

SPECIAL REPORT

November 2005
No. 137

Charities and Public Goods: The Case for Reforming the Federal Income Tax Deduction for Charitable Gifts

By
Andrew Chamberlain
Economist

Mark Sussman
Adjunct Scholar

Introduction

There is broad consensus that the federal tax code should subsidize charitable giving. However, beneath this consensus lies sharp disagreement over what groups should qualify as charitable organizations, and why.

Since 1917, the Internal Revenue Code has defined a wide range of groups as charities, including hospitals, magazines, social clubs, think tanks, churches, universities and more.¹ Clearly, these groups are not all equally charitable. Upon closer examination, many tax-exempt groups now subsidized by the federal tax code are charitable in name only, making it hard to justify a federal subsidy for their operations at taxpayer expense.

As Members of Congress debate the tax reform recommendations of the President's Advisory Panel on Federal Tax Reform, a key issue they face is whether this broad tax subsidy for charities makes economic sense. The Panel's final report defends the charitable deduction on the grounds that it benefits charities, and recommends expanding it in various ways.² However, those benefits come at a real cost to society. By shrinking the federal tax base, the exemption for charitable gifts forces up tax rates for everyone. Overall, a strong case

can be made that the size and scope of the current charitable deduction cannot be economically justified, and should be dramatically reduced—not expanded—as part of any fundamental tax reform.

Most studies of the charitable deduction focus on its impact on charitable giving, or whether tax reform will benefit or harm charities. This study does not address those questions. Instead we explore a more fundamental issue: what is the economic justification for subsidizing charities to begin with? And is the current charitable deduction consistent with that justification?

How the Charitable Deduction Works

When filing federal income tax returns, taxpayers can choose to either itemize their tax deductions or accept a standard deduction. If they itemize, as roughly the highest-earning one-third of taxpayers do, the charitable deduction allows them to deduct gifts to “qualifying organizations”—those engaged in religious, scientific, literary or educational missions—from gross income. Once deductions are subtracted, a progressive marginal tax rate

¹ Tax-exempt charitable organizations are defined in Section 501(c)(3) of the U.S. Internal Revenue Code. The Tax Foundation is organized as a 501(c)(3) charitable organization.

² President's Advisory Panel on Federal Tax Reform, *Simple, Fair & Pro-Growth: Proposals to Fix America's Tax System* (November 2005). Proposed reforms include: extending the charitable deduction to all gifts in excess of one percent of income; allowing taxpayers who don't itemize to deduct gifts; allowing tax-free gifts from Individual Retirement Accounts; relaxing information reporting for small gifts; and allowing taxpayers to sell property and donate proceeds to charity.

based on income is applied to determine tax liability.

By reducing taxpayers' taxable income, the charitable deduction shifts part of the cost of private charitable giving onto the rest of society, encouraging charitable gifts. In 2003, roughly 39 million taxpayers itemized some form of charitable donation, for a total of \$145.7 billion in deductions. Table 1 shows

Table 1
Number of Individual Tax Returns with Itemized Charitable Deductions and Amount, 1990-2003.

Year	Number of Returns (millions)	Percentage of Total Tax Returns	Amount of Charitable Deductions (\$ billions)
1990	29.2	25.7%	\$57.2
1991	29.6	25.8%	\$60.6
1992	29.6	26.1%	\$63.8
1993	29.8	26.0%	\$68.4
1994	29.8	25.7%	\$70.5
1995	30.5	25.8%	\$75.0
1996	31.6	26.2%	\$86.2
1997	32.6	26.6%	\$99.2
1998	33.8	27.1%	\$109.2
1999	35.5	28.0%	\$125.8
2000	37.5	29.0%	\$140.7
2001	39.4	30.2%	\$139.2
2002	40.4	31.1%	\$140.6
2003	38.6	29.6%	\$145.7

Source: Internal Revenue Service.

how many taxpayers have taken advantage of the charitable deduction since 1990, and how much they claimed as itemized charitable deductions.

While the charitable deduction clearly benefits charities, it also shrinks the federal tax base. The Joint Committee on Taxation estimates that between 2005 and 2009 total forgone tax revenue from the charitable deduction will be \$228.5 billion. That amounts to more than \$246,000 for each of the estimated 925,218 501(c)(3) charities registered in the U.S. in 2004.

