

The following are
recodified:
C.54:10A-5.39c
(P.L.2018, c.56,
§4, formerly
T&E)
C.54:10A-5.39d
and 54:10A-5.39e
(P.L.2025, c.81,
§§5,6, formerly
T&E)
and Note to
C.34:1B-181,
C.34:1B-182,
and C.54A:4-12b

P.L. 2025, CHAPTER 400, *approved January 20, 2026*
Assembly, No. 6307 (*First Reprint*)

1 **AN ACT** concerning the film and digital media content production
2 tax credit program and amending P.L.2018, c.56, P.L.2020,
3 c.156, and P.L.2025, c.81.
4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*
7
8 1. Section 1 of P.L.2018, c.56 (C.54:10A-5.39b) is amended to
9 read as follows:
10 1. a. (1) A taxpayer, upon approval of an application to the
11 authority and the director, shall be allowed a credit against the tax
12 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in
13 an amount equal to, in the case of a taxpayer designated as a New
14 Jersey studio partner or New Jersey film-lease production company,
15 40 percent, and in the case of a taxpayer other than a New Jersey
16 studio partner or New Jersey film-lease production company, 35
17 percent, of the qualified film production expenses of the taxpayer
18 during a privilege period commencing on or after July 1, 2018 but
19 before July 1, 2049, provided that:
20 (a) at least 60 percent of the total film production expenses,
21 exclusive of post-production costs, of the taxpayer are incurred for
22 services performed and goods purchased through vendors
23 authorized to do business in New Jersey or the qualified film
24 production expenses of the taxpayer during the privilege period for
25 services performed and goods purchased through vendors

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:
¹Assembly AAP committee amendments adopted January 8, 2026.

1 authorized to do business in New Jersey exceed \$1,000,000 per
2 production;

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

5 (c) the film includes, when determined to be appropriate by the
6 commission, at no cost to the State, marketing materials promoting
7 this State as a film and entertainment production destination, which
8 materials shall include placement of a "Filmed in New Jersey" or
9 "Produced in New Jersey" statement, or an appropriate logo
10 approved by the commission, in the end credits of the film;

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

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

17 (2) Notwithstanding the provisions of paragraph (1) of
18 subsection a. of this section to the contrary, the tax credit allowed
19 pursuant to this subsection against the tax imposed pursuant to
20 section 5 of P.L.1945, c.162 (C.54:10A-5) shall be in an amount
21 equal to, in the case of a taxpayer designated as a New Jersey studio
22 partner, 40 percent, in the case of a taxpayer designated as a New
23 Jersey film-lease production company, 35 percent, and in the case
24 of a taxpayer other than a New Jersey studio partner or New Jersey
25 film-lease production company, 30 percent, of the qualified film
26 production expenses of the taxpayer during a privilege period that
27 are incurred for services performed and tangible personal property
28 purchased for use at a sound stage or other location that is located
29 in the State within a 30-mile radius of the intersection of Eighth
30 Avenue/Central Park West, Broadway, and West 59th Street/Central
31 Park South, New York, New York.

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

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

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 f. 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 g. 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 imposed pursuant to
13 section 5 of P.L.1945, c.162 (C.54:10A-5) shall be in an amount
14 equal to 35 percent of the qualified digital media content production
15 expenses of the taxpayer during a privilege period that are incurred
16 for services performed and tangible personal property purchased
17 through vendors whose primary place of business is located in
18 Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester,
19 Mercer, or Salem County.

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

31 (a) at least \$500,000 of the qualified digital media content
32 production expenses are incurred for post-production services,
33 including visual effects services performed at a New Jersey film-
34 lease partner facility, are incurred by a taxpayer that is a New
35 Jersey film-lease post-production company or are incurred by a
36 taxpayer that is a New Jersey studio partner;

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

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

43 (4) Notwithstanding the provisions of paragraph (1) of this
44 subsection to the contrary, the tax credit allowed pursuant to this
45 subsection against the tax imposed pursuant to section 5 of
46 P.L.1945, c.162 (C.54:10A-5) shall be in an amount equal to 35
47 percent of the qualified digital media content production expenses
48 of the taxpayer during a privilege period that are incurred for post-

1 production services, including visual effects services performed by
2 a qualified post-production company, provided that:

3 (a) at least \$500,000 of the qualified digital media content
4 production expenses of the taxpayer are incurred for post-
5 production services, including visual effects services performed by
6 a taxpayer that is a qualified post-production company, which may
7 include qualified digital media content production expenses
8 incurred for post-production, including visual effects activities
9 performed by a business entity in which the qualified post-
10 production company has an ownership interest of at least 51
11 percent;

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

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

18 c. No tax credit shall be allowed pursuant to this section for
19 any costs or expenses included in the calculation of any other tax
20 credit or exemption granted pursuant to a claim made on a tax
21 return filed with the director, or included in the calculation of an
22 award of business assistance or incentive, for a period of time that
23 coincides with the privilege period for which a tax credit authorized
24 pursuant to this section is allowed. The order of priority in which
25 the tax credit allowed pursuant to this section and any other tax
26 credits allowed by law may be taken shall be as prescribed by the
27 director. The amount of the tax credit applied under this section
28 against the tax imposed pursuant to section 5 of P.L.1945, c.162
29 (C.54:10A-5), for a privilege period, when taken together with any
30 other payments, credits, deductions, and adjustments allowed by
31 law shall not reduce the tax liability of the taxpayer to an amount
32 less than the statutory minimum provided in subsection (e) of
33 section 5 of P.L.1945, c.162 (C.54:10A-5). The amount of the tax
34 credit otherwise allowable under this section which cannot be
35 applied for the privilege period due to the limitations of this
36 subsection or under other provisions of P.L.1945, c.162 (C.54:10A-
37 1 et seq.) may be carried forward, if necessary, to the seven
38 privilege periods following the privilege period for which the tax
39 credit was allowed.

40 d. (1) A taxpayer, with an application for a tax credit provided
41 for in subsection a. or subsection b. of this section, may apply to the
42 authority and the director for a tax credit transfer certificate in lieu
43 of the taxpayer being allowed any amount of the tax credit against
44 the tax liability of the taxpayer. The tax credit transfer certificate,
45 upon receipt thereof by the taxpayer from the authority and the
46 director, may be sold or assigned, in full or in part, to any other
47 taxpayer that may have a tax liability under the "Corporation
48 Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.),

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

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

43 e. (1) The value of tax credits, including tax credits allowed
44 through the granting of tax credit transfer certificates, approved by
45 the director and the authority pursuant to subsection a. of this
46 section and pursuant to subsection a. of section 2 of P.L.2018, c.56
47 (C.54A:4-12b), and except as provided in section 98 of P.L.2020,
48 c.156 (C.34:1B-362), to taxpayers, other than New Jersey studio

1 partners and New Jersey film-lease production companies, shall not
2 exceed a cumulative total of \$100,000,000 in fiscal year 2019 and
3 in each fiscal year thereafter prior to fiscal year 2050, to apply
4 against the tax imposed pursuant to section 5 of P.L.1945, c.162
5 (C.54:10A-5) and the tax imposed pursuant to the "New Jersey
6 Gross Income Tax Act," N.J.S.54A:1-1 et seq. In addition to the
7 limitation on the value of tax credits approved by the director for
8 New Jersey film-lease production companies and the limitation on
9 the value of tax credits approved by the director for other taxpayers
10 imposed by this paragraph, and except as provided in section 98 of
11 P.L.2020, c.156 (C.34:1B-362), the value of tax credits, including
12 tax credits allowed through the granting of tax credit transfer
13 certificates, approved by the director and the authority pursuant to
14 subsection a. of this section and pursuant to subsection a. of section
15 2 of P.L.2018, c.56 (C.54A:4-12b) to New Jersey studio partners
16 shall not exceed a cumulative total of \$100,000,000 in fiscal year
17 2021 and in each fiscal year thereafter prior to fiscal year 2024, and
18 shall not exceed a cumulative total of \$150,000,000 in fiscal year
19 2024 and in each fiscal year thereafter prior to fiscal year 2050, to
20 apply against the tax imposed pursuant to section 5 of P.L.1945,
21 c.162 (C.54:10A-5) and the tax imposed pursuant to the "New
22 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. Beginning in
23 fiscal year 2023, in addition to the cumulative total tax credits
24 made available for New Jersey studio partners pursuant to this
25 paragraph and subsection d. of section 98 of P.L.2020, c.156
26 (C.34:1B-362), up to an additional \$400,000,000 may be made
27 available annually, in the discretion of the authority, to New Jersey
28 studio partners for the award of tax credits, including tax credits
29 allowed through the granting of tax credit transfer certificates,
30 pursuant to subsection a. of this section and subsection a. of section
31 2 of P.L.2018, c.56 (C.54A:4-12b), from the funds made available
32 pursuant to subparagraph (i) of paragraph (1) of subsection b. of
33 section 98 of P.L.2020, c.156 (C.34:1B-362). In addition to the
34 limitation on the value of tax credits approved by the director for
35 New Jersey studio partners and the limitation on the value of tax
36 credits approved by the director for other taxpayers imposed by this
37 paragraph, and except as provided in section 98 of P.L.2020, c.156
38 (C.34:1B-362), the value of tax credits, including tax credits
39 allowed through the granting of tax credit transfer certificates,
40 approved by the director and the authority pursuant to subsection a.
41 of this section and pursuant to subsection a. of section 2 of
42 P.L.2018, c.56 (C.54A:4-12b) to New Jersey film-lease production
43 companies shall not exceed a cumulative total of \$100,000,000 in
44 fiscal year 2021 and in each fiscal year thereafter prior to fiscal year
45 2024, and shall not exceed a cumulative total of \$150,000,000 in
46 fiscal year 2024 and in each fiscal year thereafter prior to fiscal year
47 2050, to apply against the tax imposed pursuant to section 5 of
48 P.L.1945, c.162 (C.54:10A-5) and the tax imposed pursuant to the

1 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.
2 Beginning in fiscal year 2023, in addition to the cumulative total tax
3 credits made available for New Jersey film-lease production
4 companies pursuant to this paragraph and subsection d. of section
5 98 of P.L.2020, c.156 (C.34:1B-362), up to an additional
6 \$250,000,000 may be made available annually, in the discretion of
7 the authority, to New Jersey film-lease production companies for
8 the 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 2 of P.L.2018, c.56
11 (C.54A:4-12b), 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). Approvals made to New Jersey
14 studio partners and New Jersey film-lease production companies
15 shall be subject to award agreements with the authority detailing
16 obligations of the awardee and outcomes relating to events of
17 default, including, but not limited to, recapture, forfeiture, and
18 termination, except that in the event of a recapture of tax credits,
19 the tax credits shall only be recaptured from the initial recipient of
20 the tax credits, not the purchaser or assignee of a tax credit transfer
21 certificate. Notwithstanding any provision of this subsection or
22 other law to the contrary, if a film production company designated
23 as a New Jersey studio partner ceases to qualify for its designation
24 as a New Jersey film studio partner and **【becomes designated】**
25 applies for designation as a New Jersey film-lease partner facility,
26 the authority shall **【reduce the cumulative total amount of tax**
27 **credits, including tax credits allowed through the granting of tax**
28 **credit transfer certificates, made available to New Jersey studio**
29 **partners in each fiscal year and shall increase the cumulative total**
30 **amount of tax credits permitted to be approved for New Jersey film-**
31 **lease production companies in each fiscal year by a corresponding**
32 **amount pursuant to a formula established in rules adopted by the**
33 **authority which shall consider the volume of applications submitted**
34 **by New Jersey studio partners and New Jersey film-lease**
35 **production facilities, the cumulative total amount of tax credits**
36 **allowed to New Jersey studio partners and New Jersey film-lease**
37 **production facilities in the prior fiscal year, the total square footage**
38 **of facility space occupied in the State by New Jersey studio partners**
39 **and New Jersey film-lease production facilities, and any other**
40 **factors that the authority deems appropriate】 , upon the issuance of**
41 **the designation as a New Jersey film-lease partner facility to the**
42 **applicant, reduce by one the number of New Jersey film-lease**
43 **partner facilities ¹. However, this limitation shall not apply to**
44 **production facilities, or portions thereof, owned, built, leased, or**
45 **operated by a film production company designated as a New Jersey**
46 **studio partner¹. Award agreements between the authority and New**
47 **Jersey studio partners shall include a requirement for each New**

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

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

41 Notwithstanding any provision of this paragraph to the contrary,
42 for any fiscal year in which the amount of tax credits approved to
43 New Jersey studio partners, New Jersey film-lease production
44 companies, or taxpayers other than New Jersey studio partners and
45 New Jersey film-lease production companies pursuant to this
46 paragraph is less than the cumulative total amount of tax credits
47 permitted to be approved to each such category, in that fiscal year,
48 the authority shall certify the amount of the remaining tax credits

1 available for approval to each such category in that fiscal year, and
2 shall increase the cumulative total amount of tax credits permitted
3 to be approved for New Jersey studio partners, New Jersey film-
4 lease production companies, or taxpayers other than New Jersey
5 studio partners and New Jersey film-lease production companies in
6 the subsequent fiscal year by the certified amount remaining for
7 each such category from the prior fiscal year. The authority shall
8 also certify, for each fiscal year, the amount of tax credits that were
9 previously approved, but that the taxpayer is not able to redeem or
10 transfer to another taxpayer under this section, and shall increase
11 the cumulative total amount of tax credits permitted to be approved
12 for New Jersey studio partners, New Jersey film-lease production
13 companies, or taxpayers other than New Jersey studio partners and
14 New Jersey film-lease production companies in the subsequent
15 fiscal year by the amount of tax credits previously approved for
16 each such category, but not subject to redemption or transfer.
17 Notwithstanding any provision of this paragraph to the contrary,
18 beginning in fiscal year 2028, if the amount of tax credits approved
19 to taxpayers other than New Jersey studio partners and New Jersey
20 film-lease production companies pursuant to this paragraph is less
21 than the cumulative total amount of tax credits permitted to be
22 approved to taxpayers other than New Jersey studio partners and
23 New Jersey film-lease production companies in that fiscal year, the
24 authority shall certify the amount of the remaining tax credits
25 available for approval in that fiscal year, which certified amount
26 shall not exceed \$100,000,000 in any fiscal year, and shall increase
27 the cumulative total amount of tax credits permitted to be approved
28 for New Jersey studio partners pursuant to subsection a. of this
29 section and subsection a. of section 2 of P.L.2018, c.56 (C.54A:4-
30 12b) in the next subsequent fiscal year by the certified amount
31 remaining for taxpayers other than New Jersey studio partners and
32 New Jersey film-lease production companies from the prior fiscal
33 year. If the certified amount remaining from the prior fiscal year is
34 less than \$100,000,000, then, in addition to the tax credits
35 remaining from the prior fiscal year, the difference between
36 \$100,000,000 and the certified amount shall be made available to
37 New Jersey studio partners, first from any funds available pursuant
38 to subparagraph (f) of paragraph (1) of subsection b. of section 98
39 of P.L.2020, c.156 (C.34:1B-362), not including tax credits made
40 available for transformative projects, and then, if there are
41 insufficient funds available pursuant to subparagraph (f) of
42 paragraph (1) of subsection b. of section 98 of P.L.2020, c.156
43 (C.34:1B-362), from the tax credits allocated in the current fiscal
44 year to taxpayers other than New Jersey studio partners and New
45 Jersey film-lease production companies.

