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AN ACT in relation to taxes.

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

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

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(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 9 States with respect to a taxable transfer under Chapter 11 of 10 the Internal Revenue Code.

II "Federal generation-skipping transfer tax" means the tax due to the United States with respect to a taxable transfer 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 or19 the federal generation-skipping transfer tax.

"Illinois estate tax" means the tax due to this State
with respect to a taxable transfer that gives rise to a
federal estate tax.

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

26 "Illinois transfer tax" means the Illinois estate tax or27 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.

"Non-resident trust" means a trust that is not a resident

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of this State for purposes of the Illinois Income Tax Act, as
 amended from time to time.

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

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

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

10 "State" means any state, territory or possession of the 11 United States and the District of Columbia.

"State tax credit" means the credit for state tax allowable under Section 2011 or Section 2604 of the Internal Revenue Code <u>as computed under the federal estate tax law in</u> <u>effect on December 31, 2000</u>.

16 "Taxable transfer" means an event that gives rise to a 17 state tax credit, including any credit allowable as a result 18 of the imposition of an additional tax under Section 2032A(c) 19 of the Internal Revenue Code.

20 "Transferee" means a transferee within the meaning of 21 Section 2603(a)(1) and Section 6901(h) of the Internal 22 Revenue Code.

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## "Transferred property" means:

24 (1) With respect to a taxable transfer occurring at
25 the death of an individual that results in the imposition
26 of federal estate tax, the deceased individual's gross
27 estate as defined in Section 2031 of the Internal Revenue
28 Code.

29 (2) With respect to a taxable transfer occurring as
30 a result of a taxable termination as defined in Section
31 2612(a) of the Internal Revenue Code, the taxable amount
32 determined under Section 2622(a) of the Internal Revenue
33 Code.

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(3) With respect to a taxable transfer occurring as

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a result of a taxable distribution as defined in Section
 2612(b) of the Internal Revenue Code, the taxable amount
 determined under Section 2621(a) of the Internal Revenue
 Code.

5 (4) With respect to an event which causes the 6 imposition of an additional estate tax under Section 7 2032A(c) of the Internal Revenue Code, the qualified real 8 property that was disposed of or which ceased to be used 9 for the qualified use, within the meaning of Section 10 2032A(c)(1) of the Internal Revenue Code.

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

13 (Source: P.A. 86-737.)

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