Charity and the Economic Way of Thinking

There are many possible ways of attempting to justify a tax subsidy for charities. This paper

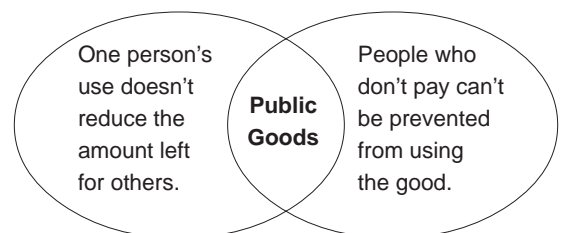
explores only the economic justification. That is, we describe how economists think about tax subsidies, and explain the criteria they use for deciding whether they are justified or not. Then we apply those criteria to the current charitable deduction, examining whether or not it makes economic sense.

The economic case for the charitable deduction begins with what economists call "market failure." A market failure occurs when, for various reasons, buyers and sellers in a market aren't able to reap all possible gains from trade. In essence, market failures place a wall between individuals, preventing otherwise beneficial trades. Since profitable deals are left on the table, market failures cause either "too few" or "too many" goods to be produced. For this reason, economists consider market failures inefficient and often recommend government intervention as a solution.

Proponents of the charitable deduction argue that charities suffer from a particular kind of market failure. They argue that charities provide what economists call "public goods." In common language, "public good" describes anything broadly socially desirable. But to economists "public good" has a special meaning. Public goods in economics have two distinct features—(1) it is hard to prevent those who don't pay from using them, and (2) one person using them doesn't reduce the amount left for others.³ Common examples of public goods include national defense, a clean environment, and publicly shared research and development. Figure 1 graphically illustrates this definition of public goods.

To see how public goods cause market failure, consider the example of an entrepreneur

Figure 1
Two Criteria Define "Public Goods" Which Lead to Market Failure



³ Economists refer to these two characteristics as "non-excludability" and "non-rivalrous consumption."

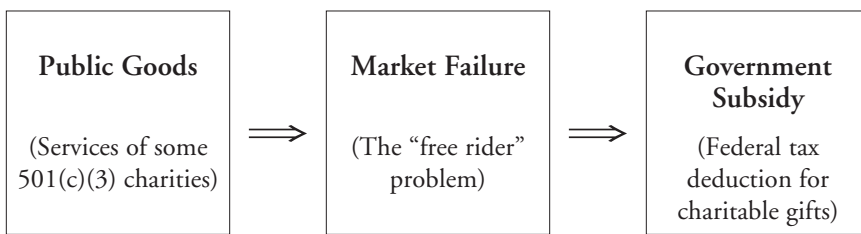
who organizes a fireworks display.⁴ Though she may be able to charge admission fees to the show to some, she may not be able to charge others, such as those watching from nearby rooftops and windows. That makes it hard to exclude those who don't pay from enjoying the show. Also, one person's enjoyment of fireworks doesn't reduce the amount left for others. As a result, firework displays fit both economists' criteria for public goods.

Why are public goods market failures? Because in theory, markets will supply "too few" of them. In the case of the fireworks show, if

the organizer can't charge fees to those enjoying the show, she may not find it worthwhile to produce it—even if there is plenty of demand for firework displays. This problem is sometimes called the "free-rider problem" because users of public goods—like viewers of fireworks shows—have incentives to not pay, and instead "free ride" on others who do. Ultimately this leads no one to pay, which leads markets to not supply fireworks shows, even though people value them—a classic market failure.

This is the basic justification for a tax subsidy to charities: if charities produce public goods, they will be subject to market failure and won't be supplied, justifying a government subsidy for them. For a tax subsidy to charities to be economically justified, each link in this chain of reasoning must hold. Figure 2 graphically illustrates the three-step argument for a tax subsidy to charities.

Figure 2
If Charities Produce Public Goods, There May Be Market Failure, Justifying a Tax Subsidy for Charities



A Caveat: Bundling

As we have seen, in theory markets will not supply public goods. But in real-world markets, sometimes companies do in fact provide public goods. How? There are several ways, but a common one is by bundling them with private goods and selling both together.⁵

For example, radio programs fit the definition of public goods—it's hard to stop non-payers from listening, and one listener doesn't reduce the amount left for others to hear. However, there's clearly no market failure judging from the myriad of radio stations spanning the AM and FM dials. Why? Radio stations bundle advertising or other services with programming, supplying both together at once, overcoming the "free-rider" problem.

