
A BILL FOR AN ACT

RELATING TO TAXATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to amend Hawaii tax
2 law to institute improvements and equity amongst taxpayers.
3 This Act accomplishes this through revisiting tax policies as
4 they relate to tax exclusions, exemptions, deductions, and rates
5 of particular individuals and businesses that have enjoyed tax
6 benefits that are unwarranted today in light of the State's
7 current budget crisis.

8 This Act also acknowledges that certain provisions of
9 Hawaii's income tax system are inherently unfair. As such, this
10 Act also provides taxpayers with long overdue relief in the form
11 of indexing income tax amounts for inflation.

12 PART I. INDEXING FOR INFLATION

13 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
14 amended by adding a new section to be appropriately designated
15 and to read as follows:

16 "§235-A Annual adjustments for inflation. (a) The
17 following dollar amounts in this chapter shall be multiplied by
18 the cost-of-living adjustment for the calendar year:

- 1 (1) The standard deduction amounts provided in section
2 235-2.4(a);
- 3 (2) The minimum and maximum taxable income rate bracket
4 dollar amounts provided in sections 235-51(a), (b), and
5 (c); provided that the tax rate applicable to each
6 income bracket may not be changed; and
- 7 (3) Every personal exemption multiplier amount provided in
8 section 235-54, except for the multiplier amount in
9 subsection (b).

10 If any of the dollar amounts, as adjusted, are not multiples of
11 \$50, any increase must be rounded to the nearest \$50. If the
12 cost-of-living adjustment for any taxable year is 1.000 or less,
13 no adjustment shall be made for that taxable year.

14 (b) As used in this section:

15 "Consumer price index" means the average over a twelve-
16 month period of the National Consumer Price Index, not
17 seasonably adjusted, published monthly by the Bureau of Labor
18 Statistics, United States Department of Labor, designated as the
19 "National Consumer Price Index for All Urban Consumers-United
20 States City Average."

21 "Cost-of-living adjustment" means the consumer price index
22 for the twelve-month period ending June 30 of the preceding

1 calendar year divided by the consumer price index for the
2 twelve-month period ending June 30, 2009."

3 PART II. TAXATION OF PENSION INCOME

4 SECTION 3. Chapter 235, Hawaii Revised Statutes, is
5 amended by adding a new section to be appropriately designated
6 and to read as follows:

7 "**§235-B Taxation of pension income.** For taxable years
8 beginning after December 31, 2010, sections 88-91, 235-7(a)(2),
9 and 235-7(a)(3) shall only apply to taxpayers with federal
10 adjusted gross income of:

- 11 (1) Less than \$37,500 for a taxpayer filing a single return
12 or a married person filing separately;
13 (2) Less than \$56,250 for a taxpayer filing as a head of
14 household or surviving spouse; or
15 (3) Less than \$75,000 for a taxpayer filing a joint
16 return."

17 SECTION 4. Section 88-91, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "**§88-91 Exemption from taxation and execution.** The right
20 of a person to a pension, an annuity or a retirement allowance,
21 to the return of contributions, the pension, annuity or
22 retirement allowance itself, any optional benefit or death

1 benefit, any other right accrued or accruing to any person under
2 this part and the moneys in the various funds created under this
3 part are exempted from any tax of the State, subject to the
4 limitations contained in section 235-B; and, except as in
5 section 88-92 provided, shall not be subject to execution,
6 garnishment or any other process and shall be unassignable
7 except as in this part specifically provided."

8 SECTION 5. Section 235-7, Hawaii Revised Statutes, is
9 amended by amending subsection (a) to read as follows:

10 "(a) There shall be excluded from gross income, adjusted
11 gross income, and taxable income:

12 (1) Income not subject to taxation by the State under the
13 Constitution and laws of the United States;

14 (2) Rights, benefits, and other income exempted from
15 taxation by section 88-91, having to do with the state
16 retirement system, and the rights, benefits, and other
17 income, comparable to the rights, benefits, and other
18 income exempted by section 88-91, under any other
19 public retirement [~~system;~~] system, subject to the
20 limitations contained in section 235-B;

