



94TH GENERAL ASSEMBLY
State of Illinois
2005 and 2006
HB1570

Introduced 2/14/2005, by Rep. Barbara Flynn Currie

SYNOPSIS AS INTRODUCED:

35 ILCS 405/2
35 ILCS 405/3

from Ch. 120, par. 405A-2
from Ch. 120, par. 405A-3

Amends the Illinois Estate and Generation-Skipping Transfer Tax Act. Provides that in calculating the amount of the tax for persons dying on or after January 1, 2003, the "state tax credit" is reduced proportionately for the value of property not having a tax situs in Illinois (now, the lesser of that amount or the amount the state tax credit paid to any other states). Provides that for persons dying on or after January 1, 2005, in calculating the "state tax credit" the gross and taxable estates are not reduced for any amount of state death tax deduction. Effective immediately.

LRB094 06099 RSP 36162 b

FISCAL NOTE ACT
MAY APPLY

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Estate and Generation-Skipping
5 Transfer Tax Act is amended by changing Sections 2 and 3 as
6 follows:

7 (35 ILCS 405/2) (from Ch. 120, par. 405A-2)

8 Sec. 2. Definitions.

9 "Federal estate tax" means the tax due to the United States
10 with respect to a taxable transfer under Chapter 11 of the
11 Internal Revenue Code.

12 "Federal generation-skipping transfer tax" means the tax
13 due to the United States with respect to a taxable transfer
14 under Chapter 13 of the Internal Revenue Code.

15 "Federal return" means the federal estate tax return with
16 respect to the federal estate tax and means the federal
17 generation-skipping transfer tax return with respect to the
18 federal generation-skipping transfer tax.

19 "Federal transfer tax" means the federal estate tax or the
20 federal generation-skipping transfer tax.

21 "Illinois estate tax" means the tax due to this State with
22 respect to a taxable transfer.

23 "Illinois generation-skipping transfer tax" means the tax
24 due to this State with respect to a taxable transfer that gives
25 rise to a federal generation-skipping transfer tax.

26 "Illinois transfer tax" means the Illinois estate tax or
27 the Illinois generation-skipping transfer tax.

28 "Internal Revenue Code" means, unless otherwise provided,
29 the Internal Revenue Code of 1986, as amended from time to
30 time.

31 "Non-resident trust" means a trust that is not a resident
32 of this State for purposes of the Illinois Income Tax Act, as

1 amended from time to time.

2 "Person" means and includes any individual, trust, estate,
3 partnership, association, company or corporation.

4 "Qualified heir" means a qualified heir as defined in
5 Section 2032A(e) (1) of the Internal Revenue Code.

6 "Resident trust" means a trust that is a resident of this
7 State for purposes of the Illinois Income Tax Act, as amended
8 from time to time.

9 "State" means any state, territory or possession of the
10 United States and the District of Columbia.

11 "State tax credit" means:

12 (a) For persons dying on or after January 1, 2003 and
13 through December 31, 2005, an amount equal to the full credit
14 calculable under Section 2011 or Section 2604 of the Internal
15 Revenue Code as the credit would have been computed and allowed
16 under the Internal Revenue Code as in effect on December 31,
17 2001, without the reduction in the State Death Tax Credit as
18 provided in Section 2011(b) (2) or the termination of the State
19 Death Tax Credit as provided in Section 2011(f) as enacted by
20 the Economic Growth and Tax Relief Reconciliation Act of 2001,
21 but recognizing the increased applicable exclusion amount
22 through December 31, 2005, and for persons dying on or after
23 January 1, 2005, without the reduction of the gross estate and
24 taxable estate as defined by the Internal Revenue Code for any
25 amount of state death tax deduction.

26 (b) For persons dying after December 31, 2005 and on or
27 before December 31, 2009, an amount equal to the full credit
28 calculable under Section 2011 or 2604 of the Internal Revenue
29 Code as the credit would have been computed and allowed under
30 the Internal Revenue Code as in effect on December 31, 2001,
31 without the reduction in the State Death Tax Credit as provided
32 in Section 2011(b) (2) or the termination of the State Death Tax
33 Credit as provided in Section 2011(f) as enacted by the
34 Economic Growth and Tax Relief Reconciliation Act of 2001, but
35 recognizing the exclusion amount of only \$2,000,000, and for
36 persons dying on or after January 1, 2005, without the

1 reduction of the gross estate and taxable estate as defined by
2 the Internal Revenue Code for any amount of state death tax
3 deduction.

4 (c) For persons dying after December 31, 2009, the credit
5 for state tax allowable under Section 2011 or Section 2604 of
6 the Internal Revenue Code.

7 "Taxable transfer" means an event that gives rise to a
8 state tax credit, including any credit as a result of the
9 imposition of an additional tax under Section 2032A(c) of the
10 Internal Revenue Code.

11 "Transferee" means a transferee within the meaning of
12 Section 2603(a)(1) and Section 6901(h) of the Internal Revenue
13 Code.

14 "Transferred property" means:

15 (1) With respect to a taxable transfer occurring at the
16 death of an individual, the deceased individual's gross
17 estate as defined in Section 2031 of the Internal Revenue
18 Code.

19 (2) With respect to a taxable transfer occurring as a
20 result of a taxable termination as defined in Section
21 2612(a) of the Internal Revenue Code, the taxable amount
22 determined under Section 2622(a) of the Internal Revenue
23 Code.

24 (3) With respect to a taxable transfer occurring as a
25 result of a taxable distribution as defined in Section
26 2612(b) of the Internal Revenue Code, the taxable amount
27 determined under Section 2621(a) of the Internal Revenue
28 Code.

29 (4) With respect to an event which causes the
30 imposition of an additional estate tax under Section
31 2032A(c) of the Internal Revenue Code, the qualified real
32 property that was disposed of or which ceased to be used
33 for the qualified use, within the meaning of Section
34 2032A(c)(1) of the Internal Revenue Code.

35 "Trust" includes a trust as defined in Section 2652(b)(1)
36 of the Internal Revenue Code.

1 (Source: P.A. 93-30, eff. 6-20-03.)

2 (35 ILCS 405/3) (from Ch. 120, par. 405A-3)

3 Sec. 3. Illinois estate tax.

4 (a) Imposition of Tax. An Illinois estate tax is imposed on
5 every taxable transfer involving transferred property having a
6 tax situs within the State of Illinois.

7 (b) Amount of tax. On estates of persons dying before
8 January 1, 2003, the ~~The~~ amount of the Illinois estate tax
9 shall be the state tax credit, as defined in Section 2 of this
10 Act, with respect to the taxable transfer reduced by the lesser
11 of:

12 (1) the amount of the state tax credit paid to any
13 other state or states; and

14 (2) the amount determined by multiplying the maximum
15 state tax credit allowable with respect to the taxable
16 transfer by the percentage which the gross value of the
17 transferred property not having a tax situs in Illinois
18 bears to the gross value of the total transferred property.

19 (c) On estates of persons dying on or after January 1,
20 2003, the amount of the Illinois estate tax shall be the state
21 tax credit, as defined in Section 2 of this Act, reduced by the
22 amount determined by multiplying the maximum state tax credit
23 allowable with respect to the taxable transfer by the
24 percentage which the gross value of the transferred property
25 not having a tax situs in Illinois bears to the gross value of
26 the total transferred property.

27 (Source: P.A. 93-30, eff. 6-20-03.)

28 Section 99. Effective date. This Act takes effect upon
29 becoming law.