

[Second Reprint]

## **ASSEMBLY, No. 6070**

# **STATE OF NEW JERSEY**

## **219th LEGISLATURE**

INTRODUCED NOVEMBER 15, 2021

**Sponsored by:**

**Assemblyman GORDON M. JOHNSON**

**District 37 (Bergen)**

**Assemblyman WILLIAM W. SPEARMAN**

**District 5 (Camden and Gloucester)**

**Assemblyman RAJ MUKHERJI**

**District 33 (Hudson)**

**Assemblyman PAUL D. MORIARTY**

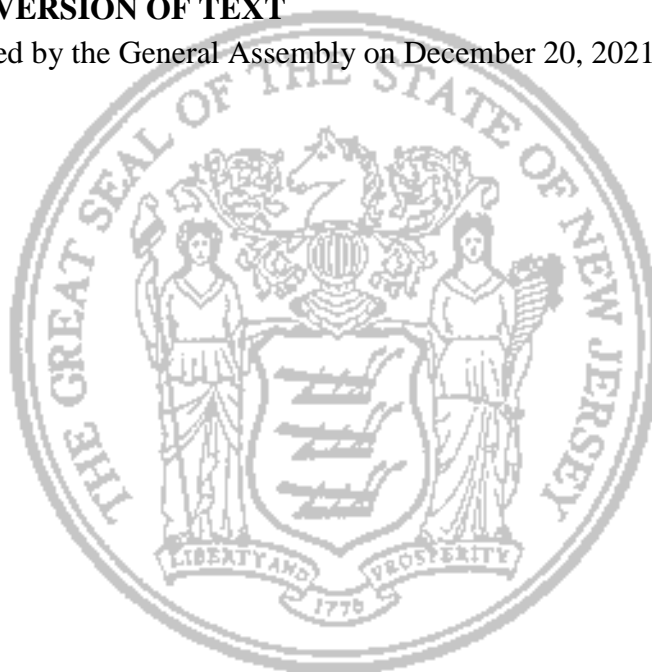
**District 4 (Camden and Gloucester)**

### **SYNOPSIS**

Makes changes to film and digital media content production tax credit program.

### **CURRENT VERSION OF TEXT**

As amended by the General Assembly on December 20, 2021.



**(Sponsorship Updated As Of: 1/10/2022)**

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

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

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

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

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

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

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

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

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

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

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Assembly AAP committee amendments adopted December 13, 2021.

<sup>2</sup>Assembly floor amendments adopted December 20, 2021.

1 sound stage or other location that is located in the State within a 30-  
2 mile radius of the intersection of Eighth Avenue/Central Park West,  
3 Broadway, and West 59th Street/Central Park South, New York,  
4 New York.

5 b. (1) A taxpayer, upon approval of an application to the  
6 authority and the director, shall be allowed a credit against the tax  
7 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in  
8 an amount equal to: **[20]** 30 percent of the qualified digital media  
9 content production expenses of the taxpayer during a privilege  
10 period commencing on or after July 1, 2018 but before July 1, 2034,  
11 provided that:

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

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

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

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

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

35 c. No tax credit shall be allowed pursuant to this section for  
36 any costs or expenses included in the calculation of any other tax  
37 credit or exemption granted pursuant to a claim made on a tax  
38 return filed with the director, or included in the calculation of an  
39 award of business assistance or incentive, for a period of time that  
40 coincides with the privilege period for which a tax credit authorized  
41 pursuant to this section is allowed. The order of priority in which  
42 the tax credit allowed pursuant to this section and any other tax  
43 credits allowed by law may be taken shall be as prescribed by the  
44 director. The amount of the tax credit applied under this section  
45 against the tax imposed pursuant to section 5 of P.L.1945, c.162  
46 (C.54:10A-5), for a privilege period, when taken together with any  
47 other payments, credits, deductions, and adjustments allowed by

1 law shall not reduce the tax liability of the taxpayer to an amount  
2 less than the statutory minimum provided in subsection (e) of  
3 section 5 of P.L.1945, c.162 (C.54:10A-5). The amount of the tax  
4 credit otherwise allowable under this section which cannot be  
5 applied for the privilege period due to the limitations of this  
6 subsection or under other provisions of P.L.1945, c.162 (C.54:10A-  
7 1 et seq.) may be carried forward, if necessary, to the seven  
8 privilege periods following the privilege period for which the tax  
9 credit was allowed.

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

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

1 thereafter prior to fiscal year 2035 to apply against the tax imposed  
2 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) and the tax  
3 imposed pursuant to the "New Jersey Gross Income Tax Act,"  
4 N.J.S.54A:1-1 et seq. In addition to the \$100,000,000 limitation on  
5 the value of tax credits approved by the director for New Jersey  
6 film-lease partners and the \$100,000,000 limitation on the value of  
7 tax credits approved by the director for other taxpayers imposed by  
8 this paragraph, the value of tax credits, including tax credits  
9 allowed through the granting of tax credit transfer certificates,  
10 approved by the director and the authority pursuant to subsection a.  
11 of this section and pursuant to subsection a. of section 2 of  
12 P.L.2018, c.56 (C.54A:4-12b) to New Jersey studio partners shall  
13 not exceed a cumulative total of \$100,000,000 in fiscal year 2021  
14 and in each fiscal year thereafter prior to fiscal year 2034 to apply  
15 against the tax imposed pursuant to section 5 of P.L.1945, c.162  
16 (C.54:10A-5) and the tax imposed pursuant to the "New Jersey  
17 Gross Income Tax Act," N.J.S.54A:1-1 et seq. Beginning in fiscal  
18 year 2025, in addition to the \$100,000,000 made available for New  
19 Jersey studio partners pursuant to this paragraph, up to an additional  
20 \$350,000,000 may be made available annually, in the discretion of  
21 the authority, to New Jersey studio partners for the award of tax  
22 credits, including tax credits allowed through the granting of tax  
23 credit transfer certificates, pursuant to subsection a. of this section  
24 and subsection a. of section 2 of P.L.2018, c.56 (C.54A:4-12b),  
25 from the funds made available pursuant to subparagraph (i) of  
26 paragraph (1) of subsection b. of section 98 of P.L.2020, c.156  
27 (C.34:1B-362). In addition to the \$100,000,000 limitation on the  
28 value of tax credits approved by the director for New Jersey studio  
29 partners and the \$100,000,000 limitation on the value of tax credits  
30 approved by the director for other taxpayers imposed by this  
31 paragraph, the value of tax credits, including tax credits allowed  
32 through the granting of tax credit transfer certificates, approved by  
33 the director and the authority pursuant to subsection a. of this  
34 section and pursuant to subsection a. of section 2 of P.L.2018, c.56  
35 (C.54A:4-12b) to New Jersey film-lease partners shall not exceed a  
36 cumulative total of \$100,000,000 in fiscal year 2021 and in each  
37 fiscal year thereafter prior to fiscal year 2034 to apply against the  
38 tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5)  
39 and the tax imposed pursuant to the "New Jersey Gross Income Tax  
40 Act," N.J.S.54A:1-1 et seq. <sup>1</sup>Beginning in fiscal year 2025, in  
41 addition to the \$100,000,000 made available for New Jersey film-  
42 lease partners pursuant to this paragraph, up to an additional  
43 \$100,000,000 may be made available annually, in the discretion of  
44 the authority, to New Jersey film-lease partners for the award of tax  
45 credits, including tax credits allowed through the granting of tax  
46 credit transfer certificates, pursuant to subsection a. of this section  
47 and subsection a. of section 2 of P.L.2018, c.56 (C.54A:4-12b),

