

Expanded film, TV tax credit program to get full floor vote next week

Daniel J. Munoz | January 10, 2020



Gov. Phil Murphy highlights N.J.'s Film and Digital Media Tax Credit on Oct. 5, 2018, in Cresskill. — EDWIN J. TORRES/GOVERNOR'S OFFICE

Lawmakers are moving forward with an expansion to New Jersey's popular film and television tax credit program, after it received approval from a Senate committee Jan. 9 and an Assembly committee in November.

Senate Bill 3842 increases the annual cap on tax breaks for television and film projects from \$75 million to \$100 million a year, and extends it for five more years to expire in 2029.

The digital media tax breaks will still be set at \$10 million a year.

Recent amendments allow for the New Jersey Economic Development Authority to carry over up to \$50 million of unused tax credits from the previous year into the new year. Both the

Senate and Assembly versions are scheduled for votes Monday.

Gov. Phil Murphy pushed for an expansion of the program after the EDA revealed that demand for tax credits outstripped supply, with more production companies applying than there were dollars available.

According to the Office of Legislative Services, the expanded incentive could cost the state \$700 million over the life of the program, up from the original \$425 million, if the legislation is approved.

That is because the program lacks a net benefits test – a formula the EDA employs to determine how the money spent on an incentive used to lure a business to New Jersey would be exceeded by the dollar amount of economic activity. The OLS indicated that an “indeterminate” amount of revenue would be generated for the state as a result of the credits, but pointed out that local governments would likely see financial benefit.

According to the National Conference of State Legislatures, 13 states have ended their film tax credit programs since 2009, citing questionable levels of economic benefit for the state.

“The payback is immediate,” Murphy countered at an October event at Rowan University. “This comes to town, the circus comes to town ... and you get immediate payback.”

Several prominent productions were recently filmed in the state after receiving incentives, such as *Wrestlemania 35*, WB Studio Enterprises Inc.'s film “*Joker*,” which was shot partly in Newark; and Steven Spielberg's remake of “*West Side Story*,” which is being produced in Paterson. ■