Through bundling, entrepreneurs commonly overcome the problems of free riding and market failure. What does this imply for charities? For a tax subsidy to be economically justified—that is, for each link in the argument in Figure 2 to hold—charities must not only provide public goods. They must also be unable to use market-based methods like bundling to overcome the free-rider problem.

Turning Public Firework Shows into Private Goods with Bundling

For decades, the city of Seattle has enjoyed one of the nation's largest privately provided annual fireworks shows. The display was begun in 1965 by local restaurateur and philanthropist Ivar Haglund, founder of several famous waterfront establishments, and draws tens of thousands of Seattleites to the downtown waterfront each Fourth of July.

How does the Seattle event overcome the free-rider problem? By bundling related goods and services along with the show. These include food and beverage sales, brand advertising, premium seating inside nearby restaurants, enhanced customer goodwill, and other ancillary benefits. By bundling private goods with fireworks shows, Ivar's, Inc. regularly overcomes the problem of market failure.

According to the Ivar's website, Haglund originally viewed the show "as a great way to thank his customers and give back to the community." In turn, the event has helped transform an otherwise obscure Seattle seafood kitchen into a heralded Pacific Northwest institution. Today, the annual event continues on Seattle's waterfront and remains privately funded.

Source: Dave Stephens, *Ivar: The Life and Times of Ivar Haglund* (1986).

⁴ Tyler Cowen, "Public Goods and Externalities," *The Concise Encyclopedia of Economics*. Library of Economics and Liberty (<http://www.econlib.org/library/Enc/PublicGoodsandExternalities.html>).

⁵ Daniel Klein, "Tie-ins and the Market Provision of Public Goods," *Harvard Journal of Law and Public Policy* (Spring 1987).

As we will see, few charities currently subsidized by the federal tax code fit these economic criteria.

Distinguishing Among Charities

Charities are highly diverse. Since a tax subsidy for charitable giving can only be justified for groups producing public goods, it's important to distinguish among them.

Table 4 illustrates the various types of 501(c)(3) charities, along with their relative economic importance as measured by gross receipts. As is clear from the table, nonprofit hospitals and educational institutions dominate among 501(c)(3)s. Their combined revenues make up a staggering \$889 billion, or 56.6 percent of the more than \$1.57 trillion in total revenues reported by U.S. charities, making them by far the largest group.

Neither hospitals nor universities can plausibly be said to fit the economist's definition of public goods. Their primary services are direct hospital care to patients, and research and direct classroom instruction to students. Those who refuse to pay can easily be excluded from

both, and one person's consumption of them clearly reduces the amount left for others. As a result, educational and hospital services are not economically different from other goods and services such as rock-climbing lessons or auto care. That makes it difficult to see how either is subject to market failure and would be significantly under-provided in the absence of a tax subsidy.

The remaining charities in Table 4 that may arguably provide public goods are dwarfed in comparison. Human services groups receive just 6.5 percent of charity revenues, while scientific research, civil rights, and environmental quality groups receive less than one percent each.

While the data in Table 4 do not show that there are *no* charities producing exclusively public goods, they clearly demonstrate that the vast majority do not. Only a small fraction of charities currently subsidized by the federal tax code can plausibly be said to provide goods that may be subject to market failure, and would be under-produced without a tax subsidy. As a result, the scope of the current charitable deduction is far broader than can be justified by any appeal to the theory of market failure.

Why Aren't Art Galleries Public Goods?

People are often surprised to learn that economists don't consider art galleries, museums and theatres to be market failures that deserve public subsidy. Why not? Because they don't fit the economist's definition of public goods.

Recall that to be a public good, one person's use can't reduce the amount left for others, and it must be hard to prevent those who don't pay from using them. Because art galleries, museums and theatres can only hold so many patrons at once, clearly one person's use reduces the amount left for others. Also, it's easy to prevent those who don't pay from using them, for example, by charging an admission fee upon entry. As a result, we'd expect markets to provide private art galleries, museums and theatres even without government subsidies.

In contrast, we would not expect markets to provide public goods like, say, national defense. Even if it were possible to hand each person who values national defense a suitcase of dollars to spend on it, we would still not expect markets to provide it, because of the problem of "free riding" that plagues public goods, and leads to market failure.

Many services currently provided by charities also do not fit the definition of public goods. For example, universities and hospitals—which account for the vast majority of charity revenues—clearly are neither "non-rivalrous" nor "non-excludable," making it hard to justify a tax subsidy for them on economic grounds alone.

