

**SB3787**



**104TH GENERAL ASSEMBLY**

**State of Illinois**

**2025 and 2026**

**SB3787**

Introduced 2/5/2026, by Sen. Jil Tracy

**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 on or after January 1, 2027, the exclusion amount shall be the applicable exclusion amount calculated under Section 2010 of the Internal Revenue Code as that Section exists on the effective date of the amendatory Act, including the inflation adjustment and including any deceased spousal unused exclusion amount (currently, the exclusion amount for Illinois estate tax purposes is \$4,000,000). Effective immediately.

LRB104 19171 HLH 32616 b

**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. In this Act:

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.

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  
24 allowed under the Internal Revenue Code as in effect on  
25 December 31, 2001, without the reduction in the State Death  
26 Tax Credit as provided in Section 2011(b)(2) or the

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

6 (b) For persons dying after December 31, 2005 and on or  
7 before December 31, 2009, and for persons dying after December  
8 31, 2010, an amount equal to the full credit calculable under  
9 Section 2011 or 2604 of the Internal Revenue Code as the credit  
10 would have been computed and allowed under the Internal  
11 Revenue Code as in effect on December 31, 2001, without the  
12 reduction in the State Death Tax Credit as provided in Section  
13 2011(b)(2) or the termination of the State Death Tax Credit as  
14 provided in Section 2011(f) as enacted by the Economic Growth  
15 and Tax Relief Reconciliation Act of 2001, but with the  
16 following modifications:

17 (1) the exclusion amount shall be: ~~recognizing the~~  
18 ~~exclusion amount of only (i)~~

19 (A) \$2,000,000 for persons dying prior to January  
20 1, 2012;~~;~~

21 (B) ~~(ii)~~ \$3,500,000 for persons dying on or after  
22 January 1, 2012 and prior to January 1, 2013;~~;~~ ~~and~~

23 (C) ~~(iii)~~ \$4,000,000 for persons dying on or after  
24 January 1, 2013 and before January 1, 2027; and

25 (D) for persons dying on or after January 1, 2027,  
26 the applicable exclusion amount calculated under

1           Section 2010 of the Internal Revenue Code, as that  
2           Section exists on the effective date of this  
3           amendatory Act of the 104th General Assembly,  
4           including the inflation adjustment under subparagraph  
5           (B) of paragraph (3) of subsection (b) of that Section  
6           and including any deceased spousal unused exclusion  
7           amount available after a valid election is made under  
8           subparagraph (A) of paragraph (5) of subsection (c) of  
9           that Section; and

10           (2) the State tax credit shall be calculated with a  
11           reduction to the adjusted taxable estate for any qualified  
12           terminable interest property election as defined in  
13           subsection (b-1) of this Section.

14           (b-1) The person required to file the Illinois return may  
15           elect on a timely filed Illinois return a marital deduction  
16           for qualified terminable interest property under Section  
17           2056(b)(7) of the Internal Revenue Code for purposes of the  
18           Illinois estate tax that is separate and independent of any  
19           qualified terminable interest property election for federal  
20           estate tax purposes. For purposes of the Illinois estate tax,  
21           the inclusion of property in the gross estate of a surviving  
22           spouse is the same as under Section 2044 of the Internal  
23           Revenue Code.

24           In the case of any trust for which a State or federal  
25           qualified terminable interest property election is made, the  
26           trustee may not retain non-income producing assets for more

1 than a reasonable amount of time without the consent of the  
2 surviving spouse.

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

7 "Transferee" means a transferee within the meaning of  
8 Section 2603(a)(1) and Section 6901(h) of the Internal Revenue  
9 Code.

10 "Transferred property" means:

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

15 (2) With respect to a taxable transfer occurring as a  
16 result of a taxable termination as defined in Section  
17 2612(a) of the Internal Revenue Code, the taxable amount  
18 determined under Section 2622(a) of the Internal Revenue  
19 Code.

20 (3) With respect to a taxable transfer occurring as a  
21 result of a taxable distribution as defined in Section  
22 2612(b) of the Internal Revenue Code, the taxable amount  
23 determined under Section 2621(a) of the Internal Revenue  
24 Code.

25 (4) With respect to an event which causes the  
26 imposition of an additional estate tax under Section

1           2032A(c) of the Internal Revenue Code, the qualified real  
2           property that was disposed of or which ceased to be used  
3           for the qualified use, within the meaning of Section  
4           2032A(c) (1) of the Internal Revenue Code.

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

7           (Source: P.A. 96-789, eff. 9-8-09; 96-1496, eff. 1-13-11;  
8           97-636, eff. 6-1-12; revised 7-24-25.)

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