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The Strange Case of the Seven Assessors

Janet Howard¹ with Shaun Rafferty²

Mark Twain supposedly once said that when the world was coming to an end he wanted to be in Cincinnati, since it was twenty years behind the time. He could have delayed his demise even longer by moving to New Orleans, where change comes at a glacial pace. The case of the seven assessors illustrates the point.

New Orleans was, before Katrina, the only parish (county) in Louisiana to have multiple assessors. There were seven. Each of them had his or her own district, and collectively they formed the Board of Assessors. The strange structure was the vestige of times past, with no rhyme or reason in modern times.

It was riddled with absurdities. For example, the assessors' districts varied widely in size, with fewer than seven thousand taxpayers in one and more than seventy thousand in another. It was obviously costly and inefficient to pay seven chief executives when one would do. The assessment budget was approximately double those of parishes with similar numbers of parcels. Yet, because of the expensive top-heavy structure, the assessors' offices in New Orleans had less money to invest in personnel and technology.

The return on this substantial investment was a shoddy system. The offices were understaffed and manned by people with insufficient training. For their methodology, the assessors generally engaged in sales chasing, meaning that they adjusted the assessed value of a property when it sold without addressing changes in the values of other properties. This practice resulted in wide divergences in the assessed values of similar properties and consequently the tax obligations of the owners. Properties that had changed hands recently were taxed at a far higher effective rate than those that had remained with owners for a long time.

The inefficiencies and the lazy assessment practices were bad enough, but the effects of the system were more pernicious. The multiplicity of assessors, all elected, invited an overly cozy relationship between an assessor and his constituents. Property owners routinely met with their assessor to discuss their assessments. Proponents of the system praised this system as a personal touch, but the reality was that the relationship subverted objectivity and corroded the system. It was a nexus that had to be broken.

Despite the obvious problems, the assessment system stubbornly resisted reform efforts. The Bureau of Governmental Research (BGR), a nonpartisan group formed to improve the quality of government in New Orleans, had begun to advocate for the consolidation of the assessors' offices in the 1930s. Its repeated calls for reforms fell on deaf ears until after Hurricane Katrina.

The citizens' attitude toward assessments changed dramatically after Katrina, when an enraged public became actively engaged in reforming systems perceived as obstacles to the city's rebuilding and growth.

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The push for change in the assessment arena had multiple participants. This article focuses on the contributions of two of them: BGR and the I.Q. Ticket. BGR, an established institution, worked to educate the public and public officials on the deficiencies in the system. The I.Q. Ticket, a newly formed ad hoc group, sought change through the ballot box. Another key player, the newly formed Citizens for 1 Greater New Orleans, worked relentlessly on the legislature. Its work is discussed in this issue in a separate article dedicated to it. While the stories are presented separately, they are intertwined.

Laying the Groundwork

The unfairness of the assessment system began to move into the public spotlight before Katrina. Following up on its earlier work, BGR marked the end of the millennium by issuing a major report describing shortcomings in assessment practices. Among other things, the report identified flaws in the ratio studies performed by the Louisiana Tax Commission, the state's oversight body for assessments, to determine whether local assessors were doing an accurate job. The problems with the methodology were masking the extent of inaccuracies and inequities.

In a quiet move that infuriated the assessors, the city's technology officer put all assessments on the new city website. This small move had a big effect. For the first time, voters could easily compare their assessments to others. A property owner could see that his neighbor, with a finer house, had a lower assessment. The inequity of it became plain and well-understood.

In 2004, the local newspaper, the *Times-Picayune*, published a devastating exposé of the system. The paper estimated that the assessors were valuing properties on average at 41 