46 (2) The value of tax credits, including tax credits allowed
47 through the granting of tax credit transfer certificates, approved by
48 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 \$30,000,000 in
3 fiscal year 2019 and in each fiscal year thereafter prior to fiscal year
4 2050 to apply against the tax imposed pursuant to section 5 of
5 P.L.1945, c.162 (C.54:10A-5) and the tax imposed pursuant to the
6 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.

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

22 Beginning in the fiscal year beginning July 1, 2024, in addition
23 to the total amount of tax credits and tax credit transfer certificates
24 allowed to taxpayers for privilege periods or taxable years
25 commencing during a single fiscal year under subsection b. of this
26 section and subsection b. of section 2 of P.L.2018, c.56 (C.54A:4-
27 12b), up to an additional \$100,000,000 may be made available, in
28 the discretion of the authority for the award of tax credits, including
29 tax credits allowed through the granting of tax credit transfer
30 certificates, pursuant to subsection b. of this section and subsection
31 b. of section 2 of P.L.2018, c.56 (C.54A:4-12b), from the funds
32 made available to taxpayers other than New Jersey studio partners
33 and New Jersey film-lease production companies pursuant to
34 paragraph (3) of subsection d. of section 98 of P.L.2020, c.156
35 (C.34:1B-362).

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

1 fiscal year by the amount of tax credits previously approved, but not
2 subject to redemption or transfer.

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

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

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

1 h. As used in this section:

2 "Authority" means the New Jersey Economic Development
3 Authority.

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

7 "Commission" means the Motion Picture and Television
8 Development Commission.

9 "Commitment period" means, for New Jersey studio partners, the
10 period beginning with the commencement of the eligibility period
11 and continuing for a minimum of 10 years following:

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

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

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

36 "Eligibility period" means, with respect to New Jersey studio
37 partners, the period in which a New Jersey studio partner may claim
38 a tax credit for qualified film production expenses, including
39 expenses that would not constitute qualified film production
40 expenses but for the taxpayer's designation as a New Jersey studio
41 partner, beginning the earlier of the commencement of the principal
42 photography for the New Jersey studio partner's initial film in New
43 Jersey or, in the case of a taxpayer developing or purchasing a
44 production facility, at the issuance of a temporary certificate of
45 occupancy for the production facility developed or purchased as a
46 condition of designation as a New Jersey studio partner and, in the
47 case of a taxpayer leasing a production facility, at the
48 commencement of the lease term for the production facility leased

1 as a condition of designation as a New Jersey studio partner, and
2 extending thereafter for a term of not less than 10 years.

3 "Film" means a feature film, a television series, or a television
4 show of 22 minutes or more in length, intended for a national
5 audience, or a television series or a television show of 22 minutes
6 or more in length intended for a national or regional audience,
7 including, but not limited to, a game show, award show, talk show,
8 competition or variety show filmed before a live audience, or other
9 gala event filmed and produced at a nonprofit arts and cultural
10 venue receiving State funding. "Film" shall not include a
11 production featuring news, current events, weather, and market
12 reports or public programming, or sports event, a production that
13 solicits funds, a production containing obscene material as defined
14 under N.J.S.2C:34-2 and N.J.S.2C:34-3, or a production primarily
15 for private, industrial, corporate, or institutional purposes, or a
16 reality show, except if the production company of the reality show
17 has obtained a minimum four-episode order from, and is
18 commissioned and scheduled to premiere on, a major linear network
19 or streaming service. Notwithstanding any provision of this section
20 to the contrary, for a New Jersey studio partner, "film" shall include
21 an ongoing television production that relocated to New Jersey and
22 features news or current events, which may include sports-themed
23 current events programming, but shall not include a sports event,
24 provided that the ongoing television production relocates to a
25 facility that is leased or owned by the New Jersey studio partner and
26 for which facility such New Jersey studio partner received its
27 designation as a New Jersey studio partner. "Film" shall not
28 include an award show or other gala event that is not filmed and
29 produced at a nonprofit arts and cultural venue receiving State
30 funding.

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

1 individual who works as an independent contractor or on a
2 consulting basis for the taxpayer.

3 "Highly compensated individual" means an individual who
4 directly or indirectly receives compensation in excess of \$750,000
5 for the performance of services used directly in a production. An
6 individual receives compensation indirectly when the taxpayer pays
7 a loan out company that, in turn, pays the individual for the
8 performance of services.

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

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

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

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

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

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

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

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

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

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

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

1 portions thereof, owned, built, leased, or operated by a film
2 production company designated as a New Jersey studio partner¹.
3 However, this limitation shall not apply to production facilities, or
4 portions thereof, owned, built, leased, or operated by a film
5 production company designated as a New Jersey studio partner¹.
6 Notwithstanding ¹["the provision of"]¹ any law to the contrary, the
7 authority may revoke the designation of a New Jersey film-lease
8 partner facility, and may recapture solely from the film-lease
9 production company or film-lease post-production company that
10 portion of ¹the¹ tax credits that was available to the taxpayer due to
11 its designation as a New Jersey film-lease partner facility, if a New
12 Jersey film-lease partner facility fails to operate the production
13 facility developed, leased, or purchased as a condition of
14 designation as a New Jersey film-lease partner facility, or otherwise
15 fails to satisfy the conditions for designation as a New Jersey film-
16 lease partner facility, for: a period of ¹at least¹ five ¹["or more
17 successive"]¹ years following the year in which a production facility
18 is designated a New Jersey film-lease partner facility; or the
19 duration of any lease of the New Jersey film-lease partner facility
20 by a New Jersey film-lease production company or ¹New Jersey¹
21 film-lease post-production company ¹["with"] that is required to
22 have¹ a term not less than three years ¹of occupancy and include at
23 least 36,000 square feet of gross rentable space¹.

24 "New Jersey film-lease post-production company" means a
25 taxpayer, including any taxpayer that is a member of a combined
26 group pursuant to section 23 of P.L.2018, c.48 (C.54:10A-4.11) or
27 any other entity in which the New Jersey film-lease post-production
28 company has a material ownership interest and a material
29 operational role in the production, that otherwise complies with the
30 eligibility requirements of the Film and Digital Media Tax Credit
31 Program, has made a commitment to lease or otherwise occupy
32 production space in a New Jersey film-lease partner facility, and
33 satisfies the criteria of paragraph (3) of subsection b. of this section.
34 If a New Jersey film-lease partner facility has not yet received a
35 temporary or final certificate of occupancy, a New Jersey film-lease
36 post-production company shall have entered into a lease or sublease
37 with the owner or developer of a New Jersey film-lease partner
38 facility, which lease or sublease shall be for not less than three
39 years of occupancy of the New Jersey film-lease partner facility and
40 include at least 36,000 square feet of gross rentable space. For
41 purposes of satisfying the requirements of subparagraph (a) of
42 paragraph (3) of subsection b. of this section, a New Jersey film-
43 lease post-production company may include in an application the
44 qualified digital media content production expenses incurred for
45 post-production, including visual effects activities that are
46 performed by the New Jersey film-lease post-production company
47 or by a business entity in which the New Jersey film-lease post-

1 production company has an ownership interest of at least 51
2 percent.

3 In the event that the authority determines that a New Jersey film-
4 lease post-production company has failed to meet the qualifications
5 of a New Jersey film-lease post-production company or otherwise
6 comply with the provisions of this section, except for the failure to
7 occupy the New Jersey film-lease partner facility for any reason
8 outside the control of the New Jersey film-lease post-production
9 company, subject to any rules the authority may determine
10 necessary to implement this provision, [including, but not limited
11 to, a definition of reasons outside the control of the New Jersey
12 film-lease post-production company,] the authority may recapture
13 solely from that film production company the portion of any tax
14 credits that had been awarded to that film production company that
15 was only available to the film production company by virtue of the
16 film production company's designation as a New Jersey film-lease
17 post-production company, except that the tax credits shall not be
18 recaptured from the purchaser or assignee of a tax credit transfer
19 certificate, and all films for which an initial approval has been
20 given, but for which the authority has not approved final
21 documentation, shall be reduced to eliminate the portion of the tax
22 credits only available by virtue of such designation.

23 If a New Jersey film-lease post-production company was issued a
24 film tax credit on the basis of a lease or sublease with a New Jersey
25 film-lease partner facility before that facility receives a temporary
26 or final certificate of occupancy, and the New Jersey film-lease
27 post-production company fails to meet the qualifications of a New
28 Jersey film-lease post-production company or otherwise comply
29 with the applicable provisions in the definition of New Jersey film-
30 lease post-production company, including, but not limited to, the
31 failure to occupy the required amount of space at a New Jersey
32 film-lease production facility for the required time, the authority
33 shall not recapture ¹or reduce the portion of¹ any tax credits
34 ¹available to the taxpayer only by virtue of such designation as a
35 New Jersey film-lease post-production company, including, but not
36 limited to, tax credits awarded for any film production for which an
37 initial application was submitted to and deemed complete by the
38 authority.¹ within one year of the date of the New Jersey film-lease
39 post-production company's lease with the New Jersey film-lease
40 production facility, which the authority shall extend for one
41 additional year if the New Jersey film-lease production facility
42 commences construction as evidenced by the issuance of a building
43 permit within one year of the date of the New Jersey film-lease
44 post-production company's lease with the New Jersey film-lease
45 production facility.

46 "New Jersey film-lease production company" means a taxpayer,
47 including any taxpayer that is a member of a combined group under

1 section 23 of P.L.2018, c.48 (C.54:10A-4.11) or any other entity,
2 including a fund, in which the film-lease production company has a
3 material ownership interest and has oversight of operations of the
4 entity, as demonstrated by the control of at least one board of
5 director position or other management responsibilities, or has a
6 material operational role in the production, that otherwise complies
7 with the eligibility requirements of the Film and Digital Media Tax
8 Credit Program and has made a commitment to lease or otherwise
9 occupy production space in a New Jersey film-lease partner facility
10 and who will shoot at least 50 percent of the total principal
11 photography shoot days of the project within New Jersey. In
12 addition to the forgoing, if a New Jersey film-lease partner facility
13 has received a temporary or final certificate of occupancy, a film
14 production company shall satisfy one of the following two criteria:
15 (1) the film production company shoots at least 50 percent of the
16 total principal photography shoot days of the project within New
17 Jersey at the New Jersey film-lease partner facility; or (2) the
18 qualified film production expenses of the project for all services
19 performed and goods used or consumed at the New Jersey film-
20 lease partner facility and payments made for the use of the New
21 Jersey film-lease partner facility equal or exceed 33 percent of the
22 total qualified film production expenses of the project. In addition
23 to the forgoing, if a New Jersey film-lease partner facility has not
24 yet received a temporary or final certificate of occupancy, a film
25 production company shall have entered into a lease or sublease with
26 the owner or developer of a New Jersey film-lease partner facility,
27 which lease or sublease is for not less than three years of occupancy
28 of the New Jersey film-lease partner facility and includes at least
29 36,000 square feet of soundstage space, and the film production
30 company shall have executed a contract with the owner or
31 developer of the New Jersey film-lease partner facility to provide
32 production services for films produced by the film production
33 company in New Jersey prior to the New Jersey film-lease partner
34 facility's receipt of a temporary or final certificate of occupancy.

35 ¹A lease of not less than three years described in this definition of
36 New Jersey film-lease production company shall satisfy the
37 requirements for a lease of not less than three years described in the
38 definition of New Jersey film-lease post-production company.¹ A
39 television series produced by a New Jersey film-lease production
40 company that satisfies the three-year lease requirements under this
41 paragraph and that commences principal photography in New
42 Jersey prior to the New Jersey film-lease partner facility's receipt of
43 a temporary or final certificate of occupancy shall remain eligible to
44 receive the tax credits only available to the film production
45 company by virtue of the film production company's designation as
46 a New Jersey film-lease production company, provided that the
47 series continues production in New Jersey, the film production
48 company continues to satisfy the requirements of a New Jersey

1 film-lease production company at least through the conclusion of
2 production of the television series in New Jersey, and the television
3 series continues to satisfy the requirements for a film that
4 commences production prior to the New Jersey film-lease partner
5 facility's receipt of a temporary or final certificate of occupancy. A
6 "New Jersey film-lease production company" may include any other
7 member of a taxpayer's combined group, pursuant to section 23 of
8 P.L.2018, c.48 (C.54:10A-4.11), any other entity in which the New
9 Jersey film-lease production company has a material ownership
10 interest, ¹any other entity in which a fund has a material ownership
11 interest if the film-lease production company is materially owned
12 by the fund,¹ or an unrelated entity principally engaged in the
13 production of a film or other commercial audiovisual product with
14 whom a designated New Jersey film-lease production company
15 contracts to perform film production services on its behalf such that
16 the designated New Jersey film-lease production company: (1)
17 controls such film or product during preproduction, production, and
18 postproduction; or (2) controls distribution rights for the resulting
19 film or other commercial audiovisual product, provided that the
20 New Jersey film-lease production company contracted with the
21 unrelated entity prior to qualified film production expenses being
22 incurred.

