

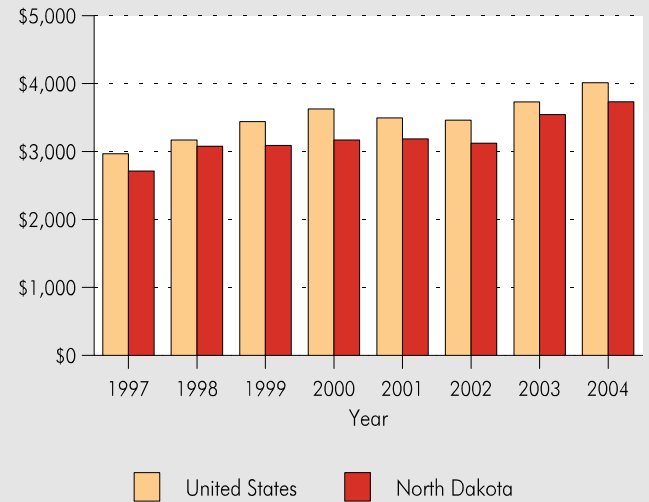
Charitable Giving Reported on Individual Income Tax Returns for North Dakota: 2004

One method of portraying the charitable nature of North Dakotans is by looking at itemized deductions on Internal Revenue Service (IRS) individual income tax returns. The IRS publishes select state data (including tax deductible contributions or donations) from individual income tax returns at www.irs.gov.

Tax deductible charitable contributions reported by individual North Dakotans totaled \$177.3 million in 2004 compared to \$159.4 million in 2003, an increase of 11.2 percent. For North Dakota individual federal income tax returns with contributions as itemized deductions, contributions averaged \$3,735 per return in 2004, a 5.3 percent increase from \$3,546 in 2003. Nationally, average charitable contributions (reported as itemized deductions) increased 7.5 percent to \$4,012 in 2004, up from \$3,731 in 2003 (Figure 1).

According to 2004 federal tax data, 18.4 percent of North Dakota taxpayers itemized deductions (2nd lowest percentage in the nation) (Table 1). A mortgage is one of the primary reasons for itemizing deductions and 36.3 percent of all households in North Dakota are owner-occupied with a mortgage, the 3rd lowest proportion in the nation. This helps explain why the majority of North Dakota taxpayers take the standard deduction. For these taxpayers, no details on their donations are available through the IRS.

Figure 1. Average Charitable Contribution Per Tax Return with Contributions as Itemized Deductions in ND & U.S.: 1997-2004



Source: U.S. Internal Revenue Service, Statistics of Income Division, www.irs.gov/taxstats/indtaxstats/article/0,,id=103106,00.html

Figure 2. Average Charitable Contribution Per Individual Income Tax Return with Contributions as Itemized Deductions by State: 2004
Source: Internal Revenue Service, Statistics of Income Division, www.irs.gov/taxstats/indtaxstats/article/0,,id=103106,00.html.