How Important are Charitable Gifts?

The economic case for the charitable deduction is that without it charities will be under-funded because of "free riding." But as noted above, that prediction relies on a crucial assumption: that most charities are funded by altruistic donations that are subject to the free-rider problem. In reality, this is not the case.

Charitable organizations receive funds from three main sources: fees charged for services, government grants and charitable gifts. Figure 3 shows the importance of each source to charities according to an analysis of 1997 data by Independent Sector.

As shown in Figure 3, just 20 percent of charity revenues come from private charitable gifts. In contrast, 38 percent come from program fees—including school tuition, hospital patient charges and admission fees for events—while 31 percent come from government contracts and grants.

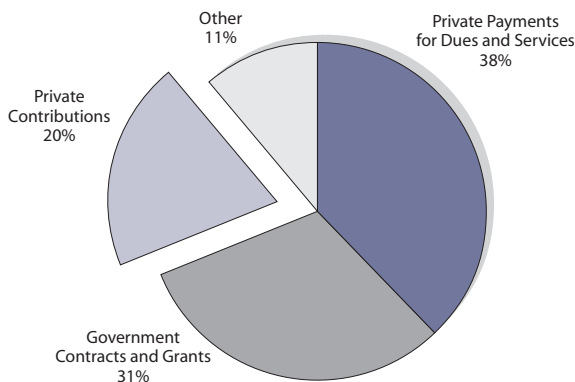
Table 4
Non-Profit Hospitals and Universities Account for a Large Portion of Revenue of U.S. Charities, 2004

Registered 501(c)(3) Charities			
	Number	Gross Receipts (\$billions)	Percentage of Total Receipts
Health and Education (Hospitals & Universities)	117,920	\$889.3	56.6%
Private Foundations	102,881	\$218.0	13.9%
Human Services	71,319	\$101.6	6.5%
Medical Research	3,623	\$83.0	5.3%
Philanthropy, Volunteerism, and Grantmaking	27,377	\$58.0	3.7%
Arts, Culture, and Humanities	60,239	\$40.7	2.6%
Diseases, Disorders, Medical Disciplines	7,811	\$27.7	1.8%
Mental Health, Crisis Intervention	12,420	\$18.7	1.2%
Housing, Shelter	21,900	\$15.9	1.0%
Community Improvement, Capacity Building	20,630	\$13.8	0.9%
Science and Technology Research Institutes	2,994	\$12.2	0.8%
Religion Related, Spiritual Development	72,128	\$12.2	0.8%
International, Foreign Affairs, and National Security	6,060	\$11.6	0.7%
Employment, Job Related	5,742	\$10.1	0.6%
Recreation, Sports, Leisure, Athletics	36,615	\$9.2	0.6%
Environmental Quality, Protection, and Beautification	12,950	\$8.6	0.5%
Youth Development	16,244	\$8.3	0.5%
Animal-Related	10,467	\$6.0	0.4%
Crime, Legal Related	9,872	\$5.5	0.4%
Public, Society Benefit	3,501	\$5.3	0.3%
Food, Agriculture, and Nutrition	4,609	\$4.9	0.3%
Social Science Research Institutes	1,262	\$2.7	0.2%
Civil Rights, Social Action, Advocacy	3,797	\$1.8	0.1%
Public Safety	8,358	\$1.7	0.1%
Unknown	284,499	\$5.2	0.3%
Total	925,218	\$1,572.3	100.0%

Note: Excludes approximately 900 so-called "mutual benefit" public charities, churches, and other organizations with income under \$25,000 not required to file IRS Form 990.

Source: IRS Business Master File (December 2004), National Center for Charitable Statistics.

Figure 3
Program Fees and Government Grants Fund Most Charities, Not Charitable Gifts, 1997



Source: Independent Sector.

Contrary to popular belief, charitable gifts play a relatively small role in the overall funding of charities. That casts further doubt on the pervasiveness of market failure in the market for charitable services.

Data compiled by the Internal Revenue Service paint a similar picture. As illustrated in Figure 4, charitable giving makes up a small part of the total income of charities who file using IRS Form 990. Of the \$895 billion of revenue reported by charities in 2001, a staggering 70.4 percent came from program fees. In contrast, charitable gifts accounted for just 13.7 percent of total revenues—just slightly more than the 9.9 percent of revenues from government grants.