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

43 If a New Jersey film-lease production company was issued a film
44 tax credit on the basis of a lease or sublease with a New Jersey film-
45 lease partner facility before that facility receives a temporary or
46 final certificate of occupancy and the New Jersey film-lease
47 production company fails to meet the qualifications of a New Jersey
48 film-lease production company or otherwise comply with the

1 applicable provisions in the definition of New Jersey film-lease
2 production company, including, but not limited to, the failure to
3 occupy the required amount of space at a New Jersey film-lease
4 production facility for the required time, the authority shall not
5 recapture ¹or reduce the portion of¹ any tax credits ¹available to the
6 taxpayer only by virtue of such designation as a New Jersey film-
7 lease production company, including, but not limited to, tax credits
8 awarded for any film production for which an initial application
9 was submitted to and deemed complete by the authority.¹ within
10 one year of the date of the New Jersey film-lease production
11 company's lease with the New Jersey film-lease production facility,
12 which the authority shall extend for one additional year if the New
13 Jersey film-lease production facility commences construction, as
14 evidenced by the issuance of a building permit, within one year of
15 the date of the New Jersey film-lease production company's lease
16 with the New Jersey film-lease production facility.

17 "New Jersey studio partner" means a film production company
18 that has made a commitment to produce films or commercial
19 audiovisual products in New Jersey and has developed, purchased,
20 or executed a 10-year contract to lease a production facility of
21 250,000 square feet or more, or has executed a purchase contract
22 with a governmental authority for the purpose of developing a
23 production facility of 250,000 square feet or more within 48 months
24 from the date of designation as a New Jersey studio partner,
25 provided, however, the board, in its discretion, may extend the time
26 to execute a purchase contract for an additional 12 months.
27 Effective upon designation as a New Jersey studio partner, a film
28 production company shall be eligible for a credit pursuant to this
29 section, provided the film production company otherwise complies
30 with the eligibility requirements of Film and Digital Media Tax
31 Credit Program. In the event the authority determines that a film
32 production company has failed to meet the qualifications of a New
33 Jersey studio partner or otherwise comply with the provisions of
34 this section, except for the failure to occupy a New Jersey film-
35 lease partner facility for any reason outside the control of the New
36 Jersey studio partner, subject to any rules the authority may
37 determine necessary to implement this provision, **[including, but**
38 **not limited to, a definition of reasons outside the control of the New**
39 **Jersey studio partner,]** the authority may rescind the New Jersey
40 studio partner designation and may recapture solely from that film
41 production company the portion of any tax credit that had been
42 awarded to that film production company that was only available to
43 the film production company by virtue of the film production
44 company's designation as a New Jersey studio partner, except that
45 the tax credits shall not be recaptured from the purchaser or
46 assignee of a tax credit transfer certificate, and all films for which
47 an initial approval has been given, but for which the authority has
48 not approved final documentation, shall be reduced to eliminate the

1 portion of the tax credits only available by virtue of such
2 designation. If the failure to occupy the production facility is due to
3 any reason outside the control of the New Jersey studio partner, the
4 authority shall not recapture any tax credits issued to the applicant
5 before the failure to occupy or reduce the portion of the tax credits
6 only available by virtue of such designation for any film
7 productions for which an initial application was initially approved
8 prior to the occurrence of the reason outside the control of the New
9 Jersey studio partner, and the New Jersey studio partner may
10 diligently seek a production facility during which time the New
11 Jersey studio partner shall maintain its New Jersey studio partner
12 designation and any tax credits issued to the New Jersey studio
13 partner shall be not subject to recapture. The authority shall not
14 reduce the portion of tax credits only available by virtue of such
15 designation and during which time for any films for which an initial
16 application is approved during the time a New Jersey studio partner
17 diligently seeks a production facility.

18 If a New Jersey studio partner was issued a film tax credit on the
19 basis of a lease or sublease with a New Jersey film-lease partner
20 facility before that facility receives a temporary or final certificate
21 of occupancy and the New Jersey studio partner fails to meet the
22 qualifications of a New Jersey studio partner, including, but not
23 limited to, the failure to occupy the required amount of space at
24 New Jersey film-lease production facility for the required time, the
25 authority shall not recapture 'or reduce the portion of' any tax
26 credits 'available to the taxpayer only by virtue of such designation
27 as a New Jersey studio partner, including, but not limited to, tax
28 credits awarded for any film production for which an initial
29 application was submitted to and deemed complete by the
30 authority,'¹ within one year of the date of the New Jersey studio
31 partner's lease with the New Jersey film-lease production facility,
32 which the authority shall extend for one additional year if the New
33 Jersey film-lease production facility commences construction, as
34 evidenced by the issuance of a building permit, within one year of
35 the date of the New Jersey studio partner's lease with the New
36 Jersey film-lease production facility. A "New Jersey studio
37 partner" may include any other member of a taxpayer's combined
38 group, pursuant to section 23 of P.L.2018, c.48 (C.54:10A-4.11), or
39 an unrelated entity principally engaged in the production of a film
40 or other commercial audiovisual product with whom a designated
41 New Jersey studio partner contracts to perform film production
42 services on its behalf or for its benefit such that the designated New
43 Jersey studio partner: (1) controls such film or product during pre-
44 production, production, and post-production; or (2) controls
45 distribution rights for the resulting film or other commercial
46 audiovisual product, provided that the New Jersey studio partner
47 contracted with the unrelated entity prior to qualified film
48 production expenses being incurred. No more than three film

1 production companies may be designated as a New Jersey studio
2 partner.

3 "Partnership" means an entity classified as a partnership for
4 federal income tax purposes.

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

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

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

1 the authority, shall not be deemed "qualified digital media content
2 production expenses."

3 "Qualified film production expenses" means an expense incurred
4 in New Jersey for the production of a film, including pre-production
5 costs and post-production costs incurred in New Jersey. "Qualified
6 film production expenses" shall include, but not be limited to: the
7 wages and salaries of individuals employed in the production of a
8 film on which the tax imposed by the "New Jersey Gross Income
9 Tax Act," N.J.S.54A:1-1 et seq. has been paid or is due and any
10 wages and salaries of individuals employed in the production of a
11 film that are not subject to tax under the "New Jersey Gross Income
12 Tax Act," N.J.S.54A:1-1 et seq., due to the provisions of a
13 reciprocity agreement with another state; and the costs for tangible
14 personal property used, and services performed, directly and
15 exclusively in the production of a film, such as expenditures for
16 film production facilities, props, makeup, wardrobe, film
17 processing, camera, sound recording, set construction, lighting,
18 shooting, editing, and meals. For a New Jersey studio partner or
19 New Jersey film-lease production company that enters into a lease
20 to occupy a New Jersey film-lease partner facility for at least three
21 years, "qualified film production expenses" includes the following
22 expenses incurred in the production of the film, which expenses
23 shall be included in a percentage proportional to the percentage of
24 principal photography shoot days in the State: total production
25 insurance premiums paid to insurance companies doing business in
26 New Jersey, which premiums shall exclude payments for errors and
27 omissions insurance; total out-of-State producer fees, excluding
28 producer fees received for services performed in this State that
29 otherwise qualify as qualified film production expenses; and total
30 rights fees. However, cumulative expenses for production
31 insurance premiums, total out-of-State producer fees, excluding
32 producer fees received for services performed in this State that
33 otherwise qualify as qualified film production expenses, and rights
34 fees shall not exceed seven and one-half percent of the "qualified
35 film production expenses" for any New Jersey studio partner or
36 New Jersey film-lease production company. For purposes of
37 calculating the seven and one-half percent limitation, total out-of-
38 State producer fees and rights fees, script costs, ¹insurance
39 premiums,¹ and excess amounts paid to highly compensated
40 individuals shall be included in the total amount of qualified film
41 production expenses for any New Jersey film-lease production
42 company or New Jersey studio partner. Out-of-State producer fees
43 incurred outside New Jersey shall constitute qualified film
44 production expenses notwithstanding that the tax imposed under the
45 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. was not
46 withheld from wages, salaries, or other compensation paid or
47 incurred for such services. For a New Jersey studio partner or New
48 Jersey film-lease production company that enters into a lease to

1 occupy a New Jersey film-lease partner facility for at least three
2 years, "qualified film production expenses" includes: the total script
3 costs of any script written within New Jersey or the product of the
4 total script costs of any script written outside New Jersey and the
5 percentage of the principal photography shoot days in New Jersey
6 relative to the total principal photography shoot days for the film.
7 Notwithstanding the foregoing, for any original application
8 approved by the authority on or after January 1, 2028 for a New
9 Jersey studio partner or New Jersey film-lease production company
10 that enters into a lease to occupy a New Jersey film-lease partner
11 facility for at least three years, "qualified film production expenses"
12 shall include the total script costs of any script written within New
13 Jersey or the product of the total script costs of any script written
14 outside New Jersey and the percentage of the principal photography
15 shoot days in this State relative to the total principal photography
16 shoot days for the film, provided that the taxpayer satisfies two of
17 the following criteria as certified by an independent certified public
18 accountant licensed in this State and according to such procedures
19 as the authority may establish: the taxpayer establishes a writer's
20 skills development program with a college, including a community
21 college, apprentice program, university, vocational school, or high
22 school in this State; the taxpayer opens a writer's room in this State
23 at a production facility where writing support services are provided
24 at least in part for the film; a writer on the film is a resident of this
25 State for a period including at least one year prior to the
26 commencement of principal photography for the film in this State;
27 the taxpayer hires one or more researchers that are residents of this
28 State to perform research services in this State for the development
29 of a script or scripts for a film; or any alternative criteria as the
30 authority shall provide. Payment made to a loan out company or to
31 an independent contractor shall not be deemed a "qualified film
32 production expense" unless the payment is made in connection with
33 a trade, profession, or occupation carried on in this State or for the
34 rendition of personal services performed in this State and the
35 taxpayer has made the withholding required pursuant to subsection
36 g. of this section. Payment made to a homeowner, who is otherwise
37 not a vendor authorized to do business in New Jersey, for the use of
38 a personal residence for filming shall not be deemed a "qualified
39 film production expense" unless the taxpayer has made the
40 withholding required by subsection g. of this section. For the
41 purposes of this definition, wages and salaries of individuals
42 employed in the production of a film shall include deferred
43 compensation, including advances on deferred compensation,
44 incurred by a New Jersey studio partner, provided the New Jersey
45 studio partner files a supplemental report prepared by an
46 independent certified public accountant, pursuant to agreed-upon
47 procedures prescribed by the authority and the director, no later
48 than four years after the date on which the production concludes.

1 Script costs written outside of New Jersey shall constitute qualified
2 film production expenses notwithstanding that the tax imposed
3 under the “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et
4 seq. was not withheld from wages, salaries, or other compensation
5 paid or incurred for the writing of such script or scripts. ¹【The total
6 amount of script costs, including script purchases, that constitutes
7 qualified film production expenses incurred by a New Jersey film-
8 lease production company or a New Jersey studio partner shall be in
9 addition to the amounts paid to highly compensated individuals and
10 the additional amounts paid to highly compensated individuals.】¹
11 "Qualified film production expenses" shall not include: expenses
12 incurred in marketing or advertising a film; expenses for a story,
13 script, or scenario to be used for a film, except that qualified film
14 production expenses may include script costs, including the cost of
15 script purchase, for a New Jersey studio partner or New Jersey film-
16 lease production company; and payment in excess of \$750,000 to a
17 highly compensated individual for wages or salaries or other
18 compensation for writers, directors, including music directors,
19 producers, and performers, other than background actors with no
20 scripted lines, except as follows:

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

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

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

32 (4) (a) for a New Jersey studio partner that incurs \$25,000,000
33 or more in qualified film production expenses in the State, which
34 shall be determined by including the additional amount provided in
35 this paragraph, in excess of amounts paid to highly compensated
36 individuals, an additional amount, not to exceed \$72,000,000, of the
37 wages or salaries or other compensation for writers, directors,
38 including music directors, producers, and performers, other than
39 background actors with no scripted lines, shall constitute qualified
40 film production expenses; and

41 (b) for a New Jersey studio partner that incurs \$125,000,000 or
42 more in qualified film production expenses in the State, which shall
43 be determined by including the additional amount provided in this
44 paragraph, for the production of a film ¹【that is a feature film】, the
45 following shall constitute qualified film production expenses:

46 (i) amounts in excess of the amounts paid to highly
47 compensated individuals, 【amounts paid for script costs, amounts
48 paid or incurred for deferred compensation, including advances on

1 deferred compensation,] an additional amount, not to exceed
2 \$72,000,000, of the wages and salaries or other compensation for
3 writers, directors, including music directors, producers, and
4 performers, other than background actors with no scripted lines [,
5 shall constitute qualified film production expenses];

6 (ii) amounts paid for deferred compensation, including ¹₂ but
7 not limited to, advances on deferred compensation; and

8 (iii) amounts paid for script costs;

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

18 (6) for a New Jersey film-lease production company that incurs
19 \$50,000,000 or more in qualified film production expenses in the
20 State, which shall be determined by including the additional amount
21 provided in this paragraph, in excess of amounts paid to highly
22 compensated individuals, an additional amount, not to exceed
23 \$60,000,000, of the wages or salaries or other compensation for
24 writers, directors, including music directors, producers, and
25 performers, other than background actors with no scripted lines,
26 shall constitute qualified film production expenses.