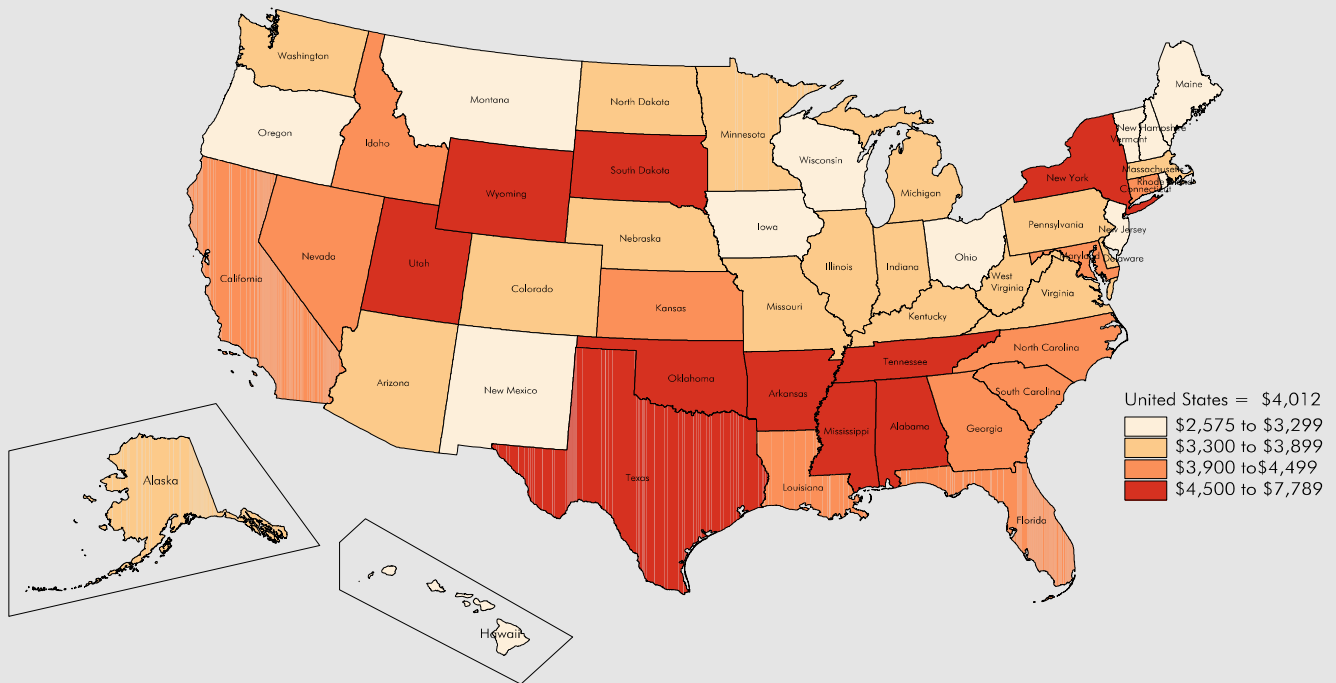


Table 1. Select Data from Individual Income Tax Returns by State: 2004

Source: U.S. Internal Revenue Service, Statistics of Income Division, www.irs.gov/taxstats/indtaxstats/article/0,,id=103106,00.html

Area	Federal Individual Income Tax Returns							
	Total	With Standard Deduction	With Itemized Deductions					
			Total		With Charitable Contributions			
			Number	Percent of all individual income tax returns (%)	Number	Percent of tax returns with Itemized Deductions (%)	Total Amount (\$1,000)	Average contribution per return with charitable contributions (\$)
United States	133,092,565	86,566,533	46,526,032	35.0	40,426,932	86.9	162,198,662	4,012
Alabama	1,910,403	1,339,238	571,165	29.9	516,203	90.4	2,492,681	4,829
Alaska	345,209	260,181	85,028	24.6	69,726	82.0	260,373	3,734
Arizona	2,372,519	1,471,742	900,777	38.0	789,341	87.6	2,726,707	3,454
Arkansas	1,136,031	860,954	275,077	24.2	235,048	85.4	1,224,113	5,208
California	15,327,238	9,259,899	6,067,339	39.6	5,287,926	87.2	21,867,927	4,135
Colorado	2,110,355	1,221,202	889,153	42.1	758,948	85.4	2,790,829	3,677
Connecticut	1,665,154	928,064	737,090	44.3	666,915	90.5	2,689,971	4,033
Delaware	395,657	251,653	144,004	36.4	128,976	89.6	483,253	3,747
Dist. of Columbia	277,884	160,262	117,622	42.3	104,287	88.7	663,531	6,363
Florida	8,173,271	5,593,120	2,580,151	31.6	2,182,061	84.6	9,481,940	4,345
Georgia	3,782,867	2,307,597	1,475,270	39.0	1,318,068	89.3	5,889,948	4,469
Hawaii	606,129	404,457	201,672	33.3	178,361	88.4	560,885	3,145
Idaho	594,282	386,964	207,318	34.9	174,987	84.4	706,996	4,040
Illinois	5,762,889	3,676,972	2,085,917	36.2	1,840,418	88.2	7,054,524	3,833
Indiana	2,854,911	1,992,254	862,657	30.2	724,546	84.0	2,660,276	3,672
Iowa	1,334,499	913,055	421,444	31.6	364,827	86.6	1,159,683	3,179
Kansas	1,229,497	851,396	378,101	30.8	328,780	87.0	1,347,600	4,099
Kentucky	1,757,624	1,220,945	536,679	30.5	461,104	85.9	1,642,568	3,562
Louisiana	1,869,153	1,468,000	401,153	21.5	347,926	86.7	1,476,745	4,244
Maine	618,852	427,750	191,102	30.9	163,505	85.6	420,997	2,575
Maryland	2,635,590	1,332,405	1,303,185	49.4	1,177,501	90.4	4,887,219	4,151
Massachusetts	3,061,220	1,804,617	1,256,603	41.0	1,134,287	90.3	3,930,361	3,465
Michigan	4,561,087	2,886,329	1,674,758	36.7	1,483,105	88.6	5,273,947	3,556
Minnesota	2,407,792	1,404,819	1,002,973	41.7	896,103	89.3	3,161,729	3,528
Mississippi	1,165,951	898,540	267,411	22.9	235,536	88.1	1,128,127	4,790
Missouri	2,585,513	1,783,406	802,107	31.0	687,894	85.8	2,595,688	3,773
Montana	439,714	305,696	134,018	30.5	111,800	83.4	348,775	3,120
Nebraska	808,780	562,521	246,259	30.4	218,559	88.8	848,790	3,884
Nevada	1,092,600	687,912	404,688	37.0	346,729	85.7	1,500,641	4,328
New Hampshire	643,076	413,976	229,100	35.6	196,917	86.0	547,484	2,780
New Jersey	4,107,118	2,263,379	1,843,739	44.9	1,683,844	91.3	5,533,705	3,286
New Mexico	827,182	606,063	221,119	26.7	182,596	82.6	597,754	3,274
New York	8,625,432	5,298,083	3,327,349	38.6	3,059,647	92.0	14,454,791	4,724
North Carolina	3,769,920	2,411,513	1,358,407	36.0	1,202,020	88.5	4,951,103	4,119
North Dakota	305,030	248,910	56,120	18.4	47,463	84.6	177,256	3,735
Ohio	5,447,064	3,590,245	1,856,819	34.1	1,549,030	83.4	4,899,563	3,163
Oklahoma	1,476,128	1,040,779	435,349	29.5	384,823	88.4	1,848,895	4,805
Oregon	1,604,383	938,558	665,825	41.5	558,147	83.8	1,837,003	3,291
Pennsylvania	5,811,227	3,966,138	1,845,089	31.8	1,640,811	88.9	5,687,269	3,466
Rhode Island	500,314	312,717	187,597	37.5	170,391	90.8	463,166	2,718
South Carolina	1,844,497	1,246,181	598,316	32.4	533,019	89.1	2,360,175	4,428
South Dakota	362,240	295,586	66,654	18.4	55,544	83.3	262,701	4,730
Tennessee	2,606,931	1,949,735	657,196	25.2	563,748	85.8	3,027,271	5,370
Texas	9,431,995	7,043,152	2,388,843	25.3	1,991,596	83.4	9,927,577	4,985
Utah	996,414	596,438	399,976	40.1	363,102	90.8	2,323,832	6,400
Vermont	306,271	214,762	91,509	29.9	74,167	81.0	212,733	2,868
Virginia	3,491,196	2,079,997	1,411,199	40.4	1,239,949	87.9	4,809,374	3,879
Washington	2,860,940	1,809,809	1,051,131	36.7	886,745	84.4	3,435,403	3,874
West Virginia	747,838	617,267	130,571	17.5	105,097	80.5	386,452	3,677
Wisconsin	2,621,165	1,622,612	998,553	38.1	861,003	86.2	2,397,315	2,784
Wyoming	243,718	190,662	53,056	21.8	41,369	78.0	322,209	7,789

