

Table 18.2—State transfer tax systems in the North Central region, 2008

State	Estate	Inheritance	Gift	Generation-skipping
Illinois	X ^a	—	—	X ^j
Indiana	X ^b	X ^b	—	X ^k
Iowa	X ^b	X ^b	—	X ^k
Kansas	X ^c	—	—	^l
Michigan	X ^d	—	—	X ^k
Minnesota	X ^e	—	—	—
Missouri	X ^d	—	—	X ^k
Nebraska	X ^f	X ^f	—	X ^m
North Dakota	X ^d	—	—	—
Ohio	X, X ^g	—	—	X ^k
South Dakota	X ^d	ⁱ	—	—
Wisconsin	X ^h	—	—	—

Sources: CCH Financial Planning Toolkit. <http://www.finance.cch.com/text/c50s15d170.asp>. [Date accessed: September 11, 2008]. Bankrate.com State Tax Roundup. http://www.bankrate.com/brm/news/news_taxes_home.asp. [Date accessed: September 11, 2008].

^a Illinois levies an estate tax which currently is decoupled from Federal estate tax provisions. For estates of decedents dying after December 31, 2005, the tax equals the maximum Federal credit for State transfer taxes allowed under IRC section 2011 as of December 31, 2001, but recognizing an exclusion amount of \$2 million. For estates of decedents dying after December 31, 2009, the tax will equal the maximum Federal credit for State transfer taxes in effect at that time.

^b The State levies an estate tax equal to the maximum Federal credit for State transfer taxes allowed under IRC section 2011, plus an inheritance tax. Under the phase-out of the Federal credit put in place by EGTRRA, the estate tax dropped to \$0 for estates of decedents dying after December 31, 2004. The inheritance tax is a layered tax under which the rate varies according to a beneficiary's relation to the decedent.

^c Kansas has decoupled its estate tax from Federal estate tax provisions. The tax applies to estates of decedents dying after December 31, 2006, and is a graduated tax on taxable estates of more than \$1 million.

^d The State levies an estate tax equal to the maximum Federal credit for State transfer taxes allowed under IRC section 2011. Under the phase-out of the Federal credit put in place by EGTRRA, the tax dropped to \$0 for estates of decedents dying after December 31, 2004.

^e Minnesota has decoupled its estate tax from Federal estate tax provisions. The tax equals the maximum Federal credit for State transfer taxes allowed under IRC section 2011 as of December 31, 2000.

^f Nebraska levies an estate tax which is decoupled from Federal estate tax provisions, plus an inheritance tax. The estate tax applies to estates of decedents dying after June 30, 2003, and is a graduated tax on all taxable estates. The inheritance tax is a layered tax under which the rate varies according to a beneficiary's relation to the decedent.

^g Ohio levies a stand-alone estate tax, plus a piggy-back estate tax equal to the maximum Federal credit for State transfer taxes allowed under IRC section 2011. The stand-alone tax applies to estates of decedents dying after December 31, 2001, with a taxable value of over \$338,333. Under the phase-out of the Federal credit put in place by EGTRRA, the piggy-back estate tax dropped to \$0 for estates of decedents dying after December 31, 2004. = the tax dropped to \$0 after December 31, 2004.

^h Effective January 1, 2008, Wisconsin levies an estate tax equal to the maximum Federal credit for State transfer taxes allowed under IRC section 2011. Under the phase-out put in place by EGTRRA, the Federal credit currently is \$0. For estates of decedents dying between October 1, 2002 and December 31, 2007, Wisconsin levied an estate tax equal to the maximum Federal credit for State transfer taxes allowed under IRC section 2011 as of December 31, 2000.

ⁱ South Dakota repealed its inheritance tax effective June 30, 2001.

^j Illinois levies a generation-skipping tax which currently is decoupled from Federal generation-skipping tax provisions. For generation-skipping transfers made after December 31, 2005, the tax equals the maximum Federal credit for State generation-skipping taxes allowed under IRC section 2604 as of December 31, 2001, but recognizing an exclusion amount of \$2 million. For generation-skipping transfers made after December 31, 2009, the tax will equal the maximum Federal credit for State transfer taxes in effect at that time.

^k The State levies a generation-skipping tax equal to the maximum Federal credit for State generation-skipping transfer taxes allowed under IRC section 2604. Under the phase-out of the Federal credit put in place by EGTRRA, the tax dropped to \$0 after December 31, 2004.

^l Kansas repealed its succession tax effective July 1, 2003

^m Nebraska has decoupled from the phase-out of IRC section 2604 credit for State generation-skipping transfer taxes put in place by EGTRRA. Effective January 1, 2003, Nebraska levies a flat 16-percent tax on all taxable generation-skipping transfers.