27 "Qualified post-production company" means a corporation,
28 partnership, limited liability company, or other entity engaged in
29 post-production, including visual effects activities on a film or films
30 described in this section, including, but not limited to, a film or
31 films that do not satisfy the requirements of subparagraph (a) of
32 paragraph (1) of subsection a. of this section.

33 "Reason outside the control" means an event or action related to
34 the production facility, which the New Jersey film-lease post-
35 production company, New Jersey film-lease production company,
36 or New Jersey studio partner occupies, beyond the approved
37 applicant's control that occurred without its fault or negligence, and
38 for which the approved applicant has made good faith efforts to
39 prevent, avoid, mitigate, or overcome the event or action, provided
40 that the approved applicant proceeds in good faith and with due
41 diligence to fulfill its obligations pursuant to the Film and Digital
42 Media Tax Credit Program, to the extent possible. An event or
43 action that is a "reason outside the control" of an approved
44 applicant shall include, but shall not be limited to: the failure of an
45 approved applicant's landlord to timely deliver a temporary or final
46 certificate of occupancy or operate the production facility, or the
47 landlord's material breach of the production facility lease with the
48 approved applicant.

1 "Total digital media content production expenses" means costs
2 for services performed and property used or consumed in the
3 production of digital media content.

4 "Total film production expenses" means costs for services
5 performed and tangible personal property used or consumed in the
6 production of a film.

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

22 (cf: P.L.2025, c.81, s.1)

23
24 2. Section 2 of P.L.2018, c.56 (C.54A:4-12b) is amended to read
25 as follows:

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

37 (a) at least 60 percent of the total film production expenses,
38 exclusive of post-production costs, of the taxpayer are incurred for
39 services performed and goods purchased through vendors
40 authorized to do business in New Jersey or the qualified film
41 production expenses of the taxpayer during the taxable year for
42 services performed and goods purchased through vendors
43 authorized to do business in New Jersey exceed \$1,000,000 per
44 production;

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

47 (c) the film includes, when determined to be appropriate by the
48 commission, at no cost to the State, marketing materials promoting

1 this State as a film and entertainment production destination, which
2 materials shall include placement of a "Filmed in New Jersey" or
3 "Produced in New Jersey" statement, or an appropriate logo
4 approved by the commission, in the end credits of the film;

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

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

11 (2) Notwithstanding the provisions of paragraph (1) of
12 subsection a. of this section to the contrary, the tax credit allowed
13 pursuant to this subsection against the tax otherwise due for the
14 taxable year under the "New Jersey Gross Income Tax Act,"
15 N.J.S.54A:1-1 et seq., shall be in an amount equal to, in the case of
16 a taxpayer designated as a New Jersey studio partner, 40 percent, in
17 the case of a taxpayer designated as a New Jersey film-lease
18 production company, 35 percent, and in the case of a taxpayer other
19 than a New Jersey studio partner or New Jersey film-lease
20 production company, 30 percent, of the qualified film production
21 expenses of the taxpayer during a taxable year that are incurred for
22 services performed and tangible personal property purchased for use
23 at a sound stage or other location that is located in the State within a
24 30-mile radius of the intersection of Eighth Avenue/Central Park
25 West, Broadway, and West 59th Street/Central Park South, New
26 York, New York.

27 b. (1) A taxpayer, upon approval of an application to the
28 authority and the director, shall be allowed a credit against the tax
29 otherwise due for the taxable year under the "New Jersey Gross
30 Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to: 30
31 percent of the qualified digital media content production expenses
32 of the taxpayer during a taxable year commencing on or after July
33 1, 2018 but before July 1, 2049, provided that:

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

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

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

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

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

15 (3) Notwithstanding the provisions of paragraph (1) of this
16 subsection to the contrary, the tax credit allowed pursuant to this
17 subsection against the tax otherwise due for the taxable year under
18 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.,
19 shall be in an amount equal to 40 percent of the qualified digital
20 media content production expenses of the taxpayer during a taxable
21 year that are incurred for post-production services, including visual
22 effects services performed at a New Jersey film-lease partner
23 facility, that are incurred by a taxpayer that is a New Jersey film-
24 lease post-production company, or that are incurred by a taxpayer
25 that is a New Jersey studio partner, provided that:

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

32 (b) 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 g. of this section; and

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

38 (4) Notwithstanding the provisions of paragraph (1) of this
39 subsection to the contrary, the tax credit allowed pursuant to this
40 subsection against the tax otherwise due for the taxable year under
41 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.,
42 shall be in an amount equal to 35 percent of the qualified digital
43 media content production expenses of the taxpayer during a taxable
44 year that are incurred for post-production services, including visual
45 effects services performed by a qualified post-production company,
46 provided that:

47 (a) at least \$500,000 of the qualified digital media content
48 production expenses of the taxpayer are incurred for post-

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

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

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

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

34 d. (1) A business entity that is classified as a partnership for
35 federal income tax purposes shall not be allowed a tax credit
36 pursuant to this section directly, but the amount of tax credit of a
37 taxpayer in respect of a distributive share of entity income, shall be
38 determined by allocating to the taxpayer that proportion of the tax
39 credit acquired by the entity that is equal to the taxpayer's share,
40 whether or not distributed, of the total distributive income or gain
41 of the entity for its taxable year ending within or with the taxpayer's
42 taxable year.

43 (2) A New Jersey S Corporation shall not be allowed a tax credit
44 pursuant to this section directly, but the amount of tax credit of a
45 taxpayer in respect of a pro rata share of S Corporation income,
46 shall be determined by allocating to the taxpayer that proportion of
47 the tax credit acquired by the New Jersey S Corporation that is
48 equal to the taxpayer's share, whether or not distributed, of the total

1 pro rata share of S Corporation income of the New Jersey S
2 Corporation for its privilege period ending within or with the
3 taxpayer's taxable year.

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

13 e. (1) A taxpayer, with an application for a tax credit provided
14 for in subsection a. or subsection b. of this section, may apply to the
15 authority and the director for a tax credit transfer certificate in lieu
16 of the taxpayer being allowed any amount of the tax credit against
17 the tax liability of the taxpayer. The tax credit transfer certificate,
18 upon receipt thereof by the taxpayer from the authority and the
19 director, may be sold or assigned, in full or in part, to any other
20 taxpayer that may have a tax liability under the "New Jersey Gross
21 Income Tax Act," N.J.S.54A:1-1 et seq., the "Corporation Business
22 Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), sections 2
23 and 3 of P.L.1945, c.132 (C.54:18A-2 and C.54A:18A-3), section 1
24 of P.L.1950, c.231 (C.17:32-15), or N.J.S.17B:23-5, in exchange
25 for private financial assistance to be provided by the purchaser or
26 assignee to the taxpayer that has applied for and been granted the
27 tax credit. The tax credit transfer certificate provided to the
28 taxpayer shall include a statement waiving the taxpayer's right to
29 claim that amount of the tax credit against the tax imposed pursuant
30 to N.J.S.54A:1-1 et seq. that the taxpayer has elected to sell or
31 assign. The sale or assignment of any amount of a tax credit
32 transfer certificate allowed under this section shall not be
33 exchanged for consideration received by the taxpayer of less than
34 75 percent of the transferred tax credit amount. Any amount of a
35 tax credit transfer certificate used by a purchaser or assignee against
36 a tax liability under N.J.S.54A:1-1 et seq. shall be subject to the
37 same limitations and conditions that apply to the use of a tax credit
38 pursuant to subsections c. and d. of this section. Any amount of a
39 tax credit transfer certificate obtained by a purchaser or assignee
40 under subsection e. of this section may be applied against the
41 purchaser's or assignee's tax liability under P.L.1945, c.162
42 (C.54:10A-1 et seq.), sections 2 and 3 of P.L.1945, c.132
43 (C.54:18A-2 and C.54A:18A-3), section 1 of P.L.1950, c.231
44 (C.17:32-15), or N.J.S.17B:23-5 shall be subject to the same
45 limitations and conditions that apply to the use of a credit pursuant
46 to subsection c. of section 1 of P.L.2018, c.56 (C.54:10A-5.39b).

47 (2) A credit issued to a taxpayer, including the purchaser or
48 assignee of a tax credit transfer certificate, may first be taken by the

1 tax certificate holder for the tax period for which it was issued, for
2 the tax period in which it was issued, or in any tax period during the
3 time a business is required to maintain the project at a location in
4 this State, subject to the carryforward provisions of this section.
5 The tax credit transfer certificate holder may transfer the tax credit
6 amount on or after the date of issuance for use by the transferee in
7 the tax period for which it was issued, in the tax period for which it
8 was issued, or in any of the next successive tax periods, subject to
9 the carryforward provisions of this section. The tax certificate
10 holder or transferee may first use the credit against tax liabilities in
11 the tax period in which it was issued or in a succeeding tax period,
12 as authorized in this paragraph, subject to the carryforward
13 provisions in this section, without the need to amend the return for
14 the year for which the credit was issued.

15 f. (1) The value of tax credits, including tax credits allowed
16 through the granting of tax credit transfer certificates, approved by
17 the director and the authority pursuant to subsection a. of this
18 section and pursuant to subsection a. of section 1 of P.L.2018, c.56
19 (C.54:10A-5.39b), and except as provided in section 98 of
20 P.L.2020, c.156 (C.34:1B-362), to taxpayers, other than New Jersey
21 studio partners and New Jersey film-lease production companies,
22 shall not exceed a cumulative total of \$100,000,000 in fiscal year
23 2019 and in each fiscal year thereafter prior to fiscal year 2050 to
24 apply against the tax imposed pursuant to the "New Jersey Gross
25 Income Tax Act," N.J.S.54A:1-1 et seq., and pursuant to section 5
26 of P.L.1945, c.162 (C.54:10A-5). In addition to the limitation on
27 the value of tax credits approved by the director for New Jersey
28 film-lease production companies and the limitation on the value of
29 tax credits approved by the director for other taxpayers imposed by
30 this paragraph, and except as provided in section 98 of P.L.2020,
31 c.156 (C.34:1B-362), the value of tax credits, including tax credits
32 allowed through the granting of tax credit transfer certificates,
33 approved by the director and the authority pursuant to subsection a.
34 of this section and pursuant to subsection a. of section 1 of
35 P.L.2018, c.56 (C.54:10A-5.39b) to New Jersey studio partners
36 shall not exceed a cumulative total of \$100,000,000 in fiscal year
37 2021 and in each fiscal year thereafter prior to fiscal year 2024, and
38 shall not exceed a cumulative total of \$150,000,000 in fiscal year
39 2024 and in each fiscal year thereafter prior to fiscal year 2050, to
40 apply against the tax imposed pursuant to section 5 of P.L.1945,
41 c.162 (C.54:10A-5) and the tax imposed pursuant to the "New
42 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. Beginning in
43 fiscal year 2023, in addition to the cumulative total tax credits made
44 available for New Jersey studio partners pursuant to this paragraph
45 and subsection d. of section 98 of P.L.2020, c.156 (C.34:1B-362),
46 up to an additional \$400,000,000 may be made available annually,
47 in the discretion of the authority, to New Jersey studio partners for
48 the award of tax credits, including tax credits allowed through the

1 granting of tax credit transfer certificates, pursuant to subsection a.
2 of this section and subsection a. of section 1 of P.L.2018, c.56
3 (C.54:10A-5.39b), from the funds made available pursuant to
4 subparagraph (i) of paragraph (1) of subsection b. of section 98 of
5 P.L.2020, c.156 (C.34:1B-362). In addition to the limitation on the
6 value of tax credits approved by the director for New Jersey studio
7 partners and the limitation on the value of tax credits approved by
8 the director for other taxpayers imposed by this paragraph, and
9 except as provided in section 98 of P.L.2020, c.156 (C.34:1B-362),
10 the value of tax credits, including tax credits allowed through the
11 granting of tax credit transfer certificates, approved by the director
12 and the authority pursuant to subsection a. of this section and
13 pursuant to subsection a. of section 1 of P.L.2018, c.56 (C.54:10A-
14 5.39b) to New Jersey film-lease production companies shall not
15 exceed a cumulative total of \$100,000,000 in fiscal year 2021 and
16 in each fiscal year thereafter prior to fiscal year 2024, and shall not
17 exceed a cumulative total of \$150,000,000 in fiscal year 2024 and
18 in each fiscal year thereafter prior to fiscal year 2050, to apply
19 against the tax imposed pursuant to section 5 of P.L.1945, c.162
20 (C.54:10A-5) and the tax imposed pursuant to the "New Jersey
21 Gross Income Tax Act," N.J.S.54A:1-1 et seq. Beginning in fiscal
22 year 2023, in addition to the cumulative total tax credits made
23 available for New Jersey film-lease production companies pursuant
24 to this paragraph and subsection d. of section 98 of P.L.2020, c.156
25 (C.34:1B-362), up to an additional \$250,000,000 may be made
26 available annually, in the discretion of the authority, to New Jersey
27 film-lease production companies for the award of tax credits,
28 including tax credits allowed through the granting of tax credit
29 transfer certificates, pursuant to subsection a. of this section and
30 subsection a. of section 1 of P.L.2018, c.56 (C.54:10A-5.39b), from
31 the funds made available pursuant to subparagraph (i) of paragraph
32 (1) of subsection b. of section 98 of P.L.2020, c.156 (C.34:1B-362).
33 Approvals made to New Jersey studio partners and New Jersey
34 film-lease production companies shall be subject to award
35 agreements with the authority detailing obligations of the awardee
36 and outcomes relating to events of default, including, but not
37 limited to, recapture, forfeiture, and termination, except that in the
38 event of a recapture of tax credits, the tax credits shall only be
39 recaptured from the initial recipient of the tax credits, not the
40 purchaser or assignee of a tax credit transfer certificate.
41 Notwithstanding any provision of this subsection or other law to the
42 contrary, if a film production company designated as a New Jersey
43 studio partner ceases to qualify for its designation as a New Jersey
44 film studio partner and **【becomes designated】** applies for
45 designation as a New Jersey film-lease partner facility, the authority
46 shall **【reduce the cumulative total amount of tax credits, including**
47 **tax credits allowed through the granting of tax credit transfer**
48 **certificates, made available to New Jersey studio partners in each**