Many Charities Resemble For-Profit Groups

Given the small share of charity revenue from charitable gifts, it's no surprise that peppered throughout section 501(c)(3) of the Internal Revenue Code are organizations that are not in any meaningful sense "charities," in the sense that they depend mostly on voluntary, altruistic gifts for support. On closer examination, many charities have more in common with quasi-government agencies, for-profit firms, and political lobbying groups than with textbook examples of public good providers.

Quasi-Government Agencies

Many charities receive a large portion of their revenue from government contracts and grants—up to 85 percent in some cases. These groups are more accurately characterized as quasi-government agencies rather than true charitable enterprises, as they are only tangentially supported by voluntary tax-exempt gifts.

Table 5 shows the percentage of revenues from government support for ten of the 100 largest U.S. nonprofits in 2003. All of them receive more than half their annual revenues from federal, state and local governments.

With the bulk of their funding coming from direct government spending rather than charitable gifts, in what sense are these charities at risk of market failure without a tax subsidy? For this reason, it's hard to justify the current tax subsidy for these groups based on economic theory alone.

Tax-Exempt Businesses

Many charities are mostly engaged in selling private goods and services rather than traditional charitable work. In fact, they often compete directly with for-profit firms in the

free market. Though charities are taxed on business income that's unrelated to their charitable mission, in practice they engage in a wide range of commercial activities that are questionably charitable.

Studies Find Few Charities Provide Only Public Goods

The economic justification for the charitable deduction relies on the notion that charities produce public goods. But an exhaustive 1996 study of a national database of 12,726 nonprofits by Profs. Howard Tuckman and Cyril Chang found that the vast majority of charities produce a mix of public *and* private goods. Surprisingly few produce only public goods. From the study's conclusion:

Theories based on the assumption that nonprofits produce public goods only have been shown to represent a small portion of the outputs of nonprofit organizations. A majority of nonprofits produce mixed outputs... Similarly, characterizations of nonprofits as providers solely of social services oversimplify their role because nonprofits can, and do, produce private goods...

[R]ecent public debates have raised a question as to whether it is fair and efficient to subsidize nonprofits that primarily produce private goods. Although our results do not address this issue directly, they do suggest that public subsidies cannot be justified simply because nonprofits qualify for the Internal Revenue Code 501(c)(3) designation.

Source: Howard Tuckman and Cyril Chang. "The Goods Produced by Nonprofit Organizations," *Public Finance Quarterly* (January 1996).

For example, many charitable providers of "educational materials"—including *Ms.* magazine, *Nation's Business*, *Harper's*, *Mother Jones* and others—are indistinguishable from for-profit magazines. Similarly, the tax-exempt National Geographic Society sells videos and maps in direct competition with for-profit companies. The YMCA operates health clubs that are identical to for-profit gyms. The Metropolitan Museum of Art operates 21 gift shops in the U.S. and 11 internationally, selling music, jewelry, clothing, sculpture and more. Tax-exempt churches commonly host travel tours, competing directly with for-profit tour agencies. Nonprofit community hospitals are in many ways identical to their for-profit counterparts.

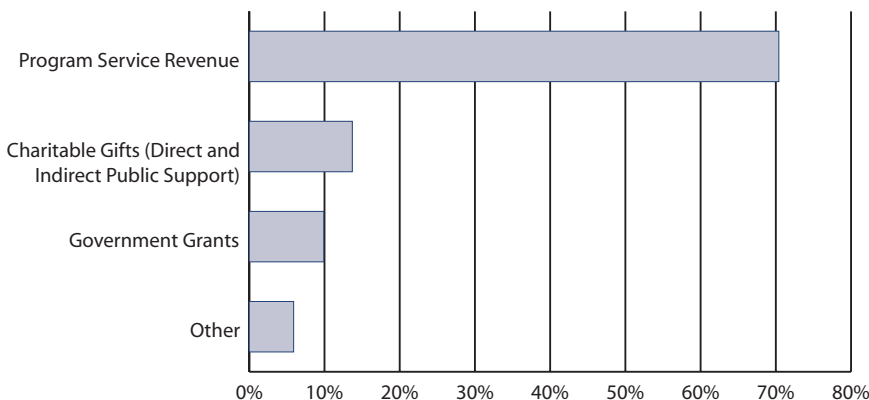
Because these groups mostly provide private goods and services in exchange for fees, they are economically indistinguishable from for-profit companies in similar industries. It's therefore hard to see how a tax subsidy for them—but not for their for-profit counterparts—can be justified by any appeal to market failure.

