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JEC press release misinterprets evidence on charitable bequests

WASHINGTON, D.C., July 29, 2004 - The majority leadership of the Joint Economic Committee, in [a recent press release dated July 28, 2004](#), pointed to an increase in charitable bequest giving as evidence that changes to the estate tax law have not impacted giving.

The press release makes the claim that “[t]he data contradict claims of opponents of estate tax repeal who have long argued that cutting the estate tax will reduce charitable bequests.”

This claim is based only upon a cursory glance at the data, and does not meet the standards of rigorous economic investigation of thorough studies by the Congressional Budget Office, the Treasury Department, or the independent Tax Policy Center. Each of these studies has found that an estate tax repeal would have a significant negative impact on charitable giving.

The claim falsely attributes increases in giving entirely to tax law changes; and ignores the trend of dramatic increases in [incomes](#) and [wealth](#) among millionaires -- in part as a result of increases in the stock market -- that would largely account for the increases in charitable bequests. In addition, an aging population would also contribute to greater amounts of bequests, irrespective of tax law changes.

The most recent serious study of the impact of repeal from the Congressional Budget Office indicates that charitable bequests would decline by over 20 percent, and that overall charitable giving would decline from between \$12 and \$24 billion per year in the case of a full repeal.

For more information on the CBO results, see:

- [The Estate Tax and Charitable Giving](#) by Robert McClelland and Pamela Greene, Congressional Budget Office (2004)
- [Charitable Bequests and the Repeal of the Estate Tax](#) by Robert McClelland, Congressional Budget Office (2004)

For more on the charitable impact of estate tax repeal see:

- [Effects of Estate Tax Reform on Charitable Giving](#) by Jon Bakija and William Gale, Tax Policy Center (2003)
- [Estate Taxes and Charitable Bequests by the Wealthy](#) by David Joulfaian, National tax Journal (2000)
- [The Estate Tax and Charitable Giving](#) by Gary Bass and John Irons, OMB Watch (2003)

To interview OMB Watch Economist John Irons, phone 202-234-8494.

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