- 1 (3) Any compensation received in the form of a pension for
2 past [~~services,~~] services, subject to the limitations
3 contained in section 235-B;
- 4 (4) Compensation paid to a patient affected with Hansen's
5 disease employed by the State or the United States in
6 any hospital, settlement, or place for the treatment
7 of Hansen's disease;
- 8 (5) Except as otherwise expressly provided, payments made
9 by the United States or this State, under an act of
10 Congress or a law of this State, which by express
11 provision or administrative regulation or
12 interpretation are exempt from both the normal and
13 surtaxes of the United States, even though not so
14 exempted by the Internal Revenue Code itself;
- 15 (6) Any income expressly exempted or excluded from the
16 measure of the tax imposed by this chapter by any
17 other law of the State, it being the intent of this
18 chapter not to repeal or supersede any express
19 exemption or exclusion;
- 20 (7) Income received by each member of the reserve
21 components of the Army, Navy, Air Force, Marine Corps,
22 or Coast Guard of the United States of America, and

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1 the Hawaii national guard as compensation for
2 performance of duty, equivalent to pay received for
3 forty-eight drills (equivalent of twelve weekends) and
4 fifteen days of annual duty, at an:

5 (A) E-1 pay grade after eight years of service;
6 provided that this subparagraph shall apply to
7 taxable years beginning after December 31, 2004;

8 (B) E-2 pay grade after eight years of service;
9 provided that this subparagraph shall apply to
10 taxable years beginning after December 31, 2005;

11 (C) E-3 pay grade after eight years of service;
12 provided that this subparagraph shall apply to
13 taxable years beginning after December 31, 2006;

14 (D) E-4 pay grade after eight years of service;
15 provided that this subparagraph shall apply to
16 taxable years beginning after December 31, 2007;
17 and

18 (E) E-5 pay grade after eight years of service;
19 provided that this subparagraph shall apply to
20 taxable years beginning after December 31, 2008;

21 (8) Income derived from the operation of ships or aircraft
22 if the income is exempt under the Internal Revenue

- 1 Code pursuant to the provisions of an income tax
2 treaty or agreement entered into by and between the
3 United States and a foreign country; provided that the
4 tax laws of the local governments of that country
5 reciprocally exempt from the application of all of
6 their net income taxes, the income derived from the
7 operation of ships or aircraft that are documented or
8 registered under the laws of the United States;
- 9 (9) The value of legal services provided by a prepaid
10 legal service plan to a taxpayer, the taxpayer's
11 spouse, and the taxpayer's dependents;
- 12 (10) Amounts paid, directly or indirectly, by a prepaid
13 legal service plan to a taxpayer as payment or
14 reimbursement for the provision of legal services to
15 the taxpayer, the taxpayer's spouse, and the
16 taxpayer's dependents;
- 17 (11) Contributions by an employer to a prepaid legal
18 service plan for compensation (through insurance or
19 otherwise) to the employer's employees for the costs
20 of legal services incurred by the employer's
21 employees, their spouses, and their dependents;

1 (12) Amounts received in the form of a monthly surcharge by
2 a utility acting on behalf of an affected utility
3 under section 269-16.3 shall not be gross income,
4 adjusted gross income, or taxable income for the
5 acting utility under this chapter. Any amounts
6 retained by the acting utility for collection or other
7 costs shall not be included in this exemption; and

8 (13) One hundred per cent of the gain realized by a fee
9 simple owner from the sale of a leased fee interest in
10 units within a condominium project, cooperative
11 project, or planned unit development to the
12 association of owners under chapter 514A or 514B, or
13 the residential cooperative corporation of the
14 leasehold units.

15 For purposes of this paragraph:

16 "Fee simple owner" shall have the same meaning as
17 provided under section 516-1; provided that it shall
18 include legal and equitable owners;

19 "Legal and equitable owner", and "leased fee
20 interest" shall have the same meanings as provided
21 under section 516-1; and

1 "Condominium project" and "cooperative project"
 2 shall have the same meanings as provided under section
 3 514C-1."

