

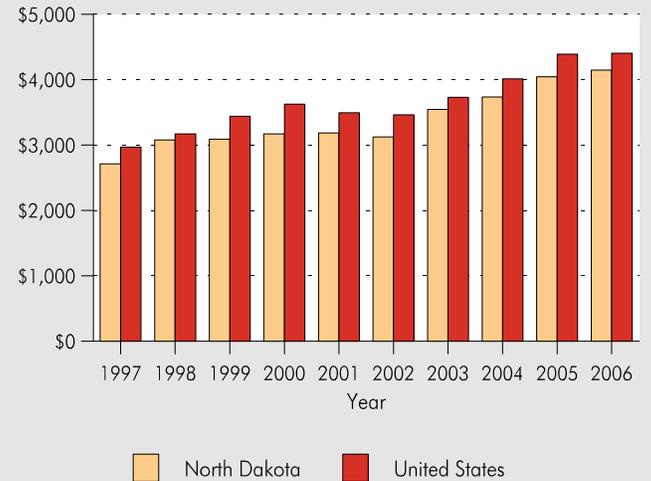
Charitable Giving Reported on Federal Individual Income Tax Returns for North Dakota: 2006

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.

Tax deductible charitable contributions reported by individual North Dakotans totaled \$206.2 million in 2006 compared with \$196.3 million in 2005, an increase of 5 percent. For North Dakota, federal individual income tax returns with contributions as itemized deductions showed contributions averaging \$4,148 per return in 2006, a 3 percent increase from \$4,045 in 2005. Nationally, average charitable contributions (reported as itemized deductions) increased slightly to \$4,403 in 2006, up from \$4,388 in 2005 (Figure 1).

According to 2006 tax data, 20 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 32 percent of households in North Dakota are owner-occupied with a mortgage, the third 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

Figure 2. Average Charitable Contribution Per Federal Individual Income Tax Return with Charitable Contributions by State: 2006

