

CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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CHARITABLE BEQUESTS REACH RECORD HIGH FOLLOWING REDUCTION IN ESTATE TAXES

**-- Trend Defies Opponents' Prediction
About Death Tax Repeal --**

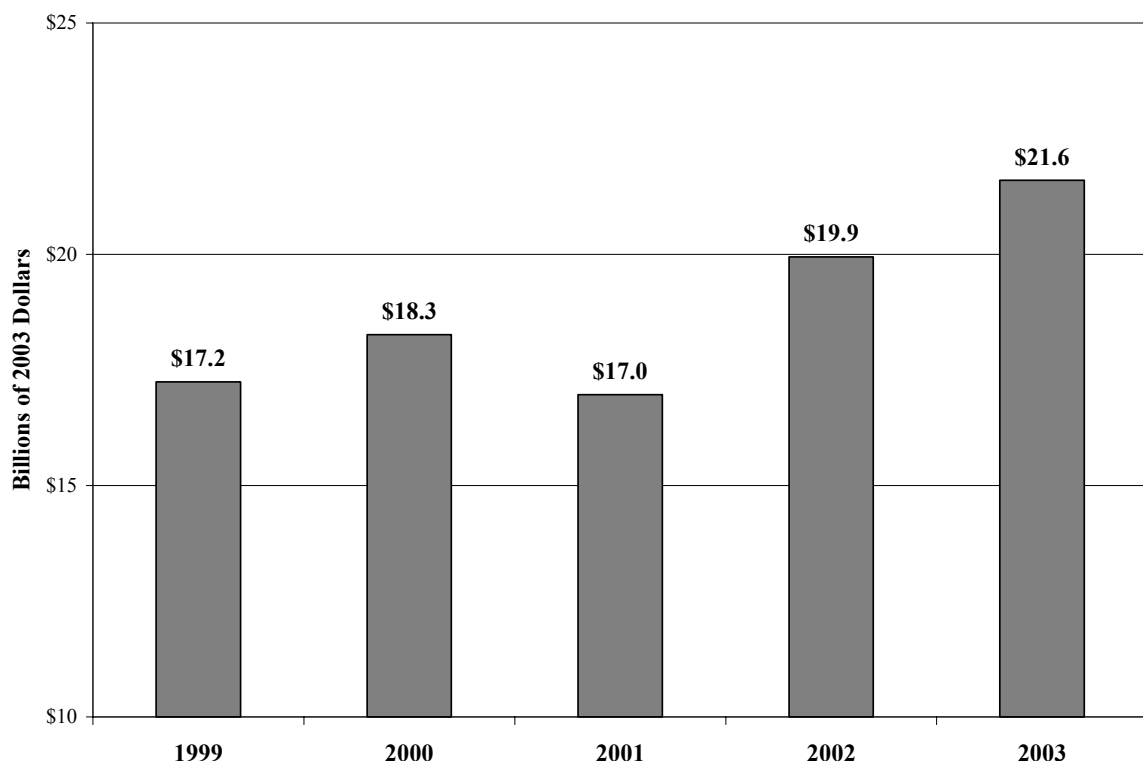
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WASHINGTON, D.C. – Recently released data reveal that charitable bequests have reached a new all-time high since the enactment of the phased-in repeal of the estate tax, noted Vice-Chairman Jim Saxton today. The data contradict claims of opponents of estate tax repeal who have long argued that cutting the estate tax will reduce charitable bequests.

Charitable bequests reached \$21.6 billion in 2003, compared to just \$17.2 billion in 1999 (in 2003 inflation-adjusted dollars), representing a 25 percent increase over the last five years. Charitable bequests dropped in only one year, 2001, following the 2000 bursting of the stock market bubble. By comparison, total charitable giving increased by 15 percent over the same time period.

“Opponents of death tax repeal frequently point to the tax deduction for gifts to charity as a reason to retain the levy,” Saxton said. “Because the tax law encourages charitable bequests, such opponents argue that any reduction or repeal of estate taxes will adversely affect charitable bequests.”

“The new data presented here do not appear to support this contention,” continued Saxton. “Supporters of death tax repeal have argued that taxes crowd out charitable giving, as a higher tax bill reduces the amount of after-tax estate left to be given to charity. Supporters of repeal also argue that charitable bequests are greatly affected by the health of the financial markets. Since a large portion of wealthy estates consist of financial assets, a declining stock market (like that which began in 2000) is more likely to affect charitable giving than is the availability of the charitable deduction. These data are consistent with these arguments,” Saxton concluded.



For more information about the estate tax, please visit our website at www.house.gov/jec.

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