

Since our nation’s founding, voluntary action and charitable giving have been an important part of how Americans pursue the common good. We give generously because we want to make the world better, solve a problem, or help someone in need.

But the truth is, study after study shows that tax policy matters too. It affects when we give and how much we give.

The estate tax is one of the most important motivators for charitable giving for those at the very top of the income distribution. Rather than see a sizable portion of their estates subject to taxation, wealthy families give while living to reduce the size of their estates; and they also give in the form of bequests upon their death. These gifts to schools, hospitals, human services, the arts, and other vital needs contribute to the fabric of society in every state, and the public relies on such gifts at a time when public spending at all levels of government is increasingly squeezed.

Americans are charitable people who will surely give in absence of a charitable deduction or an estate tax, but any well-off American (or their tax advisor) will tell you

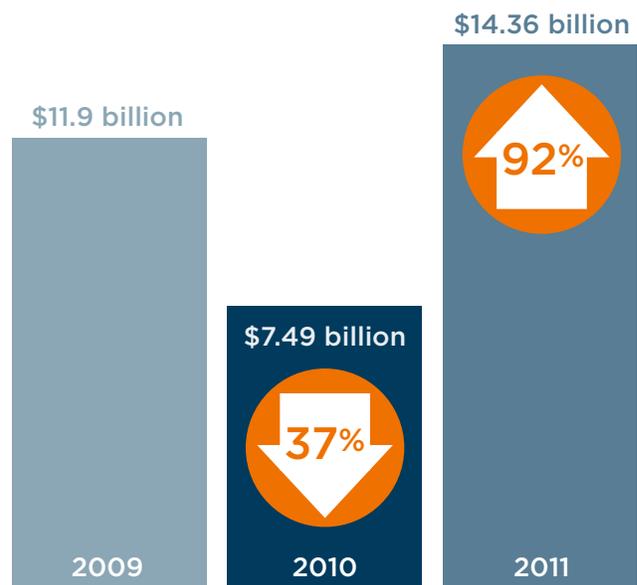
that tax policy plays a role in determining the size and timing of charitable gifts.

Most Americans will never pay the estate tax. The permanent compromise reached in 2013 raised the threshold so that only estates over \$5.5 million per individual and \$11 million per couple are subject to the tax. As a result, only about one American in 500 will ever be subject to

TRANSFORMATIVE IMPACT

If the estate tax is repealed, it will be devastating to the nonprofit sector – not for the \$100 or \$1,000 gifts upon which all charities rely, but for the \$10 million or \$100 million gifts that can be truly transformative.

In 2010, when the estate tax was temporarily repealed, gross charitable bequests in IRS tax filings totaled \$7.49 billion – a 37 percent drop from \$11.9 billion the previous year. The tax returned in 2011, and charitable bequests soared to \$14.36 billion.



Sahil Kapur, “GOP Plan to Kill Estate Tax Sets Up Charitable Giving Conflict,” *Bloomberg Politics*, Aug. 25, 2017, <https://www.bloomberg.com/news/articles/2017-08-25/gop-plan-to-kill-estate-tax-sets-up-charitable-giving-conflict>.

the tax – but those households are responsible for a significant percentage of total charitable giving. Their gifts support the hospitals, universities, and other nonprofits that improve the quality of life in every state.

The existence of the estate tax is a trigger that encourages the wealthy to act on their charitable impulses. Without an estate tax, many of the largest and most transformative gifts may never be made.

The Chronicle of Philanthropy has compiled detailed data on publicly reported charitable gifts of more than \$1 million in each state. Note that this data only approximates the total amount of large gifts; many millions of dollars of charitable gifts may be made anonymously, but still timed to avoid estate taxes or reduce the size of one’s estate below the exemption.

In short, if the estate tax is fully repealed, many of these gifts will disappear, and the nonprofit sector in your state will bear the consequences. We can’t let that happen.

Members of Congress should ask themselves the following: Which of the large gifts in their states would they be willing to do without?

Categories of Charities Receiving Publicly Reported Gifts of \$1 Million or More from 2005 to 2017

Gift Category	Total Gift Dollars
Private Foundations	\$81,765,676,542
Colleges and universities	52,372,821,049
Health	9,493,788,179
Arts	5,271,365,000
Community foundations	4,692,511,631
Education	2,527,202,365
Museums and libraries	2,000,242,851
Other groups	1,537,023,722
Science	1,168,350,000
Public affairs	844,800,000
Human and social services	792,766,000
Religious groups	698,120,000
Social services	605,000,212
International	554,290,000
Medical research	423,250,000
Historic preservation	409,894,161
Conservation and the environment	401,620,000
Children and youths	309,185,000
Zoos and aquariums	179,810,000
Sports and recreation	173,600,000
Jewish federations	103,250,000
Public safety	1,000,000
TOTAL	\$166,325,566,712

All data and examples courtesy of *The Chronicle of Philanthropy*.