failure to Occupy Event **SP is NOT actively seeking to cure or does not cure during Cure Period**	None	(SHALL) All film projects for which initial approval has been given (after FTOE), but EDA has not yet approved the CPA Certification of costs	(SHALL) Studio Partner benefits on all film projects for which initial approval has been given (after FTOE) for which tax credits have been issued	1. Tax Credit issuances, including amounts based on deferred compensation, before FTOE 2. Initial Approvals before FTOE 3. Amounts issued up to the Legacy tax credit	*Designation revoked	Assumes outside safe harbor
Event / window	**Cure Period**	**Subject to reduction**	**Subject to Recapture**	**Protected**	**Designation**	
Material Program Change****	None	None	None	1. Tax Credits issued, including amounts based on deferred compensation, prior to Material Change 2. Initial Approvals received 3. Applications deemed Complete prior to Material Change	Not revoked	Assumes outside safe harbor
Event / window	**Cure Period**	**Subject to reduction**	**Subject to Recapture**	**Protected**	**Designation**	

POLICY:

Key Terms:

ONLY For a studio partner who receives tax credits based on the lease of a production facility located at a film-lease partner facility (FLPF)

"Failure to Occupy Event" – means the failure by the Studio Partner to occupy the Production Facility for any reason outside the control of the entity, including failure of the entity's landlord to timely deliver or to operate the Production Facility, or landlord's breach

"Reason Outside the Control" - means any unforeseeable event related to the production facility beyond the approved applicant's control and without its fault or negligence for which the approved applicant is using best efforts, with all due diligence, to proceed with its obligations under the program and the approved applicant has made all reasonable efforts to prevent, avoid, mitigate, and overcome the event.

"Safe Harbor Period" – means the 12- or 24-month period following the entity's lease signing where EDA will not recapture any issued tax credits.

"Studio Partner Benefits" – or "Excess Benefits" - means the increased tax credit amounts awarded over the legacy tax credit based on the studio partner or FLPF designation

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POLICY:

POLICY: Cure Periods, Reductions and Recapture

ONLY FOR STUDIO PARTNERS LEASING FROM FLPF

EDA is recommending a new policy to allow for a cure period for a studio partner who, is leasing space from a FLPF, and is unable to occupy the facility for reasons outside the control of the Studio Partner.

While the Studio Partner is diligently seeking a cure to the failure to occupy event (i.e., looking for an alternate facility) and regardless of the outcome at the end of the cure period, the Studio Partner will **not** be subject to:

- the recapture of any tax credits issued during the cure period
- the forfeiture, termination or reduction of any initially approved tax credits during the cure period

How Long is the Cure Period?

When did the Failure to Occupy Event Occur?

Pre TCO

Cure Period:

The later of TCO deadline for the designation, or 6 months from the Failure to Occupy Event

Post TCO

Cure Period:

6 months from the Failure to Occupy Event

Cure periods subject to possible 6-month extensions

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POLICY Continued

ONLY FOR STUDIO PARTNERS LEASING FROM FLPF

WHAT HAPPENS?

Following a Failure to Occupy Event, and at the end of the Cure Period, if the Studio Partner has not successfully cured (e.g., does not occupy an alternate facility) after diligently seeking to do so:

The Authority Will:
Revoke the Studio Partner designation

POLICY:

The Authority Will Not:
*Recapture, Reduce, or Terminate any tax credit issuances or approvals during or before the cure period.

*Soley on the basis of the designation being revoked

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POLICY Continued

ONLY FOR STUDIO PARTNERS LEASING FROM FLPF

WHAT ABOUT A MATERIAL CHANGE TO THE PROGRAM?