1 fiscal year and shall increase the cumulative total amount of tax
2 credits permitted to be approved for New Jersey film-lease
3 production companies in each fiscal year by a corresponding
4 amount pursuant to a formula established in rules adopted by the
5 authority which shall consider the volume of applications submitted
6 by New Jersey studio partners and New Jersey film-lease
7 production facilities, the cumulative total amount of tax credits
8 allowed to New Jersey studio partners and New Jersey film-lease
9 production facilities in the prior fiscal year, the total square footage
10 of facility space occupied in the State by New Jersey studio partners
11 and New Jersey film-lease production facilities, and any other
12 factors that the authority deems appropriate】. upon the issuance of
13 the designation 'as' a New Jersey film-lease partner facility to the
14 applicant, reduce by one the number of New Jersey film-lease
15 partner facilities '1. However, this limitation shall not apply to
16 production facilities, or portions thereof, owned, built, leased, or
17 operated by a film production company designated as a New Jersey
18 studio partner'1. Award agreements between the authority and New
19 Jersey studio partners shall include a requirement for each New
20 Jersey studio partner to occupy the production facility developed,
21 purchased, or leased as a condition of designation as a New Jersey
22 studio partner for the duration of the commitment period. If a New
23 Jersey studio partner fails to occupy the production facility
24 developed, purchased, or leased as a condition of designation as a
25 New Jersey studio partner for the duration of the commitment
26 period or otherwise fails to satisfy the conditions for designation as
27 a New Jersey studio partner, except for the failure to occupy the
28 production facility for any reason outside the control of the New
29 Jersey studio partner, subject to any rules the authority may
30 determine necessary to implement this provision, [including, but
31 not limited to, a definition of reasons outside the control of the New
32 Jersey studio partner,] the authority may recapture the portion of
33 the tax credit that was only available to the taxpayer by virtue of the
34 taxpayer's designation as a New Jersey studio partner, and all films
35 for which an initial approval has been given, but for which the
36 authority has not approved final documentation, shall be reduced to
37 eliminate the portion of the tax credits only available by virtue of
38 such designation. Notwithstanding any law, regulation, or rule to
39 the contrary, in the event of a recapture of tax credits, the tax
40 credits shall only be recaptured from the initial recipient of the tax
41 credits, not the purchaser or assignee of a tax credit transfer
42 certificate. The authority shall establish a non-binding,
43 administrative pre-certification process for potentially eligible
44 projects.

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

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

13 Notwithstanding any provision of this paragraph to the contrary,
14 for any fiscal year in which the amount of tax credits approved to
15 New Jersey studio partners, New Jersey film-lease production
16 companies, or taxpayers other than New Jersey studio partners and
17 New Jersey film-lease production companies pursuant to this
18 paragraph is less than the cumulative total amount of tax credits
19 permitted to be approved to each such category in that fiscal year,
20 the authority shall certify the amount of the remaining tax credits
21 available for approval to each such category in that fiscal year, and
22 shall increase the cumulative total amount of tax credits permitted
23 to be approved for New Jersey studio partners, New Jersey film-
24 lease production companies, or taxpayers other than New Jersey
25 studio partners and New Jersey film-lease production companies in
26 the subsequent fiscal year by the certified amount remaining from
27 the prior fiscal year. The authority shall also certify, for each fiscal
28 year, the amount of tax credits that were previously approved, but
29 that the taxpayer is not able to redeem or transfer to another
30 taxpayer under this section, and shall increase the cumulative total
31 amount of tax credits permitted to be approved for New Jersey
32 studio partners, New Jersey film-lease production companies, or
33 taxpayers other than New Jersey studio partners and New Jersey
34 film-lease production companies in the subsequent fiscal year by
35 the amount of tax credits previously approved for each such
36 category, but not subject to redemption or transfer.
37 Notwithstanding any provision of this paragraph to the contrary,
38 beginning in fiscal year 2028, if the amount of tax credits approved
39 to taxpayers other than New Jersey studio partners and New Jersey
40 film-lease production companies pursuant to this paragraph is less
41 than the cumulative total amount of tax credits permitted to be
42 approved to taxpayers other than New Jersey studio partners and
43 New Jersey film-lease production companies in that fiscal year, the
44 authority shall certify the amount of the remaining tax credits
45 available for approval in that fiscal year, which certified amount
46 shall not exceed \$100,000,000 in any fiscal year, and shall increase
47 the cumulative total amount of tax credits permitted to be approved
48 for New Jersey studio partners pursuant to subsection a. of this

1 section and subsection a. of section 1 of P.L.2018, c.56 (C.54:10A-
2 5.39b) in the next subsequent fiscal year by the certified amount
3 remaining for taxpayers other than New Jersey studio partners and
4 New Jersey film-lease production companies from the prior fiscal
5 year. If the certified amount remaining from the prior fiscal year is
6 less than \$100,000,000, then, in addition to the tax credits
7 remaining from the prior fiscal year, the difference between
8 \$100,000,000 and the certified amount shall be made available to
9 New Jersey studio partners, first from any funds available pursuant
10 to subparagraph (f) of paragraph (1) of subsection b. of section 98
11 of P.L.2020, c.156 (C.34:1B-362), not including tax credits made
12 available for transformative projects, and then, if there are
13 insufficient funds available pursuant to subparagraph (f) of
14 paragraph (1) of subsection b. of section 98 of P.L.2020, c.156
15 (C.34:1B-362), from the tax credits allocated in the current fiscal
16 year to taxpayers other than New Jersey studio partners and New
17 Jersey film-lease production companies.

18 (2) The value of tax credits, including tax credits allowed
19 through the granting of tax credit transfer certificates, approved by
20 the authority and the director pursuant to subsection b. of this
21 section and pursuant to subsection b. of section 1 of P.L.2018, c.56
22 (C.54:10A-5.39b) shall not exceed a cumulative total of
23 \$30,000,000 in fiscal year 2019 and in each fiscal year thereafter
24 prior to fiscal year 2050 to apply against the tax imposed pursuant
25 to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.
26 and the tax imposed pursuant to section 5 of P.L.1945, c.162
27 (C.54:10A-5).

28 If the total amount of tax credits and tax credit transfer
29 certificates allowed to taxpayers for taxable years or privilege
30 periods commencing during a single fiscal year under subsection b.
31 of this section and subsection b. of section 1 of P.L.2018, c.56
32 (C.54:10A-5.39b) exceeds the amount of tax credits available in
33 that year, then taxpayers who have first applied for and have not
34 been allowed a tax credit or tax credit transfer certificate amount for
35 that reason shall have their applications approved by the authority,
36 provided the application otherwise satisfies the requirements of this
37 section, and shall be allowed the amount of tax credit or tax credit
38 transfer certificate on the first day of the next succeeding fiscal year
39 in which tax credits and tax credit transfer certificates under
40 subsection b. of this section and subsection b. of section 1 of
41 P.L.2018, c.56 (C.54:10A-5.39b) are not in excess of the amount of
42 credits available.

43 Beginning in the fiscal year beginning July 1, 2024, in addition
44 to the total amount of tax credits and tax credit transfer certificates
45 allowed to taxpayers for privilege periods or taxable years
46 commencing during a single fiscal year under subsection b. of this
47 section and subsection b. of section 1 of P.L.2018, c.56 (C.54:10A-
48 5.39b), up to an additional \$100,000,000 may be made available, in

1 the discretion of the authority for the award of tax credits, including
2 tax credits allowed through the granting of tax credit transfer
3 certificates, pursuant to subsection b. of this section and subsection
4 b. of section 1 of P.L.2018, c.56 (C.54:10A-5.39b), from the funds
5 made available to taxpayers other than New Jersey studio partners
6 and New Jersey film-lease production companies pursuant to
7 paragraph (3) of subsection d. of section 98 of P.L.2020, c.156
8 (C.34:1B-362).

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

24 g. A taxpayer shall submit to the authority and the director a
25 report prepared by an independent certified public accountant
26 licensed in this State to verify the taxpayer's tax credit claim
27 following the completion of the production. A New Jersey studio
28 partner that makes deferred compensation payments based on work
29 or services provided on a production may file a supplemental report
30 prepared by an independent certified public accountant, pursuant to
31 agreed-upon procedures prescribed by the authority and the
32 director, no later than four years after the date on which the
33 production concludes. The deferred compensation payments,
34 including deferred compensation payments made directly to a bona
35 fide labor union, shall constitute qualified film production expenses
36 as if the expenses were incurred at the time of production, provided
37 there are credits available and subject to the authority's review. The
38 report shall be prepared by the independent certified public
39 accountant pursuant to agreed-upon procedures prescribed by the
40 authority and the director, and shall include such information and
41 documentation as shall be determined to be necessary by the
42 authority and the director to substantiate the qualified film
43 production expenses or the qualified digital media content
44 production expenses of the taxpayer. A single report with
45 attachments deemed necessary by the authority shall be submitted
46 electronically. Upon receipt of the report, the authority and the
47 director shall review the findings of the independent certified public
48 accountant's report, and shall make a determination as to the

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

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

1 a trade, profession, or occupation carried on in this State or for the
2 rendition of personal services performed in this State during a
3 taxable year shall be relieved of its duties and responsibilities as an
4 employer pursuant to chapter 7 of Title 54A of the New Jersey
5 Statutes for the taxable year for any payments relating to the
6 payments on which the taxpayer withheld. Notwithstanding any
7 provision of this section to the contrary, qualified film production
8 expenses and qualified digital media content production expenses
9 shall include any payments made by the taxpayer to a loan out
10 company for services performed in New Jersey by individuals who
11 are employees of the loan out company and whose wages and
12 salaries are subject to withholding, but not subject to tax under the
13 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., due to
14 the provisions of a reciprocity agreement with another state.
15 Notwithstanding any provision of this section to the contrary,
16 deferred compensation payments made directly to a bona fide labor
17 union on behalf of an individual that performed services on a
18 production that tax under the "New Jersey Gross Income Tax Act,"
19 N.J.S.54A:1-1 et seq. was not withheld shall constitute qualified
20 film production expenses, provided that the payment otherwise
21 satisfies the requirements of this section.

22 i. As used in this section:

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

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

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

30 "Commitment period" means, for New Jersey studio partners, the
31 period beginning with the commencement of the eligibility period
32 and continuing for a minimum of 10 years following:

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

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

40 "Digital media content" means the following digitally formatted
41 and distributed content, which content includes data or information
42 created in analog form but reformatted in digital form: animation;
43 video games; visual effects; interactive media, including virtual,
44 augmented, or mixed reality; content containing text, graphics, or
45 photographs; sound; and video. "Digital media content" shall not
46 mean content offerings generated by the end user (including
47 postings on electronic bulletin boards and chat rooms); content
48 offerings comprised primarily of local news, events, weather, or

1 local market reports; public service content; electronic commerce
2 platforms (such as retail and wholesale websites); websites or
3 content offerings that contain obscene material as defined pursuant
4 to N.J.S.2C:34-2 and N.J.S.2C:34-3; websites or content that are
5 produced or maintained primarily for private, industrial, corporate,
6 or institutional purposes; or digital media content acquired or
7 licensed by the taxpayer for distribution or incorporation into the
8 taxpayer's digital media content.

9 "Eligibility period" means, with respect to New Jersey studio
10 partners, the period in which a New Jersey studio partner may claim
11 a tax credit for qualified film production expenses, including
12 expenses that would not constitute qualified film production
13 expenses but for the taxpayer's designation as a New Jersey studio
14 partner, beginning the earlier of the commencement of the principal
15 photography for the New Jersey studio partner's initial film in New
16 Jersey or, in the case of a taxpayer developing or purchasing a
17 production facility, at the issuance of a temporary certificate of
18 occupancy for the production facility developed or purchased as a
19 condition of designation as a New Jersey studio partner and, in the
20 case of a taxpayer leasing a production facility, at the
21 commencement of the lease term for the production facility leased
22 as a condition of designation as a New Jersey studio partner, and
23 extending thereafter for a term of not less than 10 years.

24 "Film" means a feature film, a television series, or a television
25 show of 22 minutes or more in length, intended for a national
26 audience, or a television series or a television show of 22 minutes
27 or more in length intended for a national or regional audience,
28 including, but not limited to, a game show, award show, talk show,
29 competition or variety show filmed before a live audience, or other
30 gala event filmed and produced at a nonprofit arts and cultural
31 venue receiving State funding. "Film" shall not include a
32 production featuring news, current events, weather, and market
33 reports or public programming; a sports event; a production that
34 solicits funds; a production containing obscene material as defined
35 under N.J.S.2C:34-2 and N.J.S.2C:34-3; a production primarily for
36 private, industrial, corporate, or institutional purposes; or a reality
37 show, except if the production company has obtained a minimum
38 four-episode order from, and is commissioned and scheduled to
39 premiere on, a major linear network or streaming service.
40 Notwithstanding any provision of this section to the contrary, for a
41 New Jersey studio partner, "film" shall include an ongoing
42 television production that relocated to New Jersey and features
43 news or current events, which may include sports-themed current
44 events programming, but shall not include a sports event, provided
45 that the ongoing television production relocates to a facility that is
46 leased or owned by the New Jersey studio partner and for which
47 facility such New Jersey studio partner received its designation as a
48 New Jersey studio partner. "Film" shall not include an award show

1 or other gala event that is not filmed and produced at a nonprofit
2 arts and cultural venue receiving State funding.