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

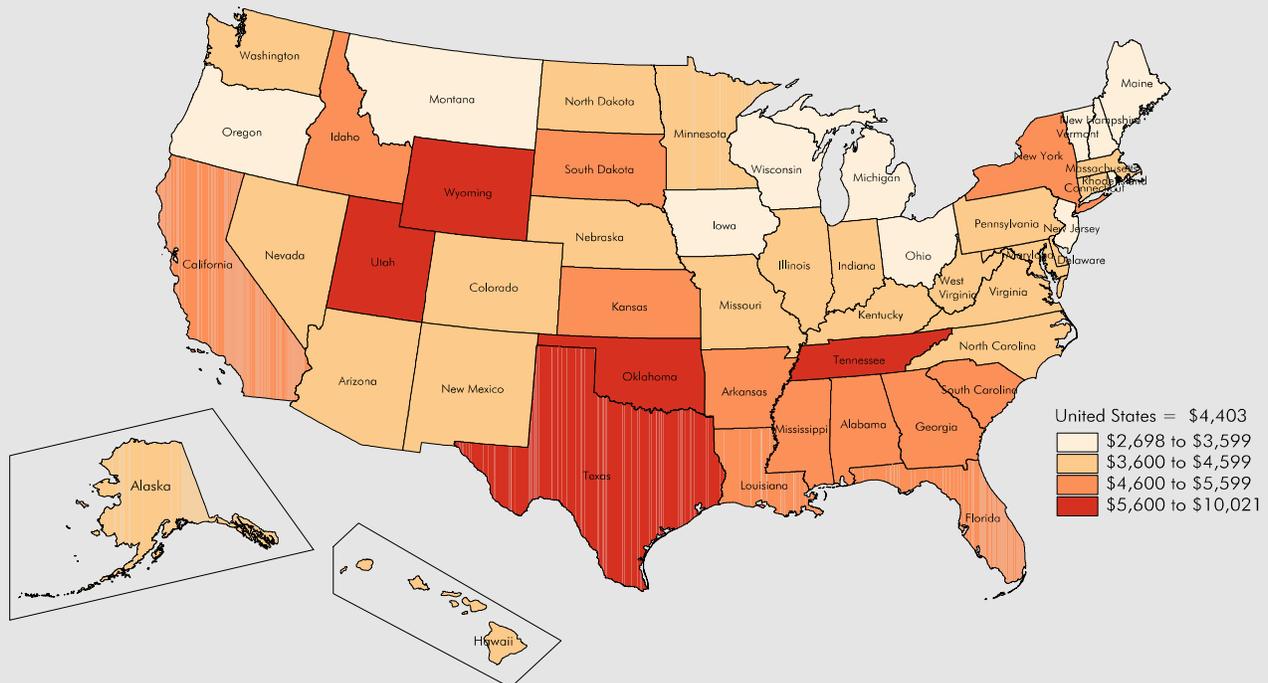


Table 1. Select Data from Federal Individual Income Tax Returns by State: 2006

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

Area	Federal Individual Income Tax Returns							
	Total	With Standard Deduction	With Itemized Deductions					Average Contribution Per Return with Charitable Contributions (\$)
			Total		With Charitable Contributions			
			Number	Percent of All Individual Income Tax Returns	Number	Percent of Tax Returns with Itemized Deductions	Total Amount (\$1,000)	
United States	139,230,752	89,632,757	49,597,995	35.6%	41,366,929	83.4%	182,130,568	4,403
Alabama	2,028,820	1,403,790	625,030	30.8%	551,314	88.2%	2,950,792	5,352
Alaska	341,329	249,792	91,537	26.8%	70,837	77.4%	286,758	4,048
Arizona	2,596,639	1,589,120	1,007,519	38.8%	836,419	83.0%	3,261,912	3,900
Arkansas	1,184,565	884,382	300,183	25.3%	246,653	82.2%	1,302,167	5,279
California	15,987,519	9,633,280	6,354,239	39.7%	5,257,169	82.7%	24,359,073	4,633
Colorado	2,228,867	1,289,101	939,766	42.2%	771,027	82.0%	3,119,492	4,046
Connecticut	1,714,027	939,179	774,848	45.2%	676,735	87.3%	2,819,296	4,166
Delaware	412,049	256,238	155,811	37.8%	133,529	85.7%	547,977	4,104
Dist. of Columbia	287,723	165,466	122,257	42.5%	103,829	84.9%	729,209	7,023
Florida	8,656,007	5,743,752	2,912,255	33.6%	2,327,604	79.9%	11,362,330	4,882
Georgia	4,075,882	2,467,964	1,607,918	39.4%	1,381,801	85.9%	6,607,960	4,782
Hawaii	638,212	423,714	214,498	33.6%	180,602	84.2%	687,464	3,807
Idaho	641,026	412,781	228,245	35.6%	186,088	81.5%	861,016	4,627
Illinois	5,979,694	3,786,125	2,193,569	36.7%	1,859,825	84.8%	7,512,134	4,039
Indiana	2,969,013	2,057,918	911,095	30.7%	738,413	81.0%	2,948,499	3,993
Iowa	1,378,083	934,610	443,473	32.2%	372,097	83.9%	1,311,058	3,523
Kansas	1,289,274	885,778	403,496	31.3%	339,357	84.1%	1,628,746	4,800
Kentucky	1,822,852	1,252,569	570,283	31.3%	475,296	83.3%	1,836,108	3,863
Louisiana	1,894,724	1,434,633	460,091	24.3%	368,044	80.0%	1,865,973	5,070
Maine	633,971	430,343	203,628	32.1%	164,496	80.8%	487,182	2,962
Maryland	2,717,418	1,354,778	1,362,640	50.1%	1,183,166	86.8%	5,196,390	4,392
Massachusetts	3,144,359	1,828,174	1,316,185	41.9%	1,141,990	86.8%	4,431,420	3,880
Michigan	4,655,310	2,944,958	1,710,352	36.7%	1,462,192	85.5%	5,228,555	3,576
Minnesota	2,559,718	1,499,360	1,060,358	41.4%	913,460	86.1%	3,335,644	3,652
Mississippi	1,234,286	927,108	307,178	24.9%	259,150	84.4%	1,405,083	5,422
Missouri	2,720,684	1,856,549	864,135	31.8%	708,661	82.0%	2,893,446	4,083
Montana	465,929	319,377	146,552	31.5%	117,396	80.1%	415,907	3,543
Nebraska	833,432	571,135	262,297	31.5%	225,837	86.1%	988,815	4,378
Nevada	1,210,794	753,070	457,724	37.8%	367,676	80.3%	1,478,537	4,021
New Hampshire	660,961	413,626	247,335	37.4%	201,340	81.4%	621,260	3,086
New Jersey	4,229,622	2,314,630	1,914,992	45.3%	1,685,720	88.0%	5,833,372	3,460
New Mexico	887,176	652,119	235,057	26.5%	186,110	79.2%	699,364	3,758
New York	8,964,337	5,522,096	3,442,241	38.4%	3,045,835	88.5%	15,455,586	5,074