4 III. OTHER DEDUCTIONS AND EXCLUSIONS

5 SECTION 6. Section 235-2.4, Hawaii Revised Statutes, is
 6 amended by amending subsection (h) to read as follows:

7 "(h) Section 164 (with respect to taxes) of the Internal
 8 Revenue Code shall be operative for the purposes of this
 9 chapter, except that sections 164(a)(6) and 164(b)(6) shall not
 10 be operative for the purposes of this [~~chapter.~~] chapter;
 11 provided that amounts allowed as a deduction under sections
 12 164(a)(3) and 164(b)(5), shall be reduced as follows:

13 (1) For a taxpayer filing a single return or a married person
 14 filing separately, the deduction shall be reduced in
 15 accordance with the following table:

<u>If federal adjusted</u>	<u>The reduction shall be:</u>
<u>gross income is:</u>	
<u>Less than \$75,000</u>	<u>50 per cent for taxable years</u> <u>beginning after December 31, 2010;</u>
	<u>75 per cent for taxable years</u> <u>beginning after December 31, 2011;</u>

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1 100 per cent for taxable years
2 beginning after December 31, 2012.
3 \$75,000 and over 100 per cent for taxable years
4 beginning after December 31, 2010.

5 (2) For a taxpayer filing as a head of household or surviving
6 spouse, the deduction shall be reduced in accordance with
7 the following table:

8 <u>If federal adjusted</u>	<u>The reduction shall be:</u>
9 <u>gross income is:</u>	
10 <u>Less than \$112,500</u>	<u>50 per cent for taxable years</u> 11 <u>beginning after December 31, 2010;</u> 12 <u>75 per cent for taxable years</u> 13 <u>beginning after December 31, 2011;</u> 14 <u>100 per cent for taxable years</u> 15 <u>beginning after December 31, 2012.</u>
16 <u>\$112,500 and over</u>	<u>100 per cent for taxable years</u> 17 <u>beginning after December 31, 2010.</u>

18 (3) For a taxpayer filing a joint return, the deduction shall
19 be reduced in accordance with the following table:

20 <u>If federal adjusted</u>	<u>The reduction shall be:</u>
21 <u>gross income is:</u>	

1	<u>Less than \$150,000</u>	<u>50 per cent for taxable years</u>
2		<u>beginning after December 31, 2010;</u>
3		<u>75 per cent for taxable years</u>
4		<u>beginning after December 31, 2011;</u>
5		<u>100 per cent for taxable years</u>
6		<u>beginning after December 31, 2012.</u>
7	<u>\$150,000 and over</u>	<u>100 per cent for taxable years</u>
8		<u>beginning after December 31, 2010."</u>

9 SECTION 7. Section 235-7.3, Hawaii Revised Statutes, is
10 amended to read as follows:

11 **"§235-7.3 Royalties derived from patents, copyrights, or**
12 **trade secrets excluded from gross income.** (a) In addition to
13 the exclusions in section 235-7, there shall be excluded from
14 gross income, adjusted gross income, and taxable income, amounts
15 received by an individual or a qualified high technology
16 business as royalties and other income derived from any patents,
17 copyrights, and trade secrets:

18 (1) Owned by the individual or qualified high technology
19 business; and

20 (2) Developed and arising out of a qualified high
21 technology business.

1 ~~[(b) With respect to performing arts products, this~~
2 ~~exclusion shall extend to:~~

3 ~~(1) The authors of performing arts products, or any parts~~
4 ~~thereof, without regard to the application of the~~
5 ~~work-for-hire doctrine under United States copyright~~
6 ~~law;~~

7 ~~(2) The authors of performing arts products, or any parts~~
8 ~~thereof, under the work-for-hire doctrine under United~~
9 ~~States copyright law; and~~

10 ~~(3) The assignors, licensors, and licensees of any~~
11 ~~copyright rights in performing arts products, or any~~
12 ~~parts thereof.]~~

13 ~~[(e)]~~ (b) For the purposes of this section:

14 "Performing arts products" means:

15 (1) Audio files, video files, audiovideo files, computer
16 animation, and other entertainment products perceived
17 by or through the operation of a computer; and

18 (2) Commercial television and film products for sale or
19 license, and reuse or residual fee payments from these
20 products.

1 "Qualified high technology business" means a business that
2 conducts more than fifty per cent of its activities in qualified
3 [~~research.~~] research in Hawaii.