1 from the funds made available pursuant to subparagraph (i) of  
2 paragraph (1) of subsection b. of section 98 of P.L.2020, c.156  
3 (C.34:1B-362).<sup>1</sup> Approvals made to New Jersey studio partners and  
4 New Jersey film-lease partners shall be subject to award agreements  
5 with the authority detailing obligations of the awardee and  
6 outcomes relating to events of default, including, but not limited to,  
7 recapture, forfeiture, and termination. If in any privilege period,  
8 beginning following a date determined by the authority, a New  
9 Jersey film-lease partner's annual average of qualified film  
10 production expenses falls below \$50,000,000, the authority shall  
11 reduce by 20 percent any tax credit award for a film for which final  
12 documentation **'[pursuant to N.J.A.C.19:31-21.7(c)]'** has been  
13 submitted, until a privilege period when the annual average of  
14 qualified film production expenses has been restored to  
15 \$50,000,000. The authority shall establish a non-binding,  
16 administrative pre-certification process for potentially eligible  
17 projects.

18 **[If the cumulative total amount of tax credits, and tax credit**  
19 **transfer certificates, allowed to taxpayers for privilege periods or**  
20 **taxable years commencing during a single fiscal year under**  
21 **subsection a. of this section and subsection a. of section 2 of**  
22 **P.L.2018, c.56 (C.54A:4-12b) exceeds the amount of tax credits**  
23 **available in that fiscal year, then taxpayers who have first applied**  
24 **for and have not been allowed a tax credit or tax credit transfer**  
25 **certificate amount for that reason shall be allowed, in the order in**  
26 **which they have submitted an application, the amount of tax credit**  
27 **or tax credit transfer certificate on the first day of the next**  
28 **succeeding fiscal year in which tax credits and tax credit transfer**  
29 **certificates under subsection a. of this section and subsection a. of**  
30 **section 2 of P.L.2018, c.56 (C.54A:4-12b) are not in excess of the**  
31 **amount of credits]** **<sup>1</sup>[Notwithstanding the limitations set forth in**  
32 **this paragraph, if in any fiscal year the authority receives**  
33 **applications for tax credits under subsection a. of this section and**  
34 **subsection a. of section 2 of P.L.2018, c.56 (C.54A:4-12.b) in**  
35 **amounts exceeding the total amount of tax credits available for the**  
36 **fiscal year, then the authority may approve applications, in the order**  
37 **in which such applications were submitted, for excess tax credits**  
38 **during the year in which the application was submitted, provided**  
39 **that the amount of excess credits shall be subtracted from the total**  
40 **amounts allowed for the next following fiscal year in which credits**  
41 **are available, and provided further that the taxpayer shall not claim**  
42 **the excess tax credit or tax credit transfer certificate until the first**  
43 **day of the fiscal year from which the credits were made.]** **If the**  
44 **cumulative total amount of tax credits, and tax credit transfer**  
45 **certificates, allowed to taxpayers for privilege periods or taxable**  
46 **years commencing during a single fiscal year under subsection a. of**  
47 **this section and subsection a. of section 2 of P.L.2018, c.56**

1 (C.54A:4-12b) exceeds the amount of tax credits available in that  
2 fiscal year, then taxpayers who have first applied for and have not  
3 been allowed a tax credit or tax credit transfer certificate amount for  
4 that reason shall be allowed, in the order in which they have  
5 submitted an application, the amount of tax credit or tax credit  
6 transfer certificate on the first day of the next succeeding fiscal year  
7 in which tax credits and tax credit transfer certificates under  
8 subsection a. of this section and subsection a. of section 2 of  
9 P.L.2018, c.56 (C.54A:4-12b) are not in excess of the amount of  
10 credits<sup>1</sup> available.

11 Notwithstanding any provision of 'this' paragraph '[(1) of this  
12 subsection']' to the contrary, for any fiscal year in which the  
13 amount of tax credits approved 'to New Jersey studio partners, New  
14 Jersey film-lease partners, or taxpayers other than New Jersey  
15 studio partners and New Jersey film-lease partners'<sup>1</sup> pursuant to this  
16 paragraph is less than the cumulative total amount of tax credits  
17 permitted to be approved 'to each such category,'<sup>1</sup> in that fiscal  
18 year, the authority shall certify the amount of the remaining tax  
19 credits available for approval 'to each such category'<sup>1</sup> in that fiscal  
20 year, and shall increase the cumulative total amount of tax credits  
21 permitted to be approved for New Jersey studio partners <sup>1</sup>, New  
22 Jersey film-lease partners, or taxpayers other than New Jersey  
23 studio partners and New Jersey film-lease partners'<sup>1</sup> in the  
24 subsequent fiscal year by the certified amount remaining 'for each  
25 such category'<sup>1</sup> from the prior fiscal year. The authority shall also  
26 certify, for each fiscal year, the amount of tax credits that were  
27 previously approved, but that the taxpayer is not able to redeem or  
28 transfer to another taxpayer under this section, and shall increase  
29 the cumulative total amount of tax credits permitted to be approved  
30 for New Jersey studio partners <sup>1</sup>, New Jersey film-lease partners, or  
31 taxpayers other than New Jersey studio partners and New Jersey  
32 film-lease partners'<sup>1</sup> in the subsequent fiscal year by the amount of  
33 tax credits previously approved 'for each such category'<sup>1</sup>, but not  
34 subject to redemption or transfer. 'In each fiscal year in which tax  
35 credits remain unapproved for, or unredeemed or not transferred by,  
36 New Jersey film-lease partners or taxpayers other than New Jersey  
37 studio partners and New Jersey film-lease partners, the authority  
38 may reallocate some or all of such remaining tax credits in the  
39 subsequent fiscal year between the category of New Jersey film-  
40 lease partners and the category of taxpayers other than New Jersey  
41 studio partners and New Jersey film-lease partners in lieu of  
42 increasing the tax credits available for the respective category by  
43 the amount reallocated.'<sup>1</sup>