North Carolina	4,005,613	2,527,583	1,478,030	36.9%	1,272,781	86.1%	5,623,142	4,418
North Dakota	314,622	252,668	61,954	19.7%	49,704	80.2%	206,160	4,148
Ohio	5,520,709	3,601,419	1,919,290	34.8%	1,542,523	80.4%	5,235,534	3,394
Oklahoma	1,544,498	1,074,261	470,237	30.4%	389,570	82.8%	2,337,650	6,001
Oregon	1,695,185	987,763	707,422	41.7%	571,746	80.8%	2,052,685	3,590
Pennsylvania	6,040,716	4,086,795	1,953,921	32.3%	1,675,422	85.7%	6,270,304	3,743
Rhode Island	516,906	321,067	195,839	37.9%	171,876	87.8%	463,738	2,698
South Carolina	1,948,517	1,300,318	648,199	33.3%	562,328	86.8%	2,639,355	4,694
South Dakota	377,808	302,731	75,077	19.9%	60,589	80.7%	285,287	4,709
Tennessee	2,742,268	2,021,735	720,533	26.3%	599,592	83.2%	3,437,075	5,732
Texas	10,090,061	7,446,857	2,643,204	26.2%	2,137,695	80.9%	12,273,603	5,742
Utah	1,075,222	634,153	441,069	41.0%	387,123	87.8%	2,901,485	7,495
Vermont	319,131	219,561	99,570	31.2%	76,567	76.9%	252,823	3,302
Virginia	3,618,883	2,108,383	1,510,500	41.7%	1,270,132	84.1%	5,359,964	4,220
Washington	3,017,975	1,879,783	1,138,192	37.7%	920,128	80.8%	3,784,497	4,113
West Virginia	770,261	626,442	143,819	18.7%	110,493	76.8%	433,776	3,926
Wisconsin	2,737,590	1,687,745	1,049,845	38.3%	871,048	83.0%	3,020,399	3,468
Wyoming	257,852	196,452	61,400	23.8%	44,900	73.1%	449,950	10,021

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Tax Deductible Charitable Giving Reported by North Dakotans Up Again in 2006

Donations North Dakotans reported as itemized deductions on individual federal tax returns to charities, humanitarian causes, and public/private institutions including religious organizations, totaled \$206 million in 2006. That is an increase of \$10 million (5 percent) from the \$196 million in 2005. This growth follows a similar increase of \$19 million (11 percent) the year before (i.e., from \$177 million in 2004 to \$196 million in 2005).

"We have seen a consistent rise in charitable giving in North Dakota since 2002, a period in which the state's economy has been quite robust," said Richard Rathge, Director of the State Data Center. "As the economy starts to soften due to the current economic crisis, many nonprofit organizations are fearful that charitable giving will decline," said Rathge.

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.

There are important limitations to consider when 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 2006 tax data, 20 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 32 percent of households in North Dakota are owner-occupied with a mortgage, the third lowest proportion in the nation.

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 much North Dakotans donate and how our state compares with other states. However, 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 \$4,148 per return in 2006, a 3 percent increase from \$4,045 in 2005. Nationally, average charitable contributions increased slightly to \$4,403 in 2006, which is up from \$4,388 in 2005.
