April 25, 2012

Mr. David L. Rosen
Office of Legislative Services
Legislative Budget and Finance Officer
State House Annex
P.O. Box 068
Trenton, NJ 08625-0608

Dear Mr. Rosen:

Included for your consideration are departmental responses to Senator Weinberg’s questions posed on March 27 at a Senate Budget and Appropriations Committee hearing.

Sincerely,

Andrew P. Sidamon-Eristoff
State Treasurer

cc. Senator Paul A. Sarlo, Chairman, Senate Budget and Appropriations Committee
Senator Anthony R. Bucco, Republican Budget Officer
George LeBlanc, Senate Democratic Office
Christopher Emigholz, Senate Republican Office
Thomas Koenig, Office of Legislative Services
Question 1 - P.L. 2005, c.345 instituted the corporation business tax and gross income tax credit program for film production expenses incurred in New Jersey. Is the State currently accepting and approving tax credit applications? Is the State honoring tax credit agreements into which it had previously entered? What is the backlog of outstanding tax credit obligations that film producers have not yet been allowed to use? How long do film producers currently have to wait after the determination of their final tax credit amount before they can use the tax credit?

P.L. 2005, c. 345 authorizes up to $10 million of tax credits annually for certain film production expenses incurred in New Jersey. Currently, the pending applications for tax credits through the New Jersey Film Tax Credit program evidence demand for allocations through FY 2015. Per statute, the program will expire in FY 2015. Because interest has outpaced available allocation, the EDA is no longer accepting applications for the program.

The State is honoring previously entered tax credit agreements, and 15 projects will be advanced pending inclusion of the New Jersey Film Tax Credit program in future State budgets.

The State honors all tax credit obligations as they are claimed. There is no current backlog.

Under the program, when a production company is finished with production, their representative submits a CPA report to the EDA that indicates that the CPA (who is independent of the production company) went through all the production’s expenses to determine they are qualified film production expenses. The EDA bases the tax credit amount on all the expenses that meet the qualified film production expenses under the statute and then forwards the report to the Division of Taxation for final review. Once approved, film producers may use the tax credit any time thereafter.

Additionally, we are pleased to report that the New Jersey Motion Picture & Television Commission, through its assistance, has enabled dozens of film and production projects to move forward.

Question 2 – P.L. 2006, c.83 established the off-budget CATV Universal Access Fund as the repository of sums certain cable television providers collect from their customers through a fee equal to 0.5 percent of the customers’ monthly cable television bills. Fee proceeds are intended to pay for the Pharmaceutical Assistance for the Aged and Disabled (PAAD) Cable Rebate Program. For each fiscal year since the fee’s inception through the Governor’s FY 2013 budget proposal, please specify the amounts collected, their budgetary use, the number of PAAD Cable Rebate Program beneficiaries, and their average annual benefit.

The following amounts have been collected pursuant to P.L. 2006, c. 83:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2008</td>
<td>$289,177</td>
</tr>
<tr>
<td>FY 2009</td>
<td>$1,966,178</td>
</tr>
<tr>
<td>FY 2010</td>
<td>$3,470,475</td>
</tr>
<tr>
<td>FY 2011</td>
<td>$5,052,383</td>
</tr>
<tr>
<td>FY 2012</td>
<td>$5,000,000 (est.)</td>
</tr>
<tr>
<td>FY 2013</td>
<td>$5,000,000 (est.)</td>
</tr>
</tbody>
</table>

Despite having been authorized in 2006, no program was established. Instead, beginning in fiscal year 2011, these amounts have been transferred to the General Fund to support various programs for the aged and individuals with disabilities.