44 (2) The value of tax credits, including tax credits allowed  
45 through the granting of tax credit transfer certificates, approved by  
46 the authority and the director pursuant to subsection b. of this

1 section and pursuant to subsection b. of section 2 of P.L.2018, c.56  
2 (C.54A:4-12b) shall not exceed a cumulative total of **【\$10,000,000】**  
3 \$30,000,000 in fiscal year 2019 and in each fiscal year thereafter  
4 prior to fiscal year 2035 to apply against the tax imposed pursuant  
5 to section 5 of P.L.1945, c.162 (C.54:10A-5) and the tax imposed  
6 pursuant to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-  
7 1 et seq.

8 **【If the total amount of tax credits and tax credit transfer**  
9 **certificates allowed to taxpayers for privilege periods or taxable**  
10 **years commencing during a single fiscal year under subsection b. of**  
11 **this section and subsection b. of section 2 of P.L.2018, c.56**  
12 **(C.54A:4-12.b) exceeds the amount of tax credits available in that**  
13 **year, then taxpayers who have first applied for and have not been**  
14 **allowed a tax credit or tax credit transfer certificate amount for that**  
15 **reason shall be allowed, in the order in which they have submitted**  
16 **an application, the amount of tax credit or tax credit transfer**  
17 **certificate on the first day of the next succeeding fiscal year in**  
18 **which tax credits and tax credit transfer certificates under**  
19 **subsection b. of this section and subsection b. of section 2 of**  
20 **P.L.2018, c.56 (C.54A:4-12.b) are not in excess of the amount of**  
21 **credits】** <sup>1</sup>**【Notwithstanding the limitations set forth in this**  
22 **paragraph, if in any fiscal year the authority receives applications**  
23 **for tax credits under subsection b. of this section and subsection b.**  
24 **of section 2 of P.L.2018, c.56 (C.54A:4-12.b) in amounts exceeding**  
25 **the total amount of tax credits available for the fiscal year, then the**  
26 **authority may approve applications, in the order in which such**  
27 **applications were submitted, for excess tax credits during the year**  
28 **in which the application was submitted, provided that the amount of**  
29 **excess credits shall be subtracted from the total amounts allowed**  
30 **for the next following fiscal year in which credits are available, and**  
31 **provided further that the taxpayer shall not claim the excess tax**  
32 **credit or tax credit transfer certificate until the first day of the fiscal**  
33 **year from which the credits were made】** **If the total amount of tax**  
34 **credits and tax credit transfer certificates allowed to taxpayers for**  
35 **privilege periods or taxable years commencing during a single fiscal**  
36 **year under subsection b. of this section and subsection b. of section**  
37 **2 of P.L.2018, c.56 (C.54A:4-12.b) exceeds the amount of tax**  
38 **credits available in that year, then taxpayers who have first applied**  
39 **for and have not been allowed a tax credit or tax credit transfer**  
40 **certificate amount for that reason shall be allowed, in the order in**  
41 **which they have submitted an application, the amount of tax credit**  
42 **or tax credit transfer certificate on the first day of the next**  
43 **succeeding fiscal year in which tax credits and tax credit transfer**  
44 **certificates under subsection b. of this section and subsection b. of**  
45 **section 2 of P.L.2018, c.56 (C.54A:4-12.b) are not in excess of the**  
46 **amount of credits**<sup>1</sup> **available.**



1       Notwithstanding any provision of this paragraph to the contrary,  
2       for any fiscal year in which the amount of tax credits approved  
3       pursuant to this paragraph is less than the cumulative total amount  
4       of tax credits permitted to be approved in that fiscal year, the  
5       authority shall certify the amount of the remaining tax credits  
6       available for approval in that fiscal year, and shall increase the  
7       cumulative total amount of tax credits permitted to be approved in  
8       the subsequent fiscal year by the certified amount remaining from  
9       the prior fiscal year. The authority shall also certify, for each fiscal  
10      year, the amount of tax credits that were previously approved, but  
11      that the taxpayer is not able to redeem or transfer to another  
12      taxpayer under this section, and shall increase the cumulative total  
13      amount of tax credits permitted to be approved in the subsequent  
14      fiscal year by the amount of tax credits previously approved, but not  
15      subject to redemption or transfer.

16      f. A taxpayer shall submit to the authority and the director a  
17      report prepared by an independent certified public accountant  
18      licensed in this State to verify the taxpayer's tax credit claim  
19      following the completion of the production. The report shall be  
20      prepared by the independent certified public accountant pursuant to  
21      agreed upon procedures prescribed by the authority and the director,  
22      and shall include such information and documentation as shall be  
23      determined to be necessary by the authority and the director to  
24      substantiate the qualified film production expenses or the qualified  
25      digital media content production expenses of the taxpayer. A single  
26      report with attachments deemed necessary by the authority shall be  
27      submitted electronically. Upon receipt of the report, the authority  
28      and the director shall review the findings of the independent  
29      certified public accountant's report, and shall make a determination  
30      as to the qualified film production expenses or the qualified digital  
31      media content production expenses of the taxpayer. The authority's  
32      and the director's review shall include, but shall not be limited to: a  
33      review of all non-payroll qualified film production expense items  
34      and non-payroll digital media content production expense items  
35      over \$20,000; a review of 100 randomly selected non-payroll  
36      qualified film production expense items and non-payroll digital  
37      media content production expense items that are greater than  
38      \$2,500, but less than \$20,000; a review of 100 randomly selected  
39      non-payroll qualified film production expense items and non-  
40      payroll digital media content production expense items that are less  
41      than \$2,500; a review of the qualified wages for the 15 employees,  
42      independent contractors, or loan-out companies with the highest  
43      qualified wages; and a review of the qualified wages for 35  
44      randomly selected employees, independent contractors, or loan-out  
45      companies with qualified wages other than the 15 employees,  
46      independent contractors, or loan-out companies with the highest  
47      qualified wages. The taxpayer's qualified film production expenses