3 "Full-time or full-time equivalent employee" means an individual
4 employed by the taxpayer for consideration for at least 35 hours a
5 week, or who renders any other standard of service generally
6 accepted by custom or practice as full-time or full-time equivalent
7 employment, whose wages are subject to withholding as provided in
8 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., or
9 whose wages are not subject to tax under the "New Jersey Gross
10 Income Tax Act," N.J.S.54A:1-1 et seq., due to the provisions of a
11 reciprocity agreement with another state, regardless of whether the
12 individual is a resident or nonresident taxpayer, or who is a partner
13 of a taxpayer, who works for the partnership for at least 35 hours a
14 week, or who renders any other standard of service generally
15 accepted by custom or practice as full-time or full-time equivalent
16 employment, and whose distributive share of income, gain, loss, or
17 deduction, or whose guaranteed payments, or any combination
18 thereof, is subject to the payment of estimated taxes, as provided in
19 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.
20 "Full-time or full-time equivalent employee" shall not include an
21 individual who works as an independent contractor or on a
22 consulting basis for the taxpayer.

23 "Highly compensated individual" means an individual who
24 directly or indirectly receives compensation in excess of \$750,000
25 for the performance of services used directly in a production. An
26 individual receives compensation indirectly when the taxpayer pays
27 a loan out company that, in turn, pays the individual for the
28 performance of services.

29 "Incurred in New Jersey" means, for any application submitted
30 after the effective date of P.L.2018, c.56 (C.54:10A-5.39b et al.),
31 pursuant to which a tax credit has not been allowed prior to the
32 effective date of P.L.2021, c.160, service performed within New
33 Jersey and tangible personal property used or consumed in New
34 Jersey. A service is performed in New Jersey to the extent that the
35 individual performing the service is physically located in New
36 Jersey while performing the service. Notwithstanding where the
37 property is delivered or acquired, rented tangible property is used or
38 consumed in New Jersey to the extent that the property is located in
39 New Jersey during its use or consumption and is rented from a
40 vendor authorized to do business in New Jersey and the film
41 production company provides to the authority the vendor's
42 information in a form and manner prescribed by the authority.
43 Purchased tangible property is not used and consumed in New
44 Jersey unless it is purchased from a vendor authorized to do
45 business in New Jersey and is delivered to or acquired within New
46 Jersey, provided, however, that if a production is also located in
47 another jurisdiction, the purchased tangible property is used and
48 consumed in New Jersey, to the extent that the property is located

1 in New Jersey during its use or consumption, if the acquisition and
2 delivery of purchased tangible property is located in either New
3 Jersey or another jurisdiction where the production takes place.
4 Payment made to a homeowner for the use of a personal residence
5 located in the State for filming shall be deemed an expense incurred
6 in New Jersey notwithstanding the fact that such homeowner is not
7 a vendor authorized to do business in New Jersey, provided the
8 taxpayer has made the withholding required by subsection h. of this
9 section.

10 "Independent contractor" means an individual treated as an
11 independent contractor for federal and State tax purposes who is
12 contracted with by the taxpayer for the performance of services
13 used directly in a production.

14 "Loan out company" means, for applications submitted prior to
15 the effective date of P.L.2024, c.33, a personal service corporation
16 or other entity with which a taxpayer contracts for the provision of
17 specified individual personnel, such as artists, crew, actors,
18 producers, or directors for the performance of services used directly
19 in a production and, for applications submitted on or after the
20 effective date of P.L.2024, c.33, a personal service corporation or
21 other entity, authorized to do business in New Jersey, that is
22 contracted with by the taxpayer to provide specified individual
23 personnel, such as artists, crew, actors, producers, or directors for
24 the performance of services used directly in a production. "Loan
25 out company" shall not include entities contracted with by the
26 taxpayer to provide goods or ancillary contractor services such as
27 catering, construction, trailers, equipment, or transportation.

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

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

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

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

46 (2) A film production company that executes at least a 10-year
47 lease for 250,000 square feet or more from a New Jersey film-lease
48 partner facility shall be eligible to be designated as a New Jersey

1 studio partner, provided the film production company otherwise
2 complies with the eligibility requirements of the program.

3 (3) Except for a production facility, or portion thereof, owned,
4 built, leased, or operated by a film production company designated
5 as a New Jersey studio partner by the authority on or before the
6 181st day next following the effective date of P.L.2023, c.97
7 (C.34:1B-4.2 et al.), in order for a production facility to be
8 designated as a New Jersey film-lease partner facility, the owner or
9 developer shall accept the acquisition by the authority, at the
10 authority's discretion, of equity in the production facility, on
11 commercially reasonable and customary terms and conditions
12 determined by the authority and the New Jersey film-lease partner
13 facility. A film production facility may receive its film-lease
14 partner facility designation prior to executing an equity agreement
15 with the authority provided final approval of such agreement occurs
16 on or before the date on which production commences at the
17 facility.

18 (4) No more than three New Jersey production facilities may be
19 designated as a New Jersey film-lease partner facility **],** provided,
20 however, this limitation shall not apply to production facilities, or
21 portions thereof, owned, built, leased, or operated by a film
22 production company designated as a New Jersey studio partner **]** ¹.
23 However, this limitation shall not apply to production facilities, or
24 portions thereof, owned, built, leased, or operated by a film
25 production company designated as a New Jersey studio partner ¹.
26 Notwithstanding ¹["the provision of"] ¹ any law to the contrary, the
27 authority may revoke the designation of a New Jersey film-lease
28 partner facility, and may recapture solely from the film-lease
29 production company or film-lease post-production company that
30 portion of ¹the ¹ tax credits that was available to the taxpayer due to
31 its designation as a New Jersey film-lease partner facility, if a New
32 Jersey film-lease partner facility fails to operate the production
33 facility developed, leased, or purchased as a condition of
34 designation as a New Jersey film-lease partner facility, or otherwise
35 fails to satisfy the conditions for designation as a New Jersey film-
36 lease partner facility, for: a period of ¹at least ¹ five ¹["or more
37 successive"] ¹ years following the year in which a production facility
38 is designated a New Jersey film-lease partner facility; or the
39 duration of any lease of the New Jersey film-lease partner facility
40 by a New Jersey film-lease production company or ¹New Jersey ¹
41 film-lease post-production company ¹["with"] that is required to
42 have ¹ a term not less than three years ¹of occupancy and include at
43 least 36,000 square feet of gross rentable space ¹ .

44 "New Jersey film-lease post-production company" means a
45 taxpayer, including any taxpayer that is a member of a combined
46 group pursuant to section 23 of P.L.2018, c.48 (C.54:10A-4.11) or
47 any other entity in which the New Jersey film-lease post-production

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

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

43 If a New Jersey film-lease post-production company was issued a
44 film tax credit on the basis of a lease or sublease with a New Jersey
45 film-lease partner facility before that facility receives a temporary
46 or final certificate of occupancy, and the New Jersey film-lease
47 post-production company fails to meet the qualifications of a New
48 Jersey film-lease post-production company or otherwise comply

1 with the applicable provisions in the definition of New Jersey film-
2 lease post-production company, including, but not limited to, the
3 failure to occupy the required amount of space at a New Jersey
4 film-lease production facility for the required time, the authority
5 shall not recapture ¹or reduce the portion of¹ any tax credits
6 ¹available to the taxpayer only by virtue of such designation as a
7 New Jersey film-lease post-production company, including, but not
8 limited to, tax credits awarded for any film production for which an
9 initial application was submitted to and deemed complete by the
10 authority,¹ within one year of the date of the New Jersey film-lease
11 post-production company's lease with the New Jersey film-lease
12 production facility, which the authority shall extend for one
13 additional year if the New Jersey film-lease production facility
14 commences construction as evidenced by the issuance of a building
15 permit within one year of the date of the New Jersey film-lease
16 post-production company's lease with the New Jersey film-lease
17 production facility.

18 "New Jersey film-lease production company" means a taxpayer,
19 including any taxpayer that is a member of a combined group under
20 section 23 of P.L.2018, c.48 (C.54:10A-4.11) or any other entity,
21 including a fund, in which the film-lease production company has a
22 material ownership interest and has oversight of operations of the
23 entity, as demonstrated by the control of at least one board of
24 director position or other management responsibilities, or has a
25 material operational role in the production, that otherwise complies
26 with the eligibility requirements of the Film and Digital Media Tax
27 Credit Program and has made a commitment to lease or otherwise
28 occupy production space in a New Jersey film-lease partner facility
29 and who will shoot at least 50 percent of the total principal
30 photography shoot days of the project within New Jersey. In
31 addition to the forgoing, if a New Jersey film-lease partner facility
32 has received a temporary or final certificate of occupancy, a film
33 production company shall satisfy one of the following two criteria:
34 (1) the film production company shoots at least 50 percent of the
35 total principal photography shoot days of the project within New
36 Jersey at the New Jersey film-lease partner facility; or (2) the
37 qualified film production expenses of the project for all services
38 performed and goods used or consumed at the New Jersey film-
39 lease partner facility and payments made for the use of the New
40 Jersey film-lease partner facility equal or exceed 33 percent of the
41 total qualified film production expenses of the project. In addition
42 to the forgoing, if a New Jersey film-lease partner facility has not
43 yet received a temporary or final certificate of occupancy, a film
44 production company shall have entered into a lease or sublease with
45 the owner or developer of a New Jersey film-lease partner facility,
46 which lease or sublease is for not less than three years of occupancy
47 of the New Jersey film-lease partner facility and includes at least
48 36,000 square feet of soundstage space, and the film production

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

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

1 provision, [including, but not limited to, a definition of reasons
2 outside the control of the New Jersey film-lease production
3 company,] the authority may recapture solely from that film
4 production company the portion of any tax credits that had been
5 awarded to that film production company that was only available to
6 the film production company by virtue of the film production
7 company's designation as a New Jersey film-lease production
8 company, except that the tax credits shall not be recaptured from
9 the purchaser or assignee of a tax credit transfer certificate, and all
10 films for which an initial approval has been given, but for which the
11 authority has not approved final documentation, shall be reduced to
12 eliminate the portion of the tax credits only available by virtue of
13 such designation.

14 If a New Jersey film-lease production company was issued a film
15 tax credit on the basis of a lease or sublease with a New Jersey film-
16 lease partner facility before that facility receives a temporary or
17 final certificate of occupancy and the New Jersey film-lease
18 production company fails to meet the qualifications of a New Jersey
19 film-lease production company or otherwise comply with the
20 applicable provisions in the definition of New Jersey film-lease
21 production company, including, but not limited to, the failure to
22 occupy the required amount of space at a New Jersey film-lease
23 production facility for the required time, the authority shall not
24 recapture ¹or reduce the portion of¹ any tax credits ¹available to the
25 taxpayer only by virtue of such designation as a New Jersey film-
26 lease production company, including, but not limited to, tax credits
27 awarded for any film production for which an initial application
28 was submitted to and deemed complete by the authority,¹ within
29 one year of the date of the New Jersey film-lease production
30 company's lease with the New Jersey film-lease production facility,
31 which the authority shall extend for one additional year if the New
32 Jersey film-lease production facility commences construction, as
33 evidenced by the issuance of a building permit, within one year of
34 the date of the New Jersey film-lease production company's lease
35 with the New Jersey film-lease production facility.

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

1 with the eligibility requirements of Film and Digital Media Tax
2 Credit Program. In the event the authority determines that a film
3 production company has failed to meet the qualifications of a New
4 Jersey studio partner or otherwise comply with the provisions of
5 this section, except for the failure to occupy a New Jersey film-
6 lease partner facility for any reason outside the control of the New
7 Jersey studio partner, subject to any rules the authority may
8 determine necessary to implement this provision, **[including, but**
9 **not limited to, a definition of reasons outside the control of the New**
10 **Jersey studio partner,]** the authority may rescind the New Jersey
11 studio partner designation and may recapture solely from that film
12 production company the portion of any tax credit that had been
13 awarded to that film production company that was only available to
14 the film production company by virtue of the film production
15 company's designation as a New Jersey studio partner, except that
16 the tax credits shall not be recaptured from the purchaser or
17 assignee of a tax credit transfer certificate, and all films for which
18 an initial approval has been given, but for which the authority has
19 not approved final documentation, shall be reduced to eliminate the
20 portion of the tax credits only available by virtue of such
21 designation. If the failure to occupy the production facility is due to
22 any reason outside the control of the New Jersey studio partner, the
23 authority shall not recapture any tax credits issued to the applicant
24 before the failure to occupy or reduce the portion of the tax credits
25 only available by virtue of such designation for any film
26 productions for which an initial application was initially approved
27 prior to the occurrence of the reason outside the control of the New
28 Jersey studio partner, and the New Jersey studio partner may
29 diligently seek a production facility, during which time the New
30 Jersey studio partner shall maintain its New Jersey studio partner
31 designation and any tax credits issued to the New Jersey studio
32 partner shall not be subject to recapture. The authority shall not
33 reduce the portion of tax credits only available by virtue of such
34 designation and during which time for any films for which an initial
35 application is approved during the time a New Jersey studio partner
36 diligently seeks a production facility.