Lobbying and Political Activist Groups

Though they are classified as tax-exempt charities, a growing number of 501(c)(3)s clearly exist to promote the various ideological and political causes of their donors and management. These include the many national and state-level think tanks, grass-roots advocacy groups, and other educational organizations—including the Tax Foundation itself—that have emerged in the last century.

While these groups face restrictions on direct lobbying, they do promote the political and ideological interests of members in many other ways, including media relations, direct mailings, publications, meetings with lawmakers, outreach via the World Wide Web, and hosting public events. Because these groups primarily benefit donors and management in the same way for-profit lobbying firms benefit clients, it is unclear in what sense they provide a public good justifying tax subsidy.

Figure 4
Charitable Gifts Are a Small Part of Total Revenue to Charities, 2001



Note: Excludes approximately 900 so-called "mutual benefit" public charities, churches, and other organizations with income under \$25,000 not required to file IRS Form 990.

Source: "Charities and Other Tax-Exempt Organizations, 2001," *Statistics of Income Bulletin*, Internal Revenue Service.

Once quasi-government agencies, tax-exempt businesses, and political activist groups are accounted for, the number of remaining charities that can plausibly be said to provide public goods is far smaller than commonly assumed.

While there are surely some human services, medical, and scientific research charities that provide public goods and rely primarily on altruistic charitable gifts for support, the vast majority of 501(c)(3) organizations do not. On balance, it appears there is little economic justification for the current size and scope of the federal tax deduction for charitable gifts.

Other Problems

As we have seen, the economic justification for the current charitable deduction is weak. Most charities do not provide public goods that are subject to market failure, and those that do are often able to bundle them with private goods, avoiding whatever market failure that might otherwise occur.

However, the charitable deduction suffers from other flaws as well. These include a regressive benefit structure and the potential to subsidize “bad” as well as “good” charities.

Regressive Benefits

Most benefits from the charitable deduction accrue to upper-income taxpayers. According to the Joint Committee on Taxation, more than 75 percent of tax benefits from the charitable deduction went to the 12 percent of taxpayers with incomes over \$100,000 in 2004.

This happens for two reasons. First, because of the progressive nature of the federal income tax, the value of the charitable deduction rises as income rises. The higher the tax bracket, the lower the effective price of charitable giving. As a result, those facing the highest marginal tax rates—that is, high-income taxpayers—receive a much more powerful tax benefit than low-income taxpayers. This makes the charitable deduction highly regressive overall.

Second, only taxpayers who itemize their deductions when filing federal income tax returns can benefit from the charitable deduction. Since high-income taxpayers are much more likely to itemize than low- and middle-income taxpayers, most benefits of the charitable deduction go to upper-income taxpayers.

Taken together, these two factors cause the distribution of the tax benefits of the charitable deduction to be highly regressive. Figure 5 illustrates the steep regressivity of the charitable deduction in amount of benefits received.

Subsidizing “Bad” Charities

The charitable deduction shifts part of the cost of private charitable giving onto the rest of society. As a result, it inevitably ends up forcing some taxpayers to effectively subsidize others’ charitable goals—goals that they may or may not agree with on religious, social, political, or ideological grounds.⁶

For example, why should taxpayers with left-leaning political views be forced to subsidize charitable gifts to groups such as the American Conservative Union or Academics for the Second Amendment? Why should conservatives be forced to subsidize the Ruckus Society or the Democratic Socialists of America Fund? Or why should those with Evangelical

Table 5
Many of America’s Largest Charities Rely Mostly on Government Grants, Not Voluntary Charitable Gifts

	Total Revenue (\$ millions)	Government Support (\$ millions)	Government Support as a Percentage of Total Revenue
Mercy Corps International	\$116	\$99	85%
Fred Hutchinson Cancer Research Center	\$240	\$189	79%
Institute of International Education	\$158	\$117	74%
Catholic Relief Services	\$500	\$355	71%
United Cerebral Palsy Associations	\$310	\$206	66%
National Gallery of Art	\$141	\$92	66%
CARE USA	\$523	\$332	63%
Catholic Charities USA	\$2,859	\$1,757	61%
International Rescue Committee	\$153	\$90	59%
Save the Children Fund, Inc.	\$241	\$135	56%

Note: Data are for tax year 2003, as reported on 2004 IRS Form 990.