The Authority is proposing the following policy in the event of a material change to the program:
Following a Material Program Change – For any complete application submitted **prior** to the material change a Studio Partner who is leasing space within a FLPF will **NOT** be subject to:

1. Recapture of issued tax credits issued prior to the Material Program Change, or
2. The forfeiture, termination, or reduction of any tax credits (including those based on estimated deferred compensation)

If following a Material Program Change, a Studio Partner terminates the Studio Partner Agreement and their designation, then for any completed application submitted **after** the Material Program Change, the Authority shall:

1. Reduce any tax credits initially approved but not yet issued by removing any Studio Partner Benefits, and
2. Recapture any Studio Partner Benefits for any tax credits issued

POLICY: WHAT IS MATERIALLY REDUCED?

Any change that has a materially negative impact, (including, but not limited to, a change that would result in the Studio Partner's existing lease with its landlord to no longer satisfying Studio Partner requirements) demonstrated to the Authority's satisfaction, on the benefits that a Studio Partner reasonably expects to receive based on the Garden State Film and Digital Media Jobs Act

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New: Hiring Bonus (4%)

P.L.2025, c.81 amended the bonuses available for film and digital media projects. The new law removed the 2-tiered diversity bonus and replaced it with a new flat 4% hiring bonus. The Authority is proposing **a 40% minimum hiring goal for applicants to be initially approved for the bonus.**

POLICY:

To be eligible for the 4% hiring bonus, the Authority is proposing that the application include an executed hiring plan template. The plan must outline the applicant's intention to hire **not less than 40% of the total employees working in New Jersey**, who are residents of:

- An economically disadvantaged area,
- A distressed municipality; or,
- Land owned by the federal government prior to 2006

Additionally, the hiring plan must indicate whether the applicant intends to participate, or has participated, in training, education, and recruitment programs that are organized in cooperation with State colleges and universities, labor organizations, and the motion picture industry, and are designed to promote and encourage the training and hiring of NJ residents of an area listed above.

POLICY: NEW DEFINITION: "DISADVANTAGED AREA"

"Economically disadvantage area" means a New Jersey municipality that contains a Federal population census tract that was eligible to be designated as a qualified opportunity zone pursuant to 26 U.S.C. § 1400Z-1

WHY 40%?

The population of NJ residents from a disadvantaged area, distressed municipality and land owned by the federal government prior to 2006 represents approximately 40% of the population of the entire State of New Jersey.

POLICY DECISION

NEW: Promote NJ Bonus (4%)

P.L.2025, c.81 amended the bonuses available for film and digital media projects. The new law added a 4% bonus for Studio Partners and Film-lease Production Companies who meet at least four of the following criteria:

"…a.the application is accompanied by a plan outlining specific goals to promote or invest in New Jersey, which plan shall include at least four of the following criteria:

(1) the creation of a video at least three minutes in length of publicly accessible locations in New Jersey used for the film, with commentary on how and why each location was chosen, published on the ~~Internet~~ website promoting the film or in another form and manner approved by the authority. To receive credit for this promotional criterion, a**n** ~~taxpayer~~ **approved applicant** shall provide a list of locations in New Jersey used for the film and relevant footage for use **without restriction** by the authority **and any State entity** for promotional purposes;

(2) the creation of five public social media posts including commentary on positive experiences at publicly accessible New Jersey locations or positive experiences filming in the State. The social media posts shall originate from an official account of the ~~taxpayer~~ **approved applicant**, the film, **the director of the film,** a leading actor or actress in the film **or any actor or actress in the main cast**, or as otherwise permitted by the authority. To receive credit for this promotional criterion, the ~~taxpayer~~ **approved applicant** shall provide the ~~Internet~~ website **or location** on which the post is publicly visible for use by the authority **and any other State entity** for promotional purposes:…"

POLICY DECISION

Promote NJ Bonus (4%) (Cont…)

"(3) the placement of a New Jersey promotional logo provided by the authority **or the Commission** for a two-second exposure, not displayed over content or on a shared card, and displayed before the below-the-line crew crawl and after contractual credit placement obligations. **To receive the credit for this promotional criterion, the approved applicant shall provide a clip of the portion of the film displaying the New Jersey promotional logo**;