4 "Qualified research" means:

5 (1) The same as in section 41(d) of the Internal Revenue
6 Code;

7 (2) The development and design of computer software for
8 ultimate commercial sale, lease, license or to be
9 otherwise marketed, for economic consideration. With
10 respect to the software's development and design, the
11 business shall have substantial control and retain
12 substantial rights to the resulting intellectual
13 property;

14 (3) Biotechnology;

15 (4) Performing arts products;

16 (5) Sensor and optic technologies;

17 (6) Ocean sciences;

18 (7) Astronomy; or

19 (8) Nonfossil fuel energy-related technology."
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1 PART IV. TAXATION OF TRANSIENT ACCOMMODATIONS AND OCCUPANCY

2 SECTION 8. Section 237D-1, Hawaii Revised Statutes, is
3 amended by amending the definition of "fair market rental value"
4 to read as follows:

5 ""Fair market rental value" means an amount equal to [~~one-~~
6 ~~half~~] one hundred and fifty (150) per cent of the gross daily
7 maintenance fees that are paid by the owner, are attributable to
8 the time share unit, and include maintenance costs, operational
9 costs, insurance, repair costs, administrative costs, taxes,
10 other than transient accommodations taxes, and other costs
11 including payments required for reserves or sinking funds. The
12 taxpayer shall use gross daily maintenance fees, unless the
13 taxpayer proves or the director determines that the gross daily
14 maintenance fees do not fairly represent fair market rental
15 value taking into account comparable transient accommodation
16 rentals or other appraisal methods."

17 SECTION 9. Section 237D-2, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "**§237D-2 Imposition and rates.** (a) There is levied and
20 shall be assessed and collected each month a tax of:

21 (1) Five per cent for the period beginning on January
22 1, 1987, to June 30, 1994;

- 1 (2) Six per cent for the period beginning July 1,
2 1994, to December 31, 1998; and
3 (3) 7.25 per cent for the period beginning on January
4 1, 1999, and thereafter;

5 on the gross rental or gross rental proceeds derived from
6 furnishing transient accommodations.

7 (b) There is levied and shall be assessed and collected
8 each month an additional:

- 9 (1) One per cent for the period beginning July 1,
10 2009, to June 30, 2010; and

- 11 (2) Two per cent for the period beginning July 1,
12 2010, to June 30, 2015;

13 on the gross rental or gross rental proceeds derived from
14 furnishing transient accommodations. The rate levied and
15 assessed under this subsection shall be additional to the rate
16 levied and assessed under section 237D-2(a)(3).

17 (c) Every operator shall pay to the State the tax imposed
18 by subsections (a) and (b) as provided in this chapter.

19 (d) There is levied and shall be assessed and collected
20 each month on the occupant of a resort time share vacation unit,
21 a transient accommodations tax of 7.25 per cent on the fair
22 market rental value.

1 (e) There is levied and shall be assessed and collected
2 each month on the occupant of a resort time share unit, an
3 additional two per cent for the period beginning January 1, 2012
4 to June 30, 2015 on the fair market rental value. The rate
5 levied and assessed under this subsection shall be additional to
6 the rate levied and assessed under section 237D-2(d).

7 [~~e~~](f) Every plan manager shall be liable for and pay to
8 the State the transient accommodations tax imposed by subsection
9 (d) and (e) as provided in this chapter. Every resort time
10 share vacation plan shall be represented by a plan manager who
11 shall be subject to this chapter."

12 SECTION 10. Section 237D-6.5, Hawaii Revised Statutes, is
13 amended by amending subsection (b) to read as follows:

14 "(b) Revenues collected under this chapter, except for
15 revenues collected under section 237D-2(b), shall be distributed
16 as follows, with the excess revenues to be deposited into the
17 general fund:

18 (1) 17.3 per cent of the revenues collected under this
19 chapter shall be deposited into the convention center
20 enterprise special fund established under section
21 201B-8; provided that beginning January 1, 2002, if
22 the amount of the revenue collected under this

1 paragraph exceeds \$33,000,000 in any calendar year,
2 revenues collected in excess of \$33,000,000 shall be
3 deposited into the general fund;

4 (2) 34.2 per cent of the revenues collected under this
5 chapter shall be deposited into the tourism special
6 fund established under section 201B-11 for tourism
7 promotion and visitor industry research; provided that
8 beginning on July 1, 2002, of the first \$1,000,000 in
9 revenues deposited:

10 (A) Ninety per cent shall be deposited into the state
11 parks special fund established in section 184-3.4;
12 and