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

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

36 h. As used in this section:

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

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

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

44 "Digital media content" means any data or information that is  
45 produced in digital form, including data or information created in  
46 analog form but reformatted in digital form, text, graphics,  
47 photographs, animation, sound, and video content. "Digital media

1 content" shall not mean content offerings generated by the end user  
2 (including postings on electronic bulletin boards and chat rooms);  
3 content offerings comprised primarily of local news, events,  
4 weather, or local market reports; public service content; electronic  
5 commerce platforms (such as retail and wholesale websites);  
6 websites or content offerings that contain obscene material as  
7 defined pursuant to N.J.S.2C:34-2 and N.J.S.2C:34-3; websites or  
8 content that are produced or maintained primarily for private,  
9 industrial, corporate, or institutional purposes; or digital media  
10 content acquired or licensed by the taxpayer for distribution or  
11 incorporation into the taxpayer's digital media content.

12 "Film" means a feature film, a television series, or a television  
13 show of 22 minutes or more in length, intended for a national  
14 audience, or a television series or a television show of 22 minutes  
15 or more in length intended for a national or regional audience,  
16 including, but not limited to, a game show, award show, or other  
17 gala event filmed and produced at a nonprofit arts and cultural  
18 venue receiving State funding. "Film" shall not include a  
19 production featuring news, current events, weather, and market  
20 reports or public programming, talk show, or sports event, a  
21 production that solicits funds, a production containing obscene  
22 material as defined under N.J.S.2C:34-2 and N.J.S.2C:34-3, or a  
23 production primarily for private, industrial, corporate, or  
24 institutional purposes, or a reality show, except if the production  
25 company of the reality show owns, leases, or otherwise occupies a  
26 production facility of no less than 20,000 square feet of real  
27 property for a minimum term of 24 months, and invests no less than  
28 \$3,000,000 in such a facility within a designated enterprise zone  
29 established pursuant to the "New Jersey Urban Enterprise Zones  
30 Act," P.L.1983, c.303 (C.52:27H-60 et al.), or a UEZ-impacted  
31 business district established pursuant to section 3 of P.L.2001,  
32 c.347 (C.52:27H-66.2). "Film" shall not include an award show or  
33 other gala event that is not filmed and produced at a nonprofit arts  
34 and cultural venue receiving State funding.

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

1 1 et seq. "Full-time or full-time equivalent employee" shall not  
2 include an individual who works as an independent contractor or on  
3 a consulting basis for the taxpayer.

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

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

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

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

44 "New Jersey film-lease partner" means a taxpayer, including any  
45 taxpayer that is a member of a combined group under P.L.2018,  
46 c.131 (C.54:10A-4.11), that has made a commitment to lease or  
47 acquire all or part of a New Jersey production facility **[with]** ,

1 which leased or acquired space shall have an aggregate square  
2 footage of at least 50,000 square feet, **【which includes】** including a  
3 sound stage and production support space, such as production  
4 offices or a backlot, for a period of five or more successive years  
5 and commits to spend, on a separate-entity basis or in the aggregate  
6 with other members of the taxpayer's combined group, an annual  
7 average of \$50,000,000 of qualified film production expenses over  
8 the period of at least five but not to exceed 10 years.

9 "New Jersey studio partner" means a film production company  
10 that has made a commitment to produce films or commercial  
11 audiovisual products in New Jersey and has developed, purchased,  
12 or executed a 10-year contract to lease a production facility of  
13 250,000 square feet or more **¹【as a "transformative project"**  
14 **pursuant to section 65 of P.L.2020, c.156 (C.34:1B-333)】¹**. No  
15 more than three film production companies may be designated as a  
16 New Jersey studio partner.

17 "Partnership" means an entity classified as a partnership for  
18 federal income tax purposes.

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

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

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

1 by the taxpayer for distribution or incorporation into the taxpayer's  
2 digital media content shall not be deemed "qualified digital media  
3 content production expenses."

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

29 (1) for a New Jersey studio partner that incurs more than  
30 \$15,000,000, but less than \$50,000,000, in qualified film production  
31 expenses in the State, an amount, not to exceed \$15,000,000, of the  
32 wages or salaries or other compensation for writers, directors,  
33 including music directors, producers, and performers, other than  
34 background actors with no scripted lines, shall constitute qualified  
35 film production expenses;

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

43 (3) for a New Jersey studio partner that incurs \$100,000,000 or  
44 more, but less than \$150,000,000, in qualified film production  
45 expenses in the State, an amount, not to exceed \$40,000,000, of the  
46 wages or salaries or other compensation for writers, directors,  
47 including music directors, producers, and performers, other than

1 background actors with no scripted lines, shall constitute qualified  
2 film production expenses; ~~and~~ <sup>1</sup>and<sup>1</sup>

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

10 (5) for a New Jersey film-lease partner, an amount, not to  
11 exceed \$15,000,000, of the payments in excess of \$500,000 to each  
12 highly compensated individual for costs for a story, script, or  
13 scenario used in the production of a film and wages or salaries or  
14 other compensation for writers, directors, including music directors,  
15 producers, and performers, other than background actors with no  
16 scripted lines, shall constitute qualified film production expenses<sup>1</sup>.

17 "Total digital media content production expenses" means costs  
18 for services performed and property used or consumed in the  
19 production of digital media content.

20 "Total film production expenses" means costs for services  
21 performed and tangible personal property used or consumed in the  
22 production of a film.