(4) the film is set, at least in part, in New Jersey, and the State is referenced in the film. **To receive credit for this promotional criterion, the approved applicant shall provide a clip of the portion of the film evidencing that the film is set, at least in part, in New Jersey and that New Jersey is referenced in the film**;

(5) support for a workforce development program established by the ~~taxpayer~~ **approved applicant** with a college, including **but not limited to** a community college, **an entity with** an apprentice program, or a university in this State, which program includes direct training or employment opportunities on the film for residents of this State. **To receive credit for this promotional criterion, a document evidencing the agreement between the approved applicant and the other entity demonstrating the establishment and support for a workforce development program**;

(6) a film industry recruiting program established by the ~~taxpayer~~ **approved applicant** providing paid internships or entry-level employment opportunities in film crew positions for State residents of an economically disadvantaged area in the State, a distressed municipality as that term is defined in section 55 of P.L.2020, c.156 (C.34:1B-323), or land owned by the federal government on or before December 31, 2005. **To receive credit for this promotional criterion, the approved applicant must demonstrate its efforts to advertise and promote paid internships or entry level employment opportunities in the designated areas**;…"

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POLICY DECISION

Promote NJ Bonus (4%) (Cont…)

"…(7) the ~~taxpayer~~ approved applicant ~~engages~~ incurs qualified film production expenses from at least five vendors authorized to do business in New Jersey that employ at least one full-time employee at a physical location of the vendor in an economically disadvantaged area in the State, a distressed municipality as that term is defined in section 55 of P.L.2020, c.156 (C.34:1B-323), or on land owned by the federal government on or before December 31, 2005. To receive credit for this promotional criterion, the approved applicant must provide a certification from each vendor; and

(8) any alternative criteria as the authority shall provide pursuant to rules and regulations adopted by the authority; and

b. the director and the authority have verified that the ~~taxpayer~~ approved applicant met the goals outlined in the plan submitted pursuant to paragraph (1) of this subsection"

The "Promote New Jersey" bonus is only available to applications submitted by Studio Partners and FLPCs. This bonus shall only be applied to qualified film production expense incurred in an applicant's fiscal year that commenced on or after July 1, 2025.

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DISTRESSED MUNICIPALITIES & DISADVANTAGED AREAS: (list not complete)

ASBURY PARK	BRIDGETON	FREEHOLD BORO	NEPTUNE TOWNSHIP	SOMERS POINT
ATLANTIC CITY	BURLINGTON CITY	GARFIELD	NEWARK	SOUTH HACKENSACK TWP
BAYONNE	CAMDEN	GLASSBORO	NEW BRUNSWICK	SOUTH RIVER BOROUGH
BELLEVILLE	CARNEYS POINT TWP	GLOUCESTER CITY	NORTH BERGEN	SUSSEX BOROUGH
BERKELEY TOWNSHIP	CARTERET	GLOUCESTER TWP	NORTH PLAINFIELD BORO	TETERBORO
BLOOMFIELD	CLIFFSIDE PARK BORO	HACKENSACK	OLD BRIDGE	TRENTON
BOUND BROOK BORO	CLIFTON	HAMILTON (MERCER)	ORANGE TOWNSHIP	UNION CITY
BRICK	DEPTFORD TOWNSHIP	HARRISON	PALMYRA BOROUGH	VINELAND
CARTERET	DOVER	HILLSIDE TWP	PASSAIC	WEEHAWKEN
EAST ORANGE	EGG HARBOR CITY	IRVINGTON TOWNSHIP	PATERSON	WEST NEW YORK
EGG HARBOR TWP	ELIZABETH	JAMESBURG	PEMBERTON TOWNSHIP	W. WILDWOOD
ENGLEWOOD	FAIRVIEW	JERSEY CITY	PENNS GROVE BOROUGH	WHARTON
FLEMINGTON	FREEHOLD BOROUGH	KEARNY	PENNSAUKEN TOWNSHIP	WILDWOOD
LONG BRANCH	LINDEN	LAKEWOOD TOWNSHIP	PERTH AMBOY	WILLINGBORO
LINDENWOLD	LODI BOROUGH	LOWER TWP	PHILLIPSBURG	WINSLOW TOWNSHIP
MANCHESTER TWP	MILLVILLE	MONROE	PINE HILL BOROUGH	WOODBRIDGE TWP
MONTCLAIR	MOUNT HOLLY	NEPTUNE CITY	PLAINFIELD	WOODBURY
PLEASANTVILLE	PROSPECT PARK BORO	RAHWAY	RED BANK	
RIVERSIDE TWP	ROSELLE BOROUGH	SALEM CITY	SECAUCUS	