13 (B) Ten per cent shall be deposited into the special
14 land and development fund established in section
15 171-19 for the Hawaii statewide trail and access
16 program;

17 provided that of the 34.2 per cent, 0.5 per cent shall
18 be transferred to a sub-account in the tourism special
19 fund to provide funding for a safety and security
20 budget, in accordance with the Hawaii tourism
21 strategic plan 2005-2015; provided further that of the
22 revenues remaining in the tourism special fund after

1 revenues have been deposited as provided in this
2 paragraph and except for any sum authorized by the
3 legislature for expenditure from revenues subject to
4 this paragraph, beginning July 1, 2007, funds shall be
5 deposited into the tourism emergency trust fund,
6 established in section 201B-10, in a manner sufficient
7 to maintain a fund balance of \$5,000,000 in the
8 tourism emergency trust fund; and

- 9 (3) 44.8 per cent of the revenues collected under this
10 chapter shall be transferred as follows: Kauai county
11 shall receive 14.5 per cent, Hawaii county shall
12 receive 18.6 per cent, city and county of Honolulu
13 shall receive 44.1 per cent, and Maui county shall
14 receive 22.8 per cent.

15 Revenues collected under section 237D-2(b) and section
16 237D-2(e) shall be deposited into the general fund. All
17 transient accommodations taxes shall be paid into the state
18 treasury each month within ten days after collection and shall
19 be kept by the state director of finance in special accounts for
20 distribution as provided in this subsection."

21 SECTION 11. Statutory material to be repealed is bracketed
22 and stricken. New statutory material is underscored.

1 SECTION 12. This Act shall take effect on approval;
2 provided that:

3 (1) Parts I through III of this Act shall apply to taxable
4 years beginning after December 31, 2010;

5 (2) Section 8 of this Act shall apply to fair market
6 rental value attributable to timeshare occupants on or
7 after July 1, 2011; and

8 (3) Section 9 of this Act shall apply to fair market
9 rental value attributable to timeshare occupants on or
10 after January 1, 2012.

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INTRODUCED BY: _____

Calvin K. Perry

BY REQUEST

JAN 24 2011

Report Title:

Taxation; Tax Improvement

Description:

Makes various amendments to the tax laws including indexing income tax amounts for inflation; excluding pension income from income tax only for certain persons; eliminating the deduction for state income taxes paid; eliminating the income tax exclusion for certain persons involved in copyrights; and modifying the tax rate on timeshare occupants and modifying the tax base upon which these persons are taxed.

JUSTIFICATION SHEET

DEPARTMENT: Taxation.

TITLE: A BILL FOR AN ACT RELATING TO TAXATION.

PURPOSE: To institute improvements and equity in Hawaii's tax system by making amendments to the income tax and transient accommodations tax laws.

MEANS: Add two new sections to chapter 235, Hawaii Revised Statutes (HRS); amend sections 88-91, 235-2.4(h), 235-7(a), 235-7.3, 237D-1, 237D-2, and 237D-6.5(b), HRS.

JUSTIFICATION: The purpose of this measure is to amend Hawaii tax law to institute improvements and equity amongst taxpayers, especially in light of the State's current budget crisis. This measure accomplishes this by revisiting tax policies as they relate to tax exclusions, exemptions, deductions, and rates of individuals and businesses that have enjoyed tax benefits that are unwarranted today. This measure also implements the fundamentally fair tax policy of indexing income tax amounts for inflation.

This measure makes the following amendments:

INDEXING INCOME TAX AMOUNTS FOR INFLATION

By requiring the Director of Taxation to annually adjust the standard deduction, income tax brackets, and the personal exemption in response to the US Department of Labor's Consumer Price Index, Hawaii taxpayers will no longer be victims of "bracket creep." Bracket creep is the concept that, as people naturally earn more in response to inflation, they are pushed into higher tax brackets while the spending

power of that money remains the same. By adjusting critical amounts in the income tax law, taxpayers will be relieved of the increase in tax on income that is received to maintain the value of a dollar. Without such adjustments, the government receives a windfall of tax revenue as its taxpayers earn more just to maintain their current spending power. This bill adopts a recommendation of the 2005-2007 Tax Review Commission.

