

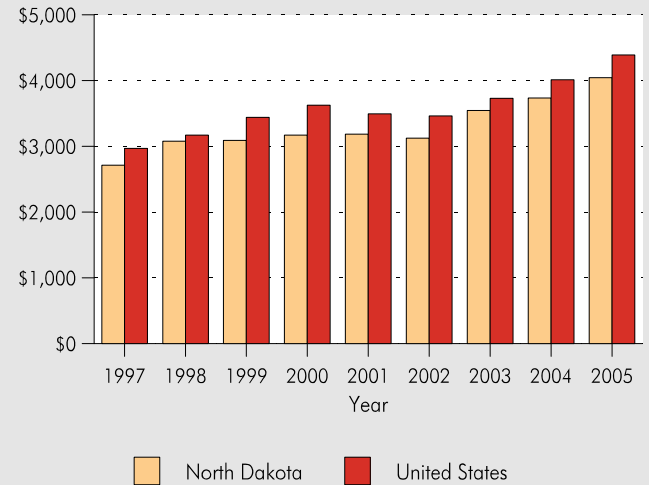
## Charitable Giving Reported on Federal Individual Income Tax Returns for North Dakota: 2005

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 aggregate state data (including tax deductible contributions or donations) from individual income tax returns at [www.irs.gov](http://www.irs.gov).

Tax deductible charitable contributions reported by individual North Dakotans totaled \$196.3 million in 2005 compared with \$177.3 million in 2004, an increase of 11 percent. For North Dakota, federal individual income tax returns with contributions as itemized deductions showed contributions averaging \$4,045 per return in 2005, an 8 percent increase from \$3,735 in 2004. Nationally, average charitable contributions (reported as itemized deductions) increased 9 percent to \$4,388 in 2005, up from \$4,012 in 2004 (Figure 1).

According to 2005 tax data, 19 percent of North Dakota taxpayers chose to *itemize deductions* (second lowest percentage in the nation) (Table 1). A mortgage is one of the primary reasons for itemizing deductions and 36 percent of households in North Dakota are owner-occupied with a mortgage, the second 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 donations are available through the IRS.

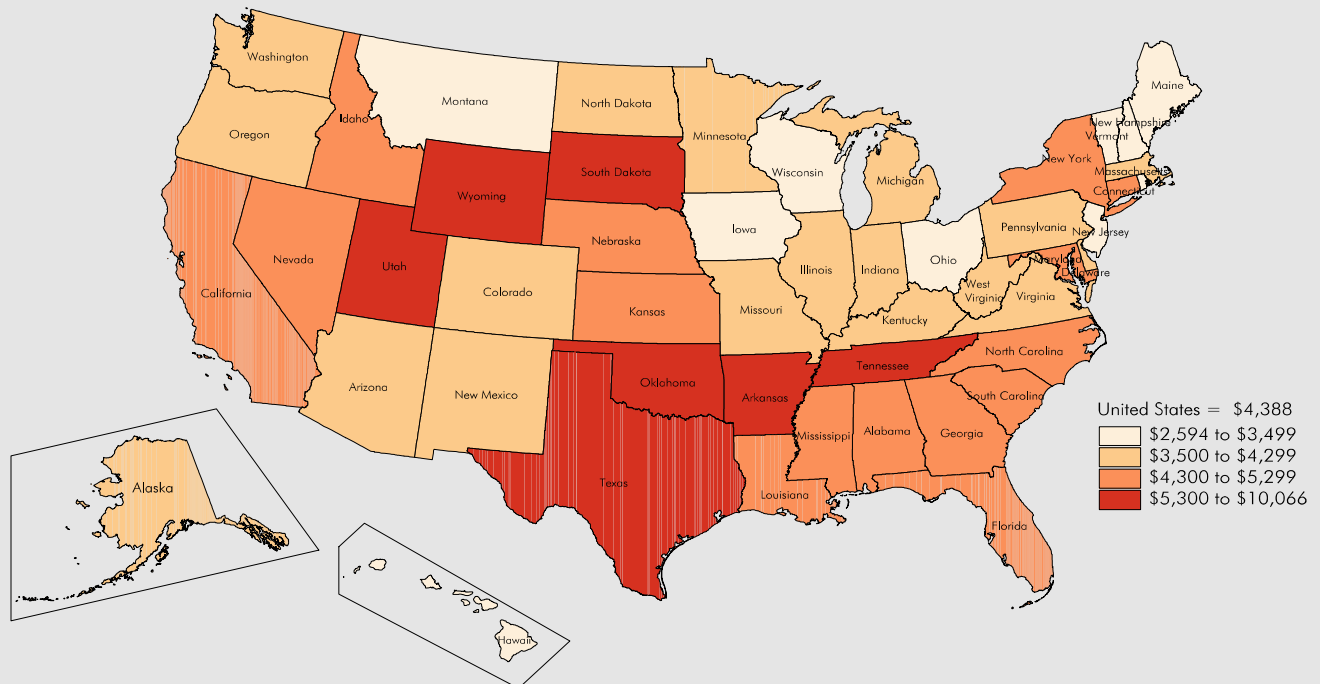
Figure 1. Average Charitable Contribution Per Federal Individual Income Tax Return with Charitable Contributions in ND and U.S.