37 If a New Jersey studio partner was issued a film tax credit on the
38 basis of a lease or sublease with a New Jersey film-lease partner
39 facility before that facility receives a temporary or final certificate
40 of occupancy and the New Jersey studio partner fails to meet the
41 qualifications of a New Jersey studio partner, including, but not
42 limited to, the failure to occupy the required amount of space at
43 New Jersey film-lease production facility for the required time, the
44 authority shall not recapture 'or reduce the portion of' any tax
45 credits 'available to the taxpayer only by virtue of such designation
46 as a New Jersey studio partner, including, but not limited to, tax
47 credits awarded for any film production for which an initial
48 application was submitted to and deemed complete by the

1 authority,¹ within one year of the date of the New Jersey studio
2 partner's lease with the New Jersey film-lease production facility,
3 which the authority shall extend for one additional year if the New
4 Jersey film-lease production facility commences construction, as
5 evidenced by the issuance of a building permit, within one year of
6 the date of the New Jersey studio partner's lease with the New
7 Jersey film-lease production facility. A "New Jersey studio
8 partner" may include any other member of a taxpayer's combined
9 group, pursuant to section 23 of P.L.2018, c.48 (C.54:10A-4.11), or
10 an unrelated entity principally engaged in the production of a film
11 or other commercial audiovisual product with whom a designated
12 New Jersey studio partner contracts to perform film production
13 services on its behalf or for its benefit such that the designated New
14 Jersey studio partner: (1) controls such film or product during pre-
15 production, production, and post-production; or (2) controls
16 distribution rights for the resulting film or other commercial
17 audiovisual product, provided that the New Jersey studio partner
18 contracted with the unrelated entity prior to qualified film
19 production expenses being incurred. No more than three film
20 production companies may be designated as a New Jersey studio
21 partner.

22 "Partnership" means an entity classified as a partnership for
23 federal income tax purposes.

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

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

33 "Qualified digital media content production expenses" means an
34 expense incurred in New Jersey for the production of digital media
35 content. "Qualified digital media content production expenses"
36 shall include, but not be limited to: the wages and salaries of
37 individuals employed in the production of digital media content on
38 which the tax imposed by the "New Jersey Gross Income Tax Act,"
39 N.J.S.54A:1-1 et seq. has been paid or is due and any wages and
40 salaries of individuals employed in the production of digital media
41 content that are not subject to tax under the "New Jersey Gross
42 Income Tax Act," N.J.S.54A:1-1 et seq., due to the provisions of a
43 reciprocity agreement with another state; the costs of computer
44 software and hardware, data processing, visualization technologies,
45 sound synchronization, editing, and the rental of facilities and
46 equipment; and the costs for post-production, including, but not
47 limited to: editing, sound design, visual effects, animation, music
48 composition, color grading, and mastering. Payment made to a loan

1 out company or to an independent contractor shall not be deemed a
2 "qualified digital media content production expense" unless the
3 payment is made in connection with a trade, profession, or
4 occupation carried on in this State or for the rendition of personal
5 services performed in this State and the taxpayer has made the
6 withholding required pursuant to subsection h. of this section. For
7 applications submitted prior to the effective date of P.L.2024, c.33,
8 "qualified digital media content production expenses" shall not
9 include expenses incurred in marketing, promotion, advertising
10 digital media, or other costs not directly related to the production of
11 digital media content. For applications submitted after the effective
12 date of P.L.2024, c.33, "qualified digital media content production
13 expenses" shall not include expenses incurred in marketing,
14 promotion, or advertising digital media; costs incurred for the
15 design, maintenance, and hosting of websites; or other costs not
16 directly related to the production of digital media content. Costs
17 related to the acquisition or licensing of digital media content by the
18 taxpayer for distribution or incorporation into the taxpayer's digital
19 media content, or any costs included in an application submitted to
20 the authority, shall not be deemed "qualified digital media content
21 production expenses."

22 "Qualified film production expenses" means an expense incurred
23 in New Jersey for the production of a film, including pre-production
24 costs and post-production costs incurred in New Jersey. "Qualified
25 film production expenses" shall include, but not be limited to: the
26 wages and salaries of individuals employed in the production of a
27 film on which the tax imposed by the "New Jersey Gross Income
28 Tax Act," N.J.S.54A:1-1 et seq. has been paid or is due and any
29 wages and salaries of individuals employed in the production of a
30 film that are not subject to tax under the "New Jersey Gross Income
31 Tax Act," N.J.S.54A:1-1 et seq., due to the provisions of a
32 reciprocity agreement with another state; and the costs for tangible
33 personal property used, and services performed, directly and
34 exclusively in the production of a film, such as expenditures for
35 film production facilities, props, makeup, wardrobe, film
36 processing, camera, sound recording, set construction, lighting,
37 shooting, editing, and meals. For a New Jersey studio partner or
38 New Jersey film-lease production company that enters into a lease
39 to occupy a New Jersey film-lease partner facility for at least three
40 years, "qualified film production expenses" includes the following
41 expenses incurred in the production of the film, which expenses
42 shall be included in a percentage proportional to the percentage of
43 principal photography shoot days in the State: total production
44 insurance premiums paid to insurance companies doing business in
45 New Jersey, which premiums shall exclude payments for errors and
46 omissions insurance; total out-of-State producer fees, excluding
47 producer fees received for services performed in this State that
48 otherwise qualify as qualified film production expenses; and total

1 rights fees. However, cumulative expenses for production insurance
2 premiums, total out-of-State producer fees, excluding producer fees
3 received for services performed in this State that otherwise qualify
4 as qualified film production expenses, and rights fees shall not
5 exceed seven and one-half percent of the "qualified film production
6 expenses" for any New Jersey studio partner or New Jersey film-
7 lease production company. For purposes of calculating the seven
8 and one-half percent limitation, total out-of-State producer fees and
9 rights fees, script costs, ¹insurance premiums,¹ and excess amounts
10 paid to highly compensated individuals shall be included in the total
11 amount of qualified film production expenses for any New Jersey
12 film-lease production company or New Jersey studio partner. Out-
13 of-State producer fees incurred outside New Jersey shall constitute
14 qualified film production expenses notwithstanding that the tax
15 imposed under the "New Jersey Gross Income Tax Act,"
16 N.J.S.54A:1-1 et seq. was not withheld from wages, salaries, or
17 other compensation paid or incurred for such services. For a New
18 Jersey studio partner or New Jersey film-lease production company
19 that enters into a lease to occupy a New Jersey film-lease partner
20 facility for at least three years, "qualified film production expenses"
21 includes: the total script costs of any script written within New
22 Jersey or the product of the total script costs of any script written
23 outside New Jersey and the percentage of the principal photography
24 shoot days in New Jersey relative to the total principal photography
25 shoot days for the film. Notwithstanding the foregoing, for any
26 original application approved by the authority on or after January 1,
27 2028 for a New Jersey studio partner or New Jersey film-lease
28 production company that enters into a lease to occupy a New Jersey
29 film-lease partner facility for at least three years, "qualified film
30 production expenses" shall include the total script costs of any
31 script written within New Jersey or the product of the total script
32 costs of any script written outside New Jersey and the percentage of
33 the principal photography shoot days in this State relative to the
34 total principal photography shoot days for the film, provided that
35 the taxpayer satisfies two of the following criteria as certified by an
36 independent certified public accountant licensed in this State and
37 according to such procedures as the authority may establish: the
38 taxpayer establishes a writer's skills development program with a
39 college, including a community college, apprentice program,
40 university, vocational school, or high school in this State; the
41 taxpayer opens a writer's room in this State at a production facility
42 where writing support services are provided at least in part for the
43 film; a writer on the film is a resident of this State for a period
44 including at least one year prior to the commencement of principal
45 photography for the film in this State; the taxpayer hires one or
46 more researchers that are residents of this State to perform research
47 services in this State for the development of a script or scripts for a
48 film; or any alternative criteria as the authority shall provide.

1 Payment made to a loan out company or to an independent
2 contractor shall not be deemed a "qualified film production
3 expense" unless the payment is made in connection with a trade,
4 profession, or occupation carried on in this State or for the rendition
5 of personal services performed in this State and the taxpayer has
6 made the withholding required by subsection h. of this section.
7 Payment made to a homeowner, who is otherwise not a vendor
8 authorized to do business in New Jersey, for the use of a personal
9 residence for filming shall not be deemed a "qualified film
10 production expense" unless the taxpayer has made the withholding
11 required by subsection h. of this section. For the purposes of this
12 definition, wages and salaries of individuals employed in the
13 production of a film shall include deferred compensation, including
14 advances on deferred compensation, incurred by a New Jersey
15 studio partner, provided the New Jersey studio partner files a
16 supplemental report prepared by an independent certified public
17 accountant, pursuant to agreed-upon procedures prescribed by the
18 authority and the director, no later than four years after the date on
19 which the production concludes. Script costs written outside of
20 New Jersey shall constitute qualified film production expenses
21 notwithstanding that the tax imposed under the "New Jersey Gross
22 Income Tax Act," N.J.S.54A:1-1 et seq. was not withheld from
23 wages, salaries, or other compensation paid or incurred for the
24 writing of such script or scripts. ¹["The total amount of script costs,
25 including script purchases, that constitutes qualified film production
26 expenses incurred by a New Jersey film-lease production company
27 or a New Jersey studio partner shall be in addition to the amounts
28 paid to highly compensated individuals and the additional amounts
29 paid to highly compensated individuals.]" "Qualified film
30 production expenses" shall not include: expenses incurred in
31 marketing or advertising a film; expenses for a story, script, or
32 scenario to be used for a film, except that qualified film production
33 expenses may include script costs, including the cost of script
34 purchase, for a New Jersey studio partner or New Jersey film-lease
35 production company; and payment in excess of \$750,000 to a highly
36 compensated individual for wages or salaries or other compensation
37 for writers, directors, including music directors, producers, and
38 performers, other than background actors with no scripted lines,
39 except as follows:
40 (1) for a New Jersey studio partner that incurs less than
41 \$25,000,000 in qualified film production expenses in the State,
42 which shall be determined by including the additional amount
43 provided in this paragraph, in excess of amounts paid to highly
44 compensated individuals, an additional amount, not to exceed
45 \$18,000,000, of the wages or salaries or other compensation for
46 writers, directors, including music directors, producers, and
47 performers, other than background actors with no scripted lines,
48 shall constitute qualified film production expenses;

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

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

3 (4) (a) for a New Jersey studio partner that incurs \$25,000,000
4 or more in qualified film production expenses in the State, which
5 shall be determined by including the additional amount provided in
6 this paragraph, in excess of amounts paid to highly compensated
7 individuals, an additional amount, not to exceed \$72,000,000, of the
8 wages or salaries or other compensation for writers, directors,
9 including music directors, producers, and performers, other than
10 background actors with no scripted lines, shall constitute qualified
11 film production expenses; and

12 (b) for a New Jersey studio partner that incurs \$125,000,000 or
13 more in qualified film production expenses in the State, which shall
14 be determined by including the additional amount provided in this
15 paragraph, for the production of a film **'[that is a feature film]'**, the
16 following shall constitute qualified film production expenses:

17 (i) amounts in excess of the amounts paid to highly
18 compensated individuals, **[amounts paid for script costs, amounts**
19 **paid or incurred for deferred compensation, including advances on**
20 **deferred compensation,]** an additional amount, not to exceed
21 \$72,000,000, of the wages and salaries or other compensation for
22 writers, directors, including music directors, producers, and
23 performers, other than background actors with no scripted lines **[,**
24 **shall constitute qualified film production expenses];**

25 (ii) amounts paid for deferred compensation, including, but not
26 limited to, advances on deferred compensation; and

27 (iii) amounts paid for script costs;

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

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

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

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

5 “Reason outside the control” means an event or action related to
6 the production facility, which the New Jersey film-lease post-
7 production company, New Jersey film-lease production company,
8 or New Jersey studio partner occupies, beyond the approved
9 applicant’s control that occurred without its fault or negligence, and
10 for which the approved applicant has made good faith efforts to
11 prevent, avoid, mitigate, or overcome the event or action, provided
12 that the approved applicant proceeds in good faith and with due
13 diligence to fulfill its obligations pursuant to the Film and Digital
14 Media Tax Credit Program, to the extent possible. An event or
15 action that is a “reason outside the control” of an approved
16 applicant shall include, but shall not be limited to: the failure of an
17 approved applicant’s landlord to timely deliver a temporary or final
18 certificate of occupancy or operate the production facility, or the
19 landlord’s material breach of the production facility lease with the
20 approved applicant.

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

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

27 (cf: P.L.2025, c.81, s.2)

28
29 3. Section 4 of P.L.2018, c.56 (C.) (codified upon the
30 enactment of P.L. , c.) (pending before the Legislature as this
31 bill) is amended to read as follows:

32 4. a. A taxpayer, upon approval of an application to the
33 authority and the director, and subject to the provisions of section 6
34 of P.L.2025, c.81 (C.), shall be allowed a credit against the tax
35 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) or
36 under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et
37 seq., in an amount equal to four percent of the qualified film
38 production expenses or four percent of the digital media content
39 production expenses of the taxpayer during a privilege period or
40 taxable year commencing on or after July 1, 2018 but before July 1,
41 2049, provided that:

42 (1) the application is accompanied by a plan outlining specific
43 goals, which may include advertising and recruitment actions, for
44 hiring at least 25 percent of the employees working in New Jersey,
45 ¹including, but not limited to, extras, but¹ excluding independent
46 contractors, who are residents of an economically disadvantaged
47 area in the State, a distressed municipality as that term is defined in

1 section 55 of P.L.2020, c.156 (C.34:1B-323), or land owned by the
2 federal government on or before December 31, 2005;

3 (2) the director and the authority have approved the plan as
4 meeting the requirements established by ~~the director and the~~
5 ~~authority~~ this section; and

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

8 b. (Deleted by amendment, P.L.2025, c.81)

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

11 d. The application shall indicate whether the applicant intends
12 to participate in training, education, and recruitment programs that
13 are organized in cooperation with State colleges and universities,
14 labor organizations, ~~and the~~ or a motion picture industry
15 organization and are designed to promote and encourage the
16 training and hiring of New Jersey residents of an economically
17 disadvantaged area in the State, a distressed municipality as that
18 term is defined in section 55 of P.L.2020, c.156 (C.34:1B-323), or
19 land owned by the federal government on or before December 31,
20 2005.