REPEALING THE DEDUCTION FOR STATE INCOME TAXES PAID

This measure proposes to eliminate an unwarranted and cyclical deduction contained in Hawaii income tax law. Currently, taxpayers are allowed to deduct for state tax purposes, the state taxes paid. This deduction is counterintuitive tax policy because it is irrational to allow a deduction for taxes owed to the same source that is allowing the deduction.

Note that for federal tax purposes, only certain taxes paid other than federal income taxes are deductible. There is no deduction allowed under federal income tax law for federal income tax paid.

To ease the burden on taxpayers who have relied upon this deduction, this measure phases-out the repeal of the deduction for the middle class and lower-income earners.

CAPPING THE INCOME TAX EXEMPTION ON EMPLOYER-FUNDED PENSION INCOME

This measure also proposes to cap the amount of employer-funded pension income that is exempt from income tax. Under current law, government retirees and certain employer-funded pension income is entirely exempt from state taxation. This measure adopts a policy position similar to that of the 2005-2007 Tax Review Commission by taxing pension

income of persons earning over a certain amount.

MODIFYING THE INCOME TAX EXCLUSION ON
CERTAIN ROYALTY INCOME

This measure eliminates the extension of the royalties exclusion to certain persons involved in performing arts products. Under current law, actors and musicians who ordinarily transfer all or part of their copyrights to production companies or music labels pay no income tax. This measure modifies the law to ensure that actors and musicians pay their fair share of tax like all other workers in Hawaii. In light of the State's current deficit concerns, treating actors and musicians differently than other taxpayers is unwarranted.

Furthermore, under current law, there is no requirement that the person enjoying the royalty exclusion (whether from patents, copyrights, or trade secrets) have any connection to Hawaii. This measure amends the law by requiring that the qualified high technology business that owns and develops the intellectual property excluded under section 235-7.3, HRS, have at least 50 percent of its qualified research activity occurring in Hawaii.

This amendment also affects section 235-9.5, HRS, which exempts income earned from holding stock in a qualified high technology business, such as dividends or capital gain on the sale of the stock, because section 235-9.5, HRS, cross references to section 235-7.3, HRS, for the definition of "qualified high technology business."

AMENDING THE TRANSIENT ACCOMMODATIONS TAX
BASE FOR TIMESHARE OWNERS

This measure also amends the transient accommodations tax as it relates to timeshare owners. Under current law,

timeshare owners are taxed at a rate of one-half of gross daily maintenance fees that are paid by a timeshare owner. In a recent study conducted by local economists, it was concluded that the transient accommodations tax base for timeshare owners needed to be increased by three-times its current rate to reflect the corresponding tax paid by hotel occupants. As such, this measure adopts the recommendation of the local economists and increases the tax base from one-half of gross daily maintenance fees to one hundred and fifty (15) percent of gross daily maintenance fees.

INCREASING THE TRANSIENT ACCOMMODATIONS TAX RATE FOR TIMESHARE OWNERS

In 2009, the transient accommodations tax was increased by one per cent per year for two consecutive years. This increase; however, only applied to hotels. The increased rates did not apply to timeshare owners. This measure amends the tax rate for timeshare owners to conform to the 2009 rate increases experienced by hotels.

This measure also dedicates the increase in tax revenues as a result of the rate increase to the general fund.

Impact on the public: All taxpayers will enjoy tax relief from indexed income tax amounts. Only certain pensioners will have their pension income excluded. Taxpayers that itemize deductions will lose the benefit of the deduction for state income taxes paid. Actors, musicians, and other performing artists will no longer enjoy an income tax exclusion for transferred copyrights. Timeshare owners will experience an increase in the transient accommodations tax base and tax rate.

Impact on the department and other agencies:
The Department of Taxation is responsible

for administering the amendments in this measure.

GENERAL FUND: Revenue gains as follows:

FY 2012: \$205.0 million
FY 2013: \$225.0 million
FY 2014: \$240.4 million
FY 2015: \$240.4 million

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: Not applicable.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval; provided that amendments to the income tax law apply to taxable years beginning after December 31, 2010; provided further that the transient accommodations tax base increase applies to fair market rental value attributable to timeshare occupants on or after July 1, 2011 and the increase in the transient accommodations tax rate applies to fair market rental value attributable to timeshare occupants on or after January 1, 2012.