

# SB1602



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

SB1602

Introduced 2/9/2007, by Sen. Gary G. Dahl - Matt Murphy

#### SYNOPSIS AS INTRODUCED:

35 ILCS 405/2

from Ch. 120, par. 405A-2

Amends the Illinois Estate and Generation-Skipping Transfer Tax Act. Provides that, for persons dying after December 31, 2007 (now, December 31, 2009), the "State tax credit" is the amount of the federal credit for state tax allowable under the Internal Revenue Code. Effective immediately.

LRB095 07157 BDD 27285 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

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 Section 2 as follows:

6 (35 ILCS 405/2) (from Ch. 120, par. 405A-2)

7 Sec. 2. Definitions.

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

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

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

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

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

22 "Illinois generation-skipping transfer tax" means the tax  
23 due to this State with respect to a taxable transfer that gives

1 rise to a federal generation-skipping transfer tax.

2 "Illinois transfer tax" means the Illinois estate tax or  
3 the Illinois generation-skipping transfer tax.

4 "Internal Revenue Code" means, unless otherwise provided,  
5 the Internal Revenue Code of 1986, as amended from time to  
6 time.

7 "Non-resident trust" means a trust that is not a resident  
8 of this State for purposes of the Illinois Income Tax Act, as  
9 amended from time to time.

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

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

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

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

19 "State tax credit" means:

20 (a) For persons dying on or after January 1, 2003 and  
21 through December 31, 2005, an amount equal to the full credit  
22 calculable under Section 2011 or Section 2604 of the Internal  
23 Revenue Code as the credit would have been computed and allowed  
24 under the Internal Revenue Code as in effect on December 31,  
25 2001, without the reduction in the State Death Tax Credit as  
26 provided in Section 2011(b) (2) or the termination of the State

1 Death Tax Credit as provided in Section 2011(f) as enacted by  
2 the Economic Growth and Tax Relief Reconciliation Act of 2001,  
3 but recognizing the increased applicable exclusion amount  
4 through December 31, 2005.

5 (b) For persons dying after December 31, 2005 and on or  
6 before December 31, 2007 ~~December 31, 2009~~, an amount equal to  
7 the full credit calculable under Section 2011 or 2604 of the  
8 Internal Revenue Code as the credit would have been computed  
9 and allowed under the Internal Revenue Code as in effect on  
10 December 31, 2001, without the reduction in the State Death Tax  
11 Credit as provided in Section 2011(b)(2) or the termination of  
12 the State Death Tax Credit as provided in Section 2011(f) as  
13 enacted by the Economic Growth and Tax Relief Reconciliation  
14 Act of 2001, but recognizing the exclusion amount of only  
15 \$2,000,000.

16 (c) For persons dying after December 31, 2007 ~~December 31,~~  
17 ~~2009~~, the credit for state tax allowable under Section 2011 or  
18 Section 2604 of the Internal Revenue Code.

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

23 "Transferee" means a transferee within the meaning of  
24 Section 2603(a)(1) and Section 6901(h) of the Internal Revenue  
25 Code.

26 "Transferred property" means:

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

5           (2) With respect to a taxable transfer occurring as a  
6 result of a taxable termination as defined in Section  
7 2612(a) of the Internal Revenue Code, the taxable amount  
8 determined under Section 2622(a) of the Internal Revenue  
9 Code.

10          (3) With respect to a taxable transfer occurring as a  
11 result of a taxable distribution as defined in Section  
12 2612(b) of the Internal Revenue Code, the taxable amount  
13 determined under Section 2621(a) of the Internal Revenue  
14 Code.

15          (4) With respect to an event which causes the  
16 imposition of an additional estate tax under Section  
17 2032A(c) of the Internal Revenue Code, the qualified real  
18 property that was disposed of or which ceased to be used  
19 for the qualified use, within the meaning of Section  
20 2032A(c) (1) of the Internal Revenue Code.

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

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

24          Section 99. Effective date. This Act takes effect upon  
25 becoming law.