21 e. ~~At~~ Notwithstanding any law, rule, or regulation to the
22 contrary, at¹ the election of the taxpayer, any taxpayer that has
23 satisfied the requirements of section 4 of P.L.2018, c.56, as
24 amended by section 4 of ~~P.L.2025, c.81~~ P.L.2024, c.33¹ ,
25 through the submission and approval of a diversity plan¹, provided
26 that the application was submitted to the authority no later than 30
27 days after the effective date of P.L. , c. (C.) (pending
28 before the Legislature as this bill), and the production commenced¹
29 no later than the effective date of P.L.2025, c.81, shall be allowed
30 an additional tax credit in the amount of two percent or four percent
31 of qualified film production expenses or qualified digital media
32 production expenses, pursuant to section 4 of P.L.2018, c.56, as
33 amended by section 4 of P.L.2024, c.33. ~~A taxpayer shall include~~
34 in the calculation of an additional tax credit pursuant to this
35 subsection only for qualified film production expenses or qualified
36 digital media production expenses incurred not later than the
37 effective date of P.L.2025, c.81.¹ Any additional tax credit
38 allowed pursuant to this subsection shall be allowed instead of, not
39 in addition to, an additional tax credit otherwise allowed pursuant to
40 this section.

41 f. Notwithstanding any provision of this section to the
42 contrary, a taxpayer that qualifies for an additional tax credit
43 pursuant to both section 5 of P.L.2025, c.81 (C.) and this
44 section shall be allowed in combination with a four percent
45 additional tax credit pursuant to section 5 of P.L.2025, c.81
46 (C.), an additional tax credit against the tax imposed pursuant
47 to section 5 of P.L.1945, c.162 (C.54:10A-5) or the "New Jersey

1 Gross Income Tax Act,” N.J.S.54A:1-1 et seq., in an amount equal
2 to one percent of the qualified film production expenses or qualified
3 digital media content production expenses of the taxpayer.

4 (cf: P.L.2025, c.81, s.3)

5
6 4. Section 5 of P.L.2025, c.81 (C.) (codified upon the
7 enactment of P.L. , c.) (pending before the Legislature as this
8 bill) is amended to read as follows:

9 5. A taxpayer that is a New Jersey studio partner or New Jersey
10 film-lease production company, upon approval of an application
11 submitted pursuant to P.L.2018, c.56 (C.54:10A-5.39b et al.) by the
12 authority and the director, and subject to the provisions of section 6
13 of P.L.2025, c.81 (C.), shall be allowed an additional tax credit
14 against the tax imposed pursuant to section 5 of P.L.1945, c.162
15 (C.54:10A-5) or the “New Jersey Gross Income Tax Act,”
16 N.J.S.54A:1-1 et seq. in an amount equal to four percent of the
17 qualified film production expenses or qualified digital media content
18 production expenses of the taxpayer incurred during a tax period
19 commencing on or after July 1, 2025 but before July 1, 2049,
20 provided that:

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

24 (1) the creation of a video at least three minutes in length of
25 publicly accessible locations in New Jersey used for the film, with
26 commentary on how and why each location was chosen, published
27 on the Internet website promoting the film or in another form and
28 manner approved by the authority. To receive credit for this
29 promotional criterion, a taxpayer shall provide a list of locations in
30 New Jersey used for the film and relevant footage for use by the
31 authority for promotional purposes;

32 (2) the creation of five public social media posts including
33 commentary on positive experiences at publicly accessible New
34 Jersey locations or positive experiences filming in the State. The
35 social media posts shall originate from an official account of the
36 taxpayer, the film, a leading actor or actress in the film, or as
37 otherwise permitted by the authority. To receive credit for this
38 promotional criterion, the taxpayer shall provide the Internet
39 website on which the post is publicly visible for use by the authority
40 for promotional purposes;

41 (3) the placement of a New Jersey promotional logo provided by
42 the authority for a two-second exposure, not displayed over content
43 or on a shared card, and displayed before the below-the-line crew
44 crawl and after contractual credit placement obligations;

45 (4) the film is set, at least in part, in New Jersey, and the State is
46 referenced in the film;

1 (5) support for a workforce development program established by
2 the taxpayer with a college, including a community college, an
3 apprentice program, or a university in this State, which program
4 includes direct training or employment opportunities on the film for
5 residents of this State;

6 (6) a film industry recruiting program established by the taxpayer
7 providing paid internships or entry-level employment opportunities
8 in film crew positions for State residents of an economically
9 disadvantaged area in the State, a distressed municipality as that
10 term is defined in section 55 of P.L.2020, c.156 (C.34:1B-323), or
11 land owned by the federal government on or before December 31,
12 2005;

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

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

21 b. the director and the authority have verified that the taxpayer
22 met the goals outlined in the plan submitted pursuant to paragraph
23 (1) of this subsection.

24 c. Notwithstanding any provision of this section to the contrary,
25 a taxpayer that qualifies for an additional tax credit pursuant to both
26 section 4 of P.L.2018, c.56 (C.) and this section shall be
27 allowed, in combination with an additional tax credit in an amount
28 not to exceed four percent of the qualified film production expenses
29 or qualified digital media content production expenses of the
30 taxpayer pursuant to section 4 of P.L.2018, c.56 (C.), an
31 additional tax credit against the tax imposed pursuant to section 5 of
32 P.L.1945, c.162 (C.54:10A:5) or the “New Jersey Gross Income
33 Tax Act,” N.J.S.54A:1-1 et seq. in an amount equal to one percent
34 of the qualified film production expenses or qualified digital media
35 content production expenses of the taxpayer.

36 (cf: P.L.2025, c.81, c.5)

37
38 5. Section 6 of P.L.2025, c.81 (C.) (codified upon the
39 enactment of P.L. , c.) (pending before the Legislature as this
40 bill) is amended to read as follows:

41 6. Notwithstanding any provision of P.L.2025, c.81 or any law,
42 rule, or regulation to the contrary:

43 a. any additional tax credits allowed pursuant to **the**
44 **amendatory and supplemental provisions of P.L.2025, c.81** **section**
45 **4 of P.L.2018, c.56 (C.) and section 5 of P.L.2025, c.81**
46 **(C.) shall not exceed an aggregate additional amount totaling**
47 **five percent of the qualified film production expenses or qualified**
48 **digital media content production expenses of the taxpayer incurred**

1 during a tax period commencing on or after July 1, 2025, but before
2 July 1, 2049, provided that this limitation shall only apply to the
3 additional tax ~~credit~~ credits allowed ~~for~~ hiring residents from
4 certain areas in the State pursuant to section 4 of P.L.2018, c.56,
5 as amended by section 3 of P.L.2025, c.81 (C._____) and ~~the~~
6 promotion of this State pursuant to section 5 of P.L.2025, c.81
7 (C.____); and

8 b. the total amount of tax credits allowed under "Garden State
9 Film and Digital Media Jobs Act," P.L.2018, c.56 (C.54:10A-5.39b
10 et al.), as amended and supplemented, shall not exceed an aggregate
11 additional amount totaling 45 percent of the qualified film
12 production expenses or qualified digital media content production
13 expenses of the taxpayer incurred during a tax period commencing
14 on or after July 1, 2025 but before July 1, 2049.

15 (cf: P.L.2025, c.81, s.6)

16
17 6. Section 89 of P.L.2020, c.156 (C.52:18A-263) is amended to
18 read as follows:

19 89. a. The Director of the Division of Taxation in the Department
20 of the Treasury may purchase unused tax credits awarded under a
21 program listed in paragraphs (1) through (5) or paragraphs (7)
22 through ~~'(12)'~~ (10)¹ of subsection b. of this section and shall
23 purchase unused tax credits awarded under a program listed in
24 paragraphs (6), (13), and (14) of subsection b. of this section,
25 including tax credit transfer certificates issued by the director in
26 lieu of a tax credit allowed under such programs. The director shall
27 not pay consideration in excess of 75 percent of the credit amount
28 to be purchased, except for a credit awarded under:

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

33 (2) the "New Jersey Aspire Program Act," sections 54 through
34 67 of P.L.2020, c.156 (C.34:1B-322 through C.34:1B-335), as
35 amended and supplemented, for which the director shall pay an
36 amount equal to 85 percent of the credit amount, provided that the
37 issuance date of the tax credit certificate or tax credit transfer
38 certificate to the developer or the holder of such certificate occurred
39 at least one year prior to the date of application to the director, and
40 further provided that, if the application to the director is submitted
41 after the sixth year of the eligibility period, the amount in excess of
42 the reasonable and appropriate rate of return on investment that the
43 developer is required to pay pursuant to subsection c. of section 60
44 of P.L.2020, c.156 (C.34:1B-328) shall increase to 50 percent;

45 (3) the "Cultural Arts Incentives Program Act," P.L.2023, c.197
46 (C.34:1B-383 et al.), for which the director shall pay an amount
47 equal to 85 percent of the credit amount, provided that the issuance

1 date of the tax credit certificate or tax credit transfer certificate to
2 the developer or the holder of such certificate occurred at least one
3 year prior to the date of application to the director; or

4 (4) the "Garden State Film and Digital Media Jobs Act,"
5 P.L.2018, c.56 (C.54:10A-5.39b et al.), for which the director shall
6 pay an amount equal to 95 percent of the credit amount for any
7 original application approved by the authority on or after January 1,
8 2026, provided that the issuance date of the tax credit certificate or
9 tax credit transfer certificate to the taxpayer, which taxpayer is a
10 New Jersey studio partner or the holder of such certificate originally
11 issued to a New Jersey studio partner, occurred at least one year
12 prior to the date of application to the director and provided that the
13 director shall purchase such certificates valued at no more than a
14 cumulative amount of \$80,000,000 in State fiscal year 2026,
15 \$160,000,000 in State fiscal year 2027, \$240,000,000 in State fiscal
16 year 2028, and \$200,000,000 in each State fiscal year thereafter,
17 subject to the conditions in this paragraph. If an application to the
18 director for the purchase of tax credits otherwise qualifies pursuant
19 to this paragraph, but the value of tax credits for which the director
20 receives applications exceeds the maximum cumulative amount for
21 the State fiscal year in which the application is made, the director
22 shall purchase the remaining tax credits in the State fiscal year next
23 following the State fiscal year in which the application is made,
24 provided that the director shall not purchase a cumulative amount
25 above the maximum cumulative amount for the respective State
26 fiscal year. No payments shall be made pursuant to this paragraph
27 unless the following conditions are met: full funding is provided
28 for the fiscal year to satisfy the requirement in Article VIII, Section
29 IV, paragraph 1 of the New Jersey Constitution that the Legislature
30 provide for the maintenance and support of a thorough and efficient
31 system of free public schools for the instruction of children in the
32 State between the ages of five and 18 years; full payment of the
33 contributions required by law for the fiscal year is made to the
34 State-administered retirement systems; and the annual
35 appropriations act for the State fiscal year maintains a budgetary
36 surplus [of no less than 12 percent of total appropriations from the
37 General Fund and the Property Tax Relief Fund].

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

41 (1) the "Historic Property Reinvestment Act," sections 2 through
42 8 of P.L.2020, c.156 (C.34:1B-270 through 34:1B-276);

43 (2) the "Brownfield Redevelopment Incentive Program Act,"
44 sections 9 through 19 of P.L.2020, c.156 (C.34:1B-277 through
45 34:1B-287);

46 (3) the "New Jersey Innovation Evergreen Act," sections 20
47 through 34 of P.L.2020, c.156 (C.34:1B-288 through 34:1B-302);

(4) the "Food Desert Relief Act," sections 35 through 42 of P.L.2020, c.156 (C.34:1B-303 through 34:1B-310);

(5) (Deleted by amendment, P.L.2025, c.127)

(6) the "New Jersey Aspire Program Act," sections 54 through 67 of P.L.2020, c.156 (C.34:1B-322 through 34:1B-335);

(7) the "Emerge Program Act," sections 68 through 81 of P.L.2020, c.156 (C.34:1B-336 et al.);

(8) the Grow New Jersey Assistance Program established pursuant to section 3 of P.L.2011, c.149 (C.34:1B-244);

(9) section 6 of P.L.2010, c.57 (C.34:1B-209.4);

(10) the State Economic Redevelopment and Growth Grant program established pursuant to section 5 of P.L.2009, c.90 (C.52:27D-489e);

(11) **section 1 of P.L.2018, c.56 (C.54:10A-5.39b);** (Deleted by amendment, P.L. , c.) (pending before the Legislature as this bill)

(12) **section 2 of P.L.2018, c.56 (C.54A:4-12b);** (Deleted by amendment, P.L. , c.) (pending before the Legislature as this bill)

(13) the "Cultural Arts Incentives Program Act," P.L.2023, c.197 (C.34:1B-383 et al.);

(14) the "Garden State Film and Digital Media Jobs Act," P.L.2018, c.56 (C.54:10A-5.39b et al.); and

(15) sections 3 through 7 of P.L.2025, c.111 (C.55:14K-106 through 55:14K-110).

(cf: P.L.2025, c.127, s.11)

7. (New section) Notwithstanding the provisions of the "Administrative Procedure Act," P.L.1968, c.410 (C.54:14B-1 et seq.) to the contrary, the New Jersey Economic Development Authority may adopt, immediately upon filing with the Office of Administrative Law, such rules and regulations as the authority deems necessary to implement the provisions of P.L. , c. (pending before the Legislature as this bill), which regulations shall be effective for a period not to exceed 180 days from the date of filing. Thereafter, the agency shall amend, adopt, or readopt the regulations in accordance with the requirements of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.)

8. This act shall take effect immediately ¹and shall apply retroactively to: any designation approved after the effective date of P.L.2020, c.156 (C.34:1B-269 et al.); and any application pursuant to P.L.2018, c.56 (C.54:10A-5.39b et al), as amended and supplemented, for which tax credits have not yet been issued after the adoption of P.L.2025, c.81 but prior to the effective date of this act¹.

1 _____
2
3 Modifies certain requirements of film and digital media content
4 production tax credit program; modifies criteria for purchase of
5 certain tax credit transfer certificates by Division of Taxation.