New Qualified Film Production Expenses

The new legislation, P.L. 2025, c.81, allows certain expenses to be considered a qualified film production expense for Studio Partners and FLPC who have at least a 3-year lease from a FLPF. The Authority is proposing several new defined terms and language to administer this new provision.

From P.L. 2025, c.81, in the definition of "qualified film production expense":

"For a New Jersey studio partner or New Jersey film-lease production company that enters into a lease to occupy a New Jersey film-lease partner facility for at least three years, "qualified film production expenses" includes the following expenses incurred in the production of the film, which expenses shall be included in a percentage proportional to the percentage of principal photography shoot days in the State: **total production insurance premiums** paid to insurance companies doing business in New Jersey, which premiums shall exclude payments for errors and omissions insurance; **total producer fees**; and **total rights fees**. However, cumulative expenses for production insurance premiums, producer fees, and rights fees shall not exceed seven and one-half percent of "qualified film production expenses" for any New Jersey studio partner or New Jersey film-lease production company."

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New Qualified Film Production Expenses (cont.)

- To implement this new provision, the Authority proposes the following rule text:

For expenses incurred after June 30, 2025, a New Jersey studio partner or New Jersey film-lease production company that enters into a lease to occupy a New Jersey film-lease partner facility for at least three years, "qualified film production expenses" includes the following expenses incurred **within or outside of New Jersey** in the production of the film, which expenses shall be included in a percentage proportional to the percentage of principal photography shoot days in the State: total production insurance premiums paid to insurance companies **registered to do** business in New Jersey, which premiums shall exclude payments for errors and omissions insurance; total producer fees; and total **intellectual property** rights fees. However, cumulative expenses **within or outside of New Jersey** for production insurance premiums, producer fees, and rights fees shall not exceed seven and one-half percent of "qualified film production expenses" for any New Jersey studio partner or New Jersey film-lease production company

POLICY:

For the purposes of calculating the 7.5% cap, expenses for total producer fees, total rights fees, and insurance premiums described above, that are **incurred out of New Jersey** will not be included in the qualified film production expenses initially.

New Qualified Film Production Expenses (cont.)

POLICY: NEW DEFINITION – "PRODUCER FEES"

- "Producer Fees" means payment made to a vendor that provides production services.

From P.L. 2025, c.81 : "qualified film production expenses" continues:
"…For a New Jersey studio partner or New Jersey film-lease production company that enters into a lease to occupy a New Jersey film-lease partner facility for at least three years, "qualified film production expenses" includes: the total script costs of any script written within New Jersey or the product of the total script costs of any script written outside New Jersey and the percentage of the principal photography shoot days in New Jersey relative to the total principal photography shoot days for the film."

POLICY: NEW DEFINITION – "SCRIPT COSTS"

- "Script costs" means expenses incurred inside or outside the State of New Jersey for the direct costs of labor for writing a script. Script costs shall not include expenses for intellectual property rights, or any expenses incurred outside of the State of New Jersey for facilities or materials.

Public Feedback Presentation

Members of the public can submit written feedback on the

Film and Digital Media Tax Credit Program
https://www.njeda.gov/informal-draft-rules-feedback/
through 5pm on September 24th, 2025

These information slides outlining proposed changes to the Film and Digital Media Tax Credit Program are posted for viewing at **https://www.njeda.gov/informal-draft-rules-feedback/** so that members of the public have the opportunity to review.

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