Source: U.S. Internal Revenue Service, Statistics of Income Division, [www.irs.gov/taxstats/article/0,,id=171535,00.html](http://www.irs.gov/taxstats/article/0,,id=171535,00.html)

Figure 2. Average Charitable Contribution Per Federal Individual Income Tax Return with Charitable Contributions by State: 2005

Source: U.S. Internal Revenue Service, Statistics of Income Division, [www.irs.gov/taxstats/article/0,,id=171535,00.html](http://www.irs.gov/taxstats/article/0,,id=171535,00.html)



**Table 1. Select Data from Federal Individual Income Tax Returns by State: 2005**

Source: U.S. Internal Revenue Service, Statistics of Income Division, [www.irs.gov/taxstats/article/0,,id=171535,00.html](http://www.irs.gov/taxstats/article/0,,id=171535,00.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	135,257,620	87,093,793	48,163,827	35.6	41,394,670	85.9	181,643,798	4,388
Alabama	1,955,914	1,352,870	603,044	30.8	541,002	89.7	2,785,924	5,150
Alaska	346,927	258,850	88,077	25.4	70,814	80.4	275,757	3,894
Arizona	2,474,093	1,519,172	954,921	38.6	826,288	86.5	3,373,704	4,083
Arkansas	1,153,654	865,718	287,936	25.0	244,006	84.7	1,594,538	6,535
California	15,572,877	9,353,711	6,219,166	39.9	5,336,371	85.8	24,450,235	4,582
Colorado	2,160,153	1,246,196	913,957	42.3	773,847	84.7	3,152,757	4,074
Connecticut	1,681,956	925,597	756,359	45.0	677,964	89.6	2,928,293	4,319
Delaware	402,938	253,146	149,792	37.2	132,255	88.3	534,422	4,041
Dist. of Columbia	282,474	162,011	120,463	42.6	105,252	87.4	747,791	7,105
Florida	8,411,496	5,634,747	2,776,749	33.0	2,322,181	83.6	11,346,130	4,886
Georgia	3,917,976	2,366,007	1,551,969	39.6	1,365,436	88.0	6,528,789	4,781
Hawaii	621,014	412,971	208,043	33.5	180,850	86.9	599,716	3,316
Idaho	613,932	396,949	216,983	35.3	181,860	83.8	872,397	4,797
Illinois	5,836,193	3,701,749	2,134,444	36.6	1,867,448	87.5	7,616,811	4,079
Indiana	2,883,701	1,992,449	891,252	30.9	744,916	83.6	2,964,563	3,980
Iowa	1,346,535	917,040	429,495	31.9	369,998	86.1	1,284,346	3,471
Kansas	1,241,568	852,802	388,766	31.3	335,194	86.2	1,512,725	4,513
Kentucky	1,779,856	1,225,796	554,060	31.1	473,007	85.4	1,795,410	3,796
Louisiana	1,770,050	1,306,457	463,593	26.2	369,163	79.6	1,657,061	4,489
Maine	621,150	424,373	196,777	31.7	166,070	84.4	481,528	2,900
Maryland	2,674,329	1,336,411	1,337,918	50.0	1,192,798	89.2	5,154,496	4,321
Massachusetts	3,083,021	1,795,232	1,287,789	41.8	1,149,732	89.3	4,365,190	3,797
Michigan	4,562,770	2,867,858	1,694,912	37.1	1,489,540	87.9	5,416,842	3,637
Minnesota	2,445,599	1,412,211	1,033,388	42.3	914,303	88.5	3,376,088	3,693
Mississippi	1,169,598	859,902	309,696	26.5	262,176	84.7	1,380,233	5,265
Missouri	2,610,839	1,777,733	833,106	31.9	706,497	84.8	2,967,561	4,200
Montana	448,050	308,613	139,437	31.1	114,960	82.4	393,810	3,426
Nebraska	816,053	562,897	253,156	31.0	223,314	88.2	980,012	4,388
Nevada	1,150,204	721,445	428,759	37.3	361,102	84.2	1,750,009	4,846
New Hampshire	650,233	412,492	237,741	36.6	201,911	84.9	637,010	3,155
New Jersey	4,152,741	2,274,372	1,878,369	45.2	1,697,824	90.4	5,822,982	3,430
New Mexico	843,476	616,545	226,931	26.9	186,402	82.1	685,047	3,675
New York	8,715,913	5,334,330	3,381,583	38.8	3,071,129	90.8	15,733,924	5,123
North Carolina	3,879,609	2,463,706	1,415,903	36.5	1,246,872	88.1	5,464,617	4,383
<b>North Dakota</b>	<b>307,235</b>	<b>248,874</b>	<b>58,361</b>	<b>19.0</b>	<b>48,536</b>	<b>83.2</b>	<b>196,339</b>	<b>4,045</b>
Ohio	5,459,548	3,572,035	1,887,513	34.6	1,565,330	82.9	5,234,083	3,344
Oklahoma	1,495,579	1,035,840	459,739	30.7	391,399	85.1	2,431,757	6,213
Oregon	1,645,481	956,945	688,536	41.8	571,951	83.1	2,013,844	3,521
Pennsylvania	5,867,052	3,968,260	1,898,792	32.4	1,673,963	88.2	6,259,240	3,739
Rhode Island	502,440	310,695	191,745	38.2	172,490	90.0	447,356	2,594
South Carolina	1,885,351	1,263,852	621,499	33.0	551,156	88.7	2,549,327	4,625
South Dakota	367,105	296,751	70,354	19.2	58,171	82.7	358,708	6,166
Tennessee	2,657,790	1,970,983	686,807	25.8	587,026	85.5	3,544,742	6,038
Texas	9,727,703	7,199,278	2,528,425	26.0	2,095,934	82.9	11,901,153	5,678
Utah	1,030,683	613,837	416,846	40.4	375,675	90.1	2,601,398	6,925
Vermont	309,831	214,978	94,853	30.6	76,211	80.3	247,578	3,249
Virginia	3,540,757	2,084,287	1,456,470	41.1	1,263,525	86.8	5,315,888	4,207
Washington	2,931,911	1,841,206	1,090,705	37.2	912,383	83.7	3,721,762	4,079
West Virginia	753,593	617,831	135,762	18.0	108,320	79.8	430,624	3,975
Wisconsin	2,656,046	1,630,502	1,025,544	38.6	877,418	85.6	2,688,707	3,064
Wyoming	248,212	191,963	56,249	22.7	43,273	76.9	435,601	10,066