23 i. A business that is not a "taxpayer" as defined and used in the  
24 "Corporation Business Tax Act (1945)," P.L.1945, c.162  
25 (C.54:10A-1 et seq.) and therefore is not directly allowed a credit  
26 under this section, but is a business entity that is classified as a  
27 partnership for federal income tax purposes and is ultimately owned  
28 by a business entity that is a "corporation" as defined in subsection  
29 (c) of section 4 of P.L.1945, c.162 (C.54:10A-4), or a limited  
30 liability company formed under the "Revised Uniform Limited  
31 Liability Company Act," P.L.2012, c.50 (C.42:2C-1 et seq.), or  
32 qualified to do business in this State as a foreign limited liability  
33 company, with one member, and is wholly owned by the business  
34 entity that is a "corporation" as defined in subsection (c) of section  
35 4 of P.L.1945, c.162 (C.54:10A-4), but otherwise meets all other  
36 requirements of this section, shall be considered an eligible  
37 applicant and "taxpayer" as that term is used in this section.  
38 (cf: P.L.2021, c.160, s.58)

39  
40 2. Section 2 of P.L.2018, c.56 (C.54A:4-12b) is amended to  
41 read as follows:

42 2. a. (1) A taxpayer, upon approval of an application to the  
43 authority and the director, shall be allowed a credit against the tax  
44 otherwise due for the taxable year under the "New Jersey Gross  
45 Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to 35  
46 percent of the qualified film production expenses of the taxpayer

1 during a taxable year commencing on or after July 1, 2018 but  
2 before July 1, 2034, provided that:

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

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

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

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

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

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

36 b. (1) A taxpayer, upon approval of an application to the  
37 authority and the director, shall be allowed a credit against the tax  
38 otherwise due for the taxable year under the "New Jersey Gross  
39 Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to:  
40 **[20]** 30 percent of the qualified digital media content production  
41 expenses of the taxpayer during a taxable year commencing on or  
42 after July 1, 2018 but before July 1, 2034, provided that:

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



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

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

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

10 (2) Notwithstanding the provisions of paragraph (1) of  
11 subsection b. of this section to the contrary, the tax credit allowed  
12 pursuant to this subsection against the tax otherwise due for the  
13 taxable year under the "New Jersey Gross Income Tax Act,"  
14 N.J.S.54A:1-1 et seq., shall be in an amount equal to **[25]** 35  
15 percent for the qualified digital media content production expenses  
16 of the taxpayer during a taxable year that are incurred for services  
17 performed and tangible personal property purchased through  
18 vendors whose primary place of business is located in Atlantic,  
19 Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer,  
20 or Salem County.

21 c. No tax credit shall be allowed pursuant to this section for  
22 any costs or expenses included in the calculation of any other tax  
23 credit or exemption granted pursuant to a claim made on a tax  
24 return filed with the director, or included in the calculation of an  
25 award of business assistance or incentive, for a period of time that  
26 coincides with the taxable year for which a tax credit authorized  
27 pursuant to this section is allowed. The order of priority in which  
28 the tax credit allowed pursuant to this section and any other tax  
29 credits allowed by law may be taken shall be as prescribed by the  
30 director. The amount of the tax credit applied under this section  
31 against the tax otherwise due under the "New Jersey Gross Income  
32 Tax Act," N.J.S.54A:1-1 et seq., for a taxable year, when taken  
33 together with any other payments, credits, deductions, and  
34 adjustments allowed by law shall not reduce the tax liability of the  
35 taxpayer to an amount less than zero. The amount of the tax credit  
36 otherwise allowable under this section which cannot be applied for  
37 the taxable year due to the limitations of this subsection or under  
38 other provisions of N.J.S.54A:1-1 et seq., may be carried forward, if  
39 necessary, to the seven taxable years following the taxable year for  
40 which the tax credit was allowed.

41 d. (1) A business entity that is classified as a partnership for  
42 federal income tax purposes shall not be allowed a tax credit  
43 pursuant to this section directly, but the amount of tax credit of a  
44 taxpayer in respect of a distributive share of entity income, shall be  
45 determined by allocating to the taxpayer that proportion of the tax  
46 credit acquired by the entity that is equal to the taxpayer's share,  
47 whether or not distributed, of the total distributive income or gain

1 of the entity for its taxable year ending within or with the taxpayer's  
2 taxable year.

3 (2) A New Jersey S Corporation shall not be allowed a tax credit  
4 pursuant to this section directly, but the amount of tax credit of a  
5 taxpayer in respect of a pro rata share of S Corporation income,  
6 shall be determined by allocating to the taxpayer that proportion of  
7 the tax credit acquired by the New Jersey S Corporation that is  
8 equal to the taxpayer's share, whether or not distributed, of the total  
9 pro rata share of S Corporation income of the New Jersey S  
10 Corporation for its privilege period ending within or with the  
11 taxpayer's taxable year.

12 A business entity that is not a gross income "taxpayer" as defined  
13 and used in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1  
14 et seq., and therefore is not directly allowed a credit under this  
15 section, but otherwise meets all the other requirements of this  
16 section, shall be considered an eligible applicant and "taxpayer" as  
17 that term is used in this section, and the application of an otherwise  
18 allowed credit amount shall be distributed to appropriate gross  
19 income taxpayers pursuant to the other requirements of this  
20 subsection.

21 e. A taxpayer, with an application for a tax credit provided for  
22 in subsection a. or subsection b. of this section, may apply to the  
23 authority and the director for a tax credit transfer certificate in lieu  
24 of the taxpayer being allowed any amount of the tax credit against  
25 the tax liability of the taxpayer. The tax credit transfer certificate,  
26 upon receipt thereof by the taxpayer from the authority and the  
27 director, may be sold or assigned, in full or in part, to any other  
28 taxpayer that may have a tax liability under the "New Jersey Gross  
29 Income Tax Act," N.J.S.54A:1-1 et seq., or the "Corporation  
30 Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), in  
31 exchange for private financial assistance to be provided by the  
32 purchaser or assignee to the taxpayer that has applied for and been  
33 granted the tax credit. The tax credit transfer certificate provided to  
34 the taxpayer shall include a statement waiving the taxpayer's right  
35 to claim that amount of the tax credit against the tax imposed  
36 pursuant to N.J.S.54A:1-1 et seq. that the taxpayer has elected to  
37 sell or assign. The sale or assignment of any amount of a tax credit  
38 transfer certificate allowed under this section shall not be  
39 exchanged for consideration received by the taxpayer of less than  
40 75 percent of the transferred tax credit amount. Any amount of a  
41 tax credit transfer certificate used by a purchaser or assignee against  
42 a tax liability under N.J.S.54A:1-1 et seq. shall be subject to the  
43 same limitations and conditions that apply to the use of a tax credit  
44 pursuant to subsections c. and d. of this section. Any amount of a  
45 tax credit transfer certificate obtained by a purchaser or assignee  
46 under subsection e. of this section may be applied against the  
47 purchaser's or assignee's tax liability under P.L.1945, c.162

1 (C.54:10A-1 et seq.) and shall be subject to the same limitations  
2 and conditions that apply to the use of a credit pursuant to  
3 subsection c. of section 1 of P.L.2018, c.56 (C.54:10A-5.39b).