Source: *NonProfit Times* 100 Survey, 2004.

⁶ Mark P. Gergen, “The Case for a Charitable Contributions Deduction,” *Virginia Law Review* (November 1988).

Christian beliefs be required to subsidize gifts to the Atheist Alliance or Americans United for Separation of Church and State?

It is unclear why taxpayers with strong political, religious or ideological beliefs should be forced to subsidize private giving by others, particularly when many gifts go to organizations that are openly hostile to their most cherished beliefs.

The problem is particularly sharp in the case of political advocacy groups. Opposing think tanks and advocacy groups often work directly against each other toward mutually exclusive goals, for example, by taking diametrically opposed positions on issues such as the level of welfare benefits, government support for the arts, or tax and spending policies.

In these cases, it's unclear which political groups generate positive benefits to society in the form of public goods, and which impose *negative costs* in the form of bad policy. Because of differences in individuals' valuations of different social goals, it's impossible even in

principle to distinguish the two. On net, it is not obvious which charitable political groups provide a public good requiring tax subsidy, and which provide overall public "bads."

Conclusion

From the perspective of economic efficiency, it's hard to justify the current size and scope of the federal charitable deduction. As one expert writes, "The definition of charity ... is surely flawed at its margins: it is ludicrous that sports museums, jazz festivals, and singing groups are treated as charities... [I]t is implausible that gifts to these charities are altruistic in motive."⁷

Most 501(c)(3) charities now benefiting from the charitable deduction are neither charitable, in the sense of relying mostly on altruistic gifts, nor providers of public goods. This analysis suggests lawmakers should explore ways to curtail the definition of tax-exempt charity, and exclude groups that are now benefiting unfairly from the deduction at taxpayer expense.



SPECIAL REPORT
(ISSN 1068-0306) is published at least 6 times yearly by the Tax Foundation, an independent 501(c)(3) organization chartered in the District of Columbia.

4–20 pp.
Single copy: free
Multiple copies: \$5 each

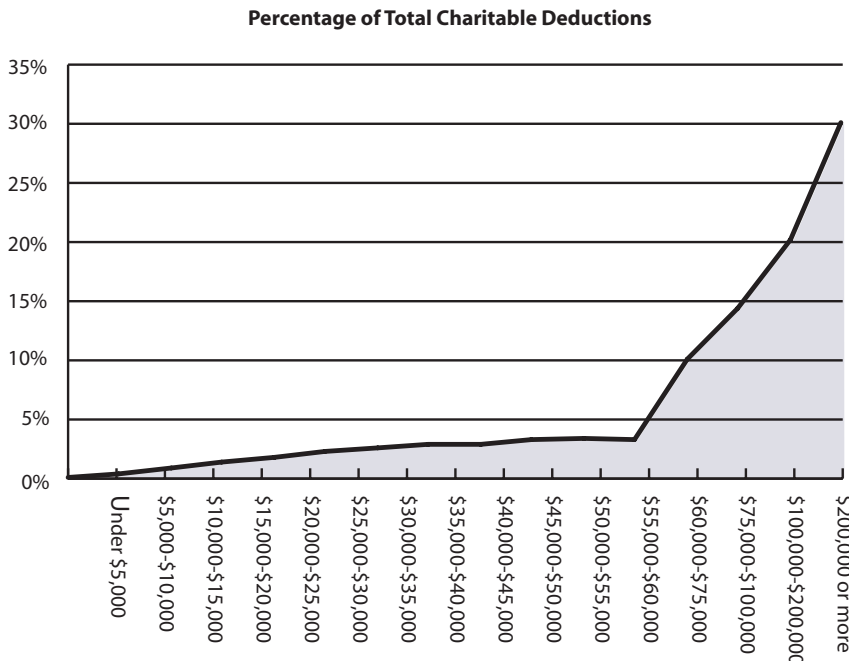
The Tax Foundation, a nonprofit, nonpartisan research and public education organization, has monitored tax and fiscal activities at all levels of government since 1937.

©2005 Tax Foundation

Editor and Communications Director, Bill Ahern

Tax Foundation
2001 L Street, NW, Suite 1050
Washington, DC 20036
(202) 464-6200
(202) 464-6201 fax
www.TaxFoundation.org
TF@TaxFoundation.org

Figure 5
High-Income Taxpayers Benefit Most from the Charitable Deduction



Source: Internal Revenue Service.

⁷ Gergen, *ibid.* p. 1450.