

“Are New Orleans’ Property Assessments for Real?” [5]

Virtually no net growth in property wealth in the whole New Orleans region over five decades – that finding is extraordinary. Are the data any good?

During my visits, I heard comments like “what do you expect when Orleans Parish has seven different elected assessors?” or “tax assessments are shot through with politics” or even that “Louisiana is a Third World country.”

Nationwide, most state and county assessors are elected. In that sense, almost everybody’s property assessment system is “shot through with politics.” (The level of professionalism, however, varies below the elected officials.)

From 1950 to 1998 the inflation-adjusted valuation of all property throughout the rest of Louisiana (that is, outside of the six-parish New Orleans region) grew by 313% – a growth rate equivalent to the New Orleans region’s peers or to its suburban parishes. The New Orleans region grew only 16%, because the value of Orleans Parish’s inflation-adjusted tax base was reduced 56%. Why should we suppose that Orleans Parish’s elected assessors acted so differently than elected assessors throughout the rest of Louisiana?

Moreover, if nothing but politics is at the basis of Orleans Parish’s steadily declining assessments, why should today’s assessors be so much more motivated

to undervalue property in 1998 than their predecessors were in 1975 or 1950?

Such a steady decline presupposes a constant, systematic increase in political bias.

Finally, Orleans Parish's dramatic decline in property wealth is not unprecedented. Other central cities with fixed boundaries have experienced similar decline in the face of suburban sprawl, such as Detroit and St. Louis.

Thus, in the absence of other evidence, I must conclude that Orleans Parish's sharp decline in property wealth was real, and not a political invention.

Finally, all statistics cited report gross valuation *before* tax exemptions (like the \$75,000 homestead exemption) are deducted. In 1991 the state of Louisiana exempted 27.5% of all property from paying property taxes. That was the highest proportion of tax-exempted property in the nation – almost twice the second highest level (Kansas at 15%). The average exemption for all states was 3.2%; eighteen states exempted no property whatsoever.

This study measures the growth of total property wealth and not the growth of total taxable property. Louisiana's record high level of tax exemptions reflects deliberate choices made by the people's elected representatives. However, those choices place limits on investment in better schools, roads, and other public infrastructure that could support a higher rate of economic growth. [405 words]