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2004 IRS Data Available on Tax Deductible Charitable Giving Reported by North Dakotans

Donations to charities, humanitarian causes, and public/private institutions including religious organizations reported as itemized deductions on individual federal tax returns, saw an increase between 2003 and 2004 in North Dakota. Charitable contributions reported by North Dakotans as itemized deductions on their individual federal income tax returns totaled \$177.3 million in 2004 compared to \$159.4 million in 2003, an increase of 11.2 percent.

This month's "Economic Brief," a monthly publication from the North Dakota State Data Center at North Dakota State University, focuses on the charitable nature of North Dakotans by looking at charitable contributions reported as itemized deductions on federal individual income tax returns. The Internal Revenue Service (IRS) publishes select state data (including tax deductible contributions or donations) from individual tax returns filed the previous calendar year.

Unfortunately, there are important limitations with the use of IRS data to explore trends in donations or charitable giving within North Dakota. First, only a small number of North Dakotans itemize their deductions on their federal individual income tax return. According to 2004 tax data, 18.4 percent of North Dakota taxpayers chose to itemize deductions on their tax returns (2nd lowest percentage in the nation). A mortgage is one of the primary reasons for itemizing deductions and 36.3 percent of households in North Dakota are owner-occupied with a mortgage, the 3rd lowest proportion in the nation. This is paired with the fact that North Dakota has the 14th highest proportion of renters in the nation (32.5 percent of all households). For taxpayers who take the standard deduction, no details on their donations are available through the IRS. Second, itemized deductions only capture giving that is tax deductible. Therefore, one should be cautious in using IRS data to draw conclusions regarding how our state compares to others with regard to charitable contributions. Nonetheless, the IRS database is one of the few uniform means of tracking contributions over time and by state.

For North Dakota individual federal income tax returns with contributions as itemized deductions, contributions averaged \$3,735 per return in 2004, a 5.3 percent increase from \$3,546 in 2003. "We have seen a systematic rise in charitable contributions in our state since the terrible flood years of 1996-97 based on federal tax returns," said Richard Rathge, Director of the State Data Center. Nationally, average charitable contributions (reported as itemized deductions) increased 7.5 percent to \$4,012 in 2004, up from \$3,731 in 2003.

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