



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

SB1828

Introduced 2/5/2025, by Sen. Sue Rezin

#### SYNOPSIS AS INTRODUCED:

35 ILCS 405/2	from Ch. 120, par. 405A-2
35 ILCS 405/3	from Ch. 120, par. 405A-3
35 ILCS 405/4	from Ch. 120, par. 405A-4

Amends the Illinois Estate and Generation-Skipping Transfer Tax Act. Provides that no tax shall be imposed under the Act for persons dying on or after the effective date or for transfers made on or after the effective date. Effective immediately.

LRB104 07433 HLH 17474 b

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, 3, and 4 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  
10 States with respect to a taxable transfer under Chapter 11 of  
11 the 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

1 due to this State with respect to a taxable transfer that gives  
2 rise to a federal generation-skipping transfer tax.

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

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

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

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

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

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

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

20 "State tax credit" means:

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

1 Tax Credit as provided in Section 2011(b)(2) or the  
2 termination of the State Death Tax Credit as provided in  
3 Section 2011(f) as enacted by the Economic Growth and Tax  
4 Relief Reconciliation Act of 2001, but recognizing the  
5 increased applicable exclusion amount through December 31,  
6 2005.

7 (b) For persons dying after December 31, 2005 and on or  
8 before December 31, 2009, and for persons dying after December  
9 31, 2010 and prior to the effective date of this amendatory Act  
10 of the 104th General Assembly, an amount equal to the full  
11 credit calculable under Section 2011 or 2604 of the Internal  
12 Revenue Code as the credit would have been computed and  
13 allowed under the Internal Revenue Code as in effect on  
14 December 31, 2001, without the reduction in the State Death  
15 Tax Credit as provided in Section 2011(b)(2) or the  
16 termination of the State Death Tax Credit as provided in  
17 Section 2011(f) as enacted by the Economic Growth and Tax  
18 Relief Reconciliation Act of 2001, but recognizing the  
19 exclusion amount of only (i) \$2,000,000 for persons dying  
20 prior to January 1, 2012, (ii) \$3,500,000 for persons dying on  
21 or after January 1, 2012 and prior to January 1, 2013, and  
22 (iii) \$4,000,000 for persons dying on or after January 1,  
23 2013, and with reduction to the adjusted taxable estate for  
24 any qualified terminable interest property election as defined  
25 in subsection (b-1) of this Section.

26 (b-1) The person required to file the Illinois return may

1 elect on a timely filed Illinois return a marital deduction  
2 for qualified terminable interest property under Section  
3 2056(b)(7) of the Internal Revenue Code for purposes of the  
4 Illinois estate tax that is separate and independent of any  
5 qualified terminable interest property election for federal  
6 estate tax purposes. For purposes of the Illinois estate tax,  
7 the inclusion of property in the gross estate of a surviving  
8 spouse is the same as under Section 2044 of the Internal  
9 Revenue Code.

10 In the case of any trust for which a State or federal  
11 qualified terminable interest property election is made, the  
12 trustee may not retain non-income producing assets for more  
13 than a reasonable amount of time without the consent of the  
14 surviving spouse.

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

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

22 "Transferred property" means:

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

1           (2) With respect to a taxable transfer occurring as a  
2           result of a taxable termination as defined in Section  
3           2612(a) of the Internal Revenue Code, the taxable amount  
4           determined under Section 2622(a) of the Internal Revenue  
5           Code.

6           (3) With respect to a taxable transfer occurring as a  
7           result of a taxable distribution as defined in Section  
8           2612(b) of the Internal Revenue Code, the taxable amount  
9           determined under Section 2621(a) of the Internal Revenue  
10          Code.

11          (4) With respect to an event which causes the  
12          imposition of an additional estate tax under Section  
13          2032A(c) of the Internal Revenue Code, the qualified real  
14          property that was disposed of or which ceased to be used  
15          for the qualified use, within the meaning of Section  
16          2032A(c) (1) of the Internal Revenue Code.

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

19          (Source: P.A. 96-789, eff. 9-8-09; 96-1496, eff. 1-13-11;  
20          97-636, eff. 6-1-12.)

21          (35 ILCS 405/3) (from Ch. 120, par. 405A-3)

22          Sec. 3. Illinois estate tax.

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

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

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

7 (2) the amount determined by multiplying the maximum  
8 state tax credit allowable with respect to the taxable  
9 transfer by the percentage which the gross value of the  
10 transferred property not having a tax situs in Illinois  
11 bears to the gross value of the total transferred  
12 property.

13 (c) On estates of persons dying on or after January 1, 2003  
14 and prior to the effective date of this amendatory Act of the  
15 104th General Assembly, the amount of the Illinois estate tax  
16 shall be the state tax credit, as defined in Section 2 of this  
17 Act, reduced by the amount determined by multiplying the state  
18 tax credit with respect to the taxable transfer by the  
19 percentage which the gross value of the transferred property  
20 not having a tax situs in Illinois bears to the gross value of  
21 the total transferred property.

22 (d) No tax shall be imposed under this Act for persons  
23 dying on or after the effective date of this amendatory Act of  
24 the 104th General Assembly.

25 (Source: P.A. 93-30, eff. 6-20-03; 94-419, eff. 8-2-05.)

1 (35 ILCS 405/4) (from Ch. 120, par. 405A-4)

2 Sec. 4. Illinois generation-skipping transfer tax.

3 (a) Imposition of tax. An Illinois generation-skipping  
4 transfer tax is imposed on every taxable transfer resulting in  
5 federal generation-skipping transfer tax involving transferred  
6 property having a tax situs within the State of Illinois.

7 (b) Amount of tax. The amount of the Illinois  
8 generation-skipping transfer tax shall be the maximum state  
9 tax credit allowable with respect to the taxable transfer,  
10 reduced by the lesser of:

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

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

19 (c) No tax shall be imposed under this Act for transfers  
20 occurring on or after the effective date of this amendatory  
21 Act of the 104th General Assembly.

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

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