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## Tax Deductible Charitable Giving Reported by North Dakotans Up Again in 2005

Donations reported as itemized deductions on individual federal tax returns to charities, humanitarian causes, and public/private institutions including religious organizations totaled \$196 million in 2005, up \$19 million (11 percent) from \$177 million in 2004. This growth follows a similar increase of \$18 million (11 percent) the year before (i.e., from \$159 million in 2003 to \$177 million in 2004). "If we use IRS data as a reference, it shows that residents of North Dakota are very charitable, something I think most of us already know. Even though our income earnings are far below national averages, our charitable giving is nearly on par with the nation," said Richard Rathge, Director of the State Data Center.

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 aggregate state data (including tax deductible contributions or donations) from individual tax returns filed the previous calendar year.

However, there are important limitations with using 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 2005 tax data, 19 percent of North Dakota taxpayers chose to itemize deductions on their tax returns (second lowest percentage in the nation). A mortgage is one of the primary reasons for itemizing deductions and 36 percent of households in North Dakota are owner-occupied with a mortgage, the second lowest proportion in the nation. This is paired with the fact that North Dakota has the eleventh highest proportion of renters in the nation (33 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. Because of these limitations, one should be cautious in using IRS data to draw conclusions regarding how our state compares with other states regarding charitable contributions. Nonetheless, the IRS database is one of the few uniform means of tracking contributions during a time period and by state.

For North Dakota, individual federal income tax returns with contributions as itemized deductions showed contributions averaging \$4,045 per return in 2005, an 8 percent increase from \$3,735 in 2004.

Nationally, average charitable contributions (reported as itemized deductions) increased 9 percent to \$4,388 in 2005, which is up from \$4,012 in 2004.

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