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

1 against the tax imposed pursuant to section 5 of P.L.1945, c.162  
2 (C.54:10A-5) and the tax imposed pursuant to the "New Jersey  
3 Gross Income Tax Act," N.J.S.54A:1-1 et seq. <sup>1</sup>Beginning in fiscal  
4 year 2025, in addition to the \$100,000,000 made available for New  
5 Jersey film-lease partners pursuant to this paragraph, up to an  
6 additional \$100,000,000 may be made available annually, in the  
7 discretion of the authority, to New Jersey film-lease partners for the  
8 award of tax credits, including tax credits allowed through the  
9 granting of tax credit transfer certificates, pursuant to subsection a.  
10 of this section and subsection a. of section 1 of P.L.2018, c.56  
11 (C.54:10A-5.39b), from the funds made available pursuant to  
12 subparagraph (i) of paragraph (1) of subsection b. of section 98 of  
13 P.L.2020, c.156 (C.34:1B-362).<sup>1</sup> Approvals made to New Jersey  
14 studio partners and New Jersey film-lease partners shall be subject  
15 to award agreements with the authority detailing obligations of the  
16 awardee and outcomes relating to events of default, including, but  
17 not limited to, recapture, forfeiture, and termination. If in any  
18 taxable year, beginning following a date determined by the  
19 authority, a New Jersey film-lease partner's annual average of  
20 qualified film production expenses falls below \$50,000,000, the  
21 authority shall reduce by 20 percent any tax credit award for a film  
22 for which final documentation <sup>1</sup>【pursuant to N.J.A.C.19:31-  
23 21.7(c)】<sup>1</sup> has been submitted, until a taxable year when the annual  
24 average of qualified film production expenses has been restored to  
25 \$50,000,000. The authority shall establish a non-binding,  
26 administrative pre-certification process for potentially eligible  
27 projects.

28 【If the cumulative total amount of tax credits, and tax credit  
29 transfer certificates, allowed to taxpayers for taxable years or  
30 privilege periods commencing during a single fiscal year under  
31 subsection a. of this section and subsection a. of section 1 of  
32 P.L.2018, c.56 (C.54:10A-5.39b) exceeds the amount of tax credits  
33 available in that fiscal year, then taxpayers who have first applied  
34 for and have not been allowed a tax credit or tax credit transfer  
35 certificate amount for that reason shall be allowed, in the order in  
36 which they have submitted an application, the amount of tax credit  
37 or tax credit transfer certificate on the first day of the next  
38 succeeding fiscal year in which tax credits and tax credit transfer  
39 certificates under subsection a. of this section and subsection a. of  
40 section 1 of P.L.2018, c.56 (C.54:10A-5.39b) are not in excess of  
41 the amount of credits】<sup>1</sup> 【Notwithstanding the limitations set forth  
42 in this paragraph, if in any fiscal year the authority receives  
43 applications for tax credits under subsection a. of this section and  
44 subsection a. of section 1 of P.L.2018, c.56 (C.54:10A-5.39b) in  
45 amounts exceeding the total amount of tax credits available for the  
46 fiscal year, then the authority may approve applications, in the order  
47 in which such applications were submitted, for excess tax credits

1 during the year in which the application was submitted, provided  
2 that the amount of excess credits shall be subtracted from the total  
3 amounts allowed for the next following fiscal year in which credits  
4 are available, and provided further that the taxpayer shall not claim  
5 the excess tax credit or tax credit transfer certificate until the first  
6 day of the fiscal year from which the credits were made.】 If the  
7 cumulative total amount of tax credits, and tax credit transfer  
8 certificates, allowed to taxpayers for taxable years or privilege  
9 periods commencing during a single fiscal year under subsection a.  
10 of this section and subsection a. of section 1 of P.L.2018, c.56  
11 (C.54:10A-5.39b) exceeds the amount of tax credits available in  
12 that fiscal year, then taxpayers who have first applied for and have  
13 not been allowed a tax credit or tax credit transfer certificate  
14 amount for that reason shall be allowed, in the order in which they  
15 have submitted an application, the amount of tax credit or tax credit  
16 transfer certificate on the first day of the next succeeding fiscal year  
17 in which tax credits and tax credit transfer certificates under  
18 subsection a. of this section and subsection a. of section 1 of  
19 P.L.2018, c.56 (C.54:10A-5.39b) are not in excess of the amount of  
20 credits<sup>1</sup> available.

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

1 partners and New Jersey film-lease partners, the authority may  
2 reallocate some or all of such remaining tax credits in the  
3 subsequent fiscal year between the category of New Jersey film-  
4 lease partners and the category of taxpayers other than New Jersey  
5 studio partners and New Jersey film-lease partners in lieu of  
6 increasing the tax credits available for the respective category by  
7 the amount reallocated.<sup>1</sup>

8 (2) The value of tax credits, including tax credits allowed  
9 through the granting of tax credit transfer certificates, approved by  
10 the authority and the director pursuant to subsection b. of this  
11 section and pursuant to subsection b. of section 1 of P.L.2018, c.56  
12 (C.54:10A-5.39b) shall not exceed a cumulative total of  
13 **[\$10,000,000]** \$30,000,000 in fiscal year 2019 and in each fiscal  
14 year thereafter prior to fiscal year 2035 to apply against the tax  
15 imposed pursuant to the "New Jersey Gross Income Tax Act,"  
16 N.J.S.54A:1-1 et seq. and the tax imposed pursuant to section 5 of  
17 P.L.1945, c.162 (C.54:10A-5).

18 **【If the total amount of tax credits and tax credit transfer**  
19 **certificates allowed to taxpayers for taxable years or privilege**  
20 **periods commencing during a single fiscal year under subsection b.**  
21 **of this section and subsection b. of section 1 of P.L.2018, c.56**  
22 **(C.54:10A-5.39b) exceeds the amount of tax credits available in**  
23 **that year, then taxpayers who have first applied for and have not**  
24 **been allowed a tax credit or tax credit transfer certificate amount for**  
25 **that reason shall be allowed, in the order in which they have**  
26 **submitted an application, the amount of tax credit or tax credit**  
27 **transfer certificate on the first day of the next succeeding fiscal year**  
28 **in which tax credits and tax credit transfer certificates under**  
29 **subsection b. of this section and subsection b. of section 1 of**  
30 **P.L.2018, c.56 (C.54:10A-5.39b) are not in excess of the amount of**  
31 **credits】**<sup>1</sup>**【Notwithstanding the limitations set forth in this**  
32 **paragraph, if in any fiscal year the authority receives applications**  
33 **for tax credits under subsection b. of this section and subsection b.**  
34 **of section 1 of P.L.2018, c.56 (C.54:10A-5.39b) in amounts**  
35 **exceeding the total amount of tax credits available for the fiscal**  
36 **year, then the authority may approve applications, in the order in**  
37 **which such applications were submitted, for excess tax credits**  
38 **during the year in which the application was submitted, provided**  
39 **that the amount of excess credits shall be subtracted from the total**  
40 **amounts allowed for the next following fiscal year in which credits**  
41 **are available, and provided further that the taxpayer shall not claim**  
42 **the excess tax credit or tax credit transfer certificate until the first**  
43 **day of the fiscal year from which the credits were made】****If the total**  
44 **amount of tax credits and tax credit transfer certificates allowed to**  
45 **taxpayers for taxable years or privilege periods commencing during**  
46 **a single fiscal year under subsection b. of this section and**  
47 **subsection b. of section 1 of P.L.2018, c.56 (C.54:10A-5.39b)**

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

10 Notwithstanding any provision of this paragraph to the contrary,  
11 for any fiscal year in which the amount of tax credits approved  
12 pursuant to this paragraph is less than the cumulative total amount  
13 of tax credits permitted to be approved in that fiscal year, the  
14 authority shall certify the amount of the remaining tax credits  
15 available for approval in that fiscal year, and shall increase the  
16 cumulative total amount of tax credits permitted to be approved in  
17 the subsequent fiscal year by the certified amount remaining from  
18 the prior fiscal year. The authority shall also certify, for each fiscal  
19 year, the amount of tax credits that were previously approved, but  
20 that the taxpayer is not able to redeem or transfer to another  
21 taxpayer under this section, and shall increase the cumulative total  
22 amount of tax credits permitted to be approved in the subsequent  
23 fiscal year by the amount of tax credits previously approved, but not  
24 subject to redemption or transfer.

25 g. A taxpayer shall submit to the authority and the director a  
26 report prepared by an independent certified public accountant  
27 licensed in this State to verify the taxpayer's tax credit claim  
28 following the completion of the production. The report shall be  
29 prepared by the independent certified public accountant pursuant to  
30 agreed upon procedures prescribed by the authority and the director,  
31 and shall include such information and documentation as shall be  
32 determined to be necessary by the authority and the director to  
33 substantiate the qualified film production expenses or the qualified  
34 digital media content production expenses of the taxpayer. A single  
35 report with attachments deemed necessary by the authority shall be  
36 submitted electronically. Upon receipt of the report, the authority  
37 and the director shall review the findings of the independent  
38 certified public accountant's report, and shall make a determination  
39 as to the qualified film production expenses or the qualified digital  
40 media content production expenses of the taxpayer. The authority's  
41 and the director's review shall include, but shall not be limited to: a  
42 review of all non-payroll qualified film production expense items  
43 and non-payroll digital media content production expense items  
44 over \$20,000; a review of 100 randomly selected non-payroll  
45 qualified film production expense items and non-payroll digital  
46 media content production expense items that are greater than  
47 \$2,500, but less than \$20,000; a review of 100 randomly selected

1 non-payroll qualified film production expense items and non-  
2 payroll digital media content production expense items that are less  
3 than \$2,500; a review of the qualified wages for the 15 employees,  
4 independent contractors, or loan-out companies with the highest  
5 qualified wages; and a review of the qualified wages for 35  
6 randomly selected employees, independent contractors, or loan-out  
7 companies with qualified wages other than the 15 employees,  
8 independent contractors, or loan-out companies with the highest  
9 qualified wages. The taxpayer's qualified film production expenses  
10 and digital media content production expenses shall be adjusted  
11 based on any discrepancies identified for the reviewed non-payroll  
12 qualified film production expense items, non-payroll digital media  
13 content production expense items and qualified wages. The  
14 taxpayer's qualified film production expenses and digital media  
15 content production expenses also shall be adjusted based on the  
16 projection of any discrepancies identified based on the review of  
17 randomly selected expense items or wages pursuant to this  
18 subsection to the extent that the discrepancies exceed one percent of  
19 the total reviewed non-payroll qualified film production expense  
20 items, non-payroll digital media content production expense items,  
21 or qualified wages. The determination shall be provided in writing  
22 to the taxpayer, and a copy of the written determination shall be  
23 included in the filing of a return that includes a claim for a tax  
24 credit allowed pursuant to this section.

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

45 i. As used in this section:

46 "Authority" means the New Jersey Economic Development  
47 Authority.



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

4 "Commission" means the Motion Picture and Television  
5 Development Commission.

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

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

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

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

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

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

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

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

45 "New Jersey film-lease partner" means a taxpayer, including any  
46 taxpayer that is a member of a combined group under P.L.2018,  
47 c.131 (C.54:10A-4.11), that has made a commitment to lease or

1 acquire all or part of a New Jersey production facility **【with】** ,  
2 which leased or acquired space shall have an aggregate square  
3 footage of at least 50,000 square feet, **【which includes】** including a  
4 sound stage and production support space, such as production  
5 offices or a backlot, for a period of five or more successive years  
6 and commits to spend, on a separate-entity basis or in the aggregate  
7 with other members of the taxpayer's combined group, an annual  
8 average of \$50,000,000 of qualified film production expenses over  
9 the period of at least five but not to exceed 10 years.

10 "New Jersey studio partner" means a film production company  
11 that has made a commitment to produce films or commercial  
12 audiovisual products in New Jersey and has developed, purchased,  
13 or executed a 10-year contract to lease a production facility of  
14 250,000 square feet or more <sup>1</sup>**【as a "transformative project"**  
15 **pursuant to section 65 of P.L.2020, c.156 (C.34:1B-333)】<sup>1</sup>**. No  
16 more than three film production companies may be designated as a  
17 New Jersey studio partner.

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

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

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

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

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

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

30 (1) for a New Jersey studio partner that incurs more than  
31 \$15,000,000, but less than \$50,000,000, in qualified film production  
32 expenses in the State, an amount, not to exceed \$15,000,000, of the  
33 wages or salaries or other compensation for writers, directors,  
34 including music directors, producers, and performers, other than  
35 background actors with no scripted lines, shall constitute qualified  
36 film production expenses;

37 (2) for a New Jersey studio partner that incurs \$50,000,000 or  
38 more, but less than \$100,000,000, in qualified film production  
39 expenses in the State, an amount, not to exceed \$25,000,000, of the  
40 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, shall constitute qualified  
43 film production expenses;

44 (3) for a New Jersey studio partner that incurs \$100,000,000 or  
45 more, but less than \$150,000,000, in qualified film production  
46 expenses in the State, an amount, not to exceed \$40,000,000, of the  
47 wages or salaries or other compensation for writers, directors,

1 including music directors, producers, and performers, other than  
2 background actors with no scripted lines, shall constitute qualified  
3 film production expenses; ~~and~~ <sup>1</sup>and<sup>1</sup>

4 (4) for a New Jersey studio partner that incurs \$150,000,000 or  
5 more in qualified film production expenses in the State, an amount,  
6 not to exceed \$60,000,000, of the wages or salaries or other  
7 compensation for writers, directors, including music directors,  
8 producers, and performers, other than background actors with no  
9 scripted lines, shall constitute qualified film production  
10 expenses<sup>1</sup>; and

11 (5) for a New Jersey film-lease partner, an amount, not to  
12 exceed \$15,000,000, of the payments in excess of \$500,000 to each  
13 highly compensated individual for costs for a story, script, or  
14 scenario used in the production of a film and wages or salaries or  
15 other compensation for writers, directors, including music directors,  
16 producers, and performers, other than background actors with no  
17 scripted lines, shall constitute qualified film production expenses<sup>1</sup>.

18 "Total digital media content production expenses" means costs  
19 for services performed and property used or consumed in the  
20 production of digital media content.

21 "Total film production expenses" means costs for services  
22 performed and tangible personal property used or consumed in the  
23 production of a film.

24 (cf: P.L.2021, c.160, s.59)

25  
26 <sup>1</sup>3. Section 4 of P.L.2018, c.56 is amended to read as follows:

27 4. a. A taxpayer, upon approval of an application to the authority  
28 and the director, shall be allowed a credit against the tax imposed  
29 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) or under the  
30 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. in an  
31 amount equal to 2 percent of the qualified film or digital media content  
32 production expenses of the taxpayer during a privilege period or  
33 taxable year commencing on or after July 1, 2018 but before July 1,  
34 ~~2028~~ 2034, provided that:

35 **[a.]** (1) the application is accompanied by a diversity plan  
36 outlining specific goals, which may include advertising and  
37 recruitment actions, for hiring minority persons and women;

38 **[b.]** (2) the director and the authority have approved the plan as  
39 meeting the requirements established by the director and the authority;  
40 and

41 **[c.]** (3) the director and the authority have verified that the  
42 applicant has met or made good faith efforts in achieving those goals.

43 b. The amount of a tax credit allowed pursuant to subsection a. of  
44 this section shall increase to four percent of the qualified film or digital  
45 media content production expenses of the taxpayer if the diversity  
46 plan, in addition to meeting the requirements of subsection a. of this  
47 section, outlines specific goals that include hiring persons as

1 <sup>2</sup>["credited"]<sup>2</sup> performers in the film or digital media production who  
 2 <sup>2</sup>are<sup>2</sup>: (i) <sup>2</sup>["are"]<sup>2</sup> members of ethnic minority groups that are  
 3 underrepresented in film or digital media productions; (ii) <sup>2</sup>["have  
 4 been"] if credited, residents of New Jersey for at least 12 months  
 5 preceding the beginning of filming or recording, and if uncredited,<sup>2</sup>  
 6 residents of any municipality in New Jersey in which filming occurs as  
 7 part of the production for at least 12 months preceding the beginning  
 8 of filming or recording at that location, or any surrounding  
 9 municipality; and (iii) <sup>2</sup>["are"]<sup>2</sup> members of a bona fide labor union  
 10 representing film and television performers.

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

13 d. The application shall indicate whether the applicant intends to  
 14 participate in training, education, and recruitment programs that are  
 15 organized in cooperation with State colleges and universities, labor  
 16 organizations, and the motion picture industry and are designed to  
 17 promote and encourage the training and hiring of New Jersey residents  
 18 who represent the diversity of the State population.<sup>1</sup>

19 (cf: P.L.2019, c.506, s.3)

20

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

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

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

1 (a) for tax credits awarded under the "Historic Property  
2 Reinvestment Act," sections 1 through 8 of P.L.2020, c.156  
3 (C.34:1B-269 through C.34:1B-276), the total value of tax credits  
4 annually awarded during each of the first six years of the seven-year  
5 period shall not exceed \$50 million;

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

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

18 (d) for tax credits awarded under the "Food Desert Relief Act,"  
19 sections 35 through 42 of P.L.2020, c.156 (C.34:1B-303 through  
20 C.34:1B-310), the total value of tax credits annually awarded during  
21 each of the first six years of the seven-year period shall not exceed  
22 \$40 million;

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

1 year, without consideration to the county in which a project is  
2 located;

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

45 (g) for tax credits awarded for transformative projects under the  
46 "New Jersey Aspire Program Act," sections 54 through 67 of  
47 P.L.2020, c.156 (C.34:1B-322 through C.34:1B-335), the total



1 value of tax credits awarded during the seven-year period shall not  
2 exceed \$2.5 billion. The total value of tax credits awarded for  
3 transformative projects in a given year shall not be subject to an  
4 annual limitation, except that the total value of tax credits awarded  
5 to any transformative project shall not exceed \$350 million;

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

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

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

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

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

38 (iii) the quality of project applications and the net economic  
39 benefit to the State and municipalities associated with those  
40 applications;

41 (iv) opportunities for project applications to strengthen or  
42 protect the competitiveness of the state under the prevailing market  
43 conditions;

44 (v) enhanced access to employment and investment for  
45 underserved populations in distressed municipalities and qualified  
46 incentives tracts;

1 (vi) increased investment and employment in high-growth  
2 technology sectors and in projects that entail collaboration with  
3 education institutions in the State;

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

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

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

16 (cf: P.L.2021, c.160, s.47)

17  
18 <sup>1</sup>**[3.] 5.**<sup>1</sup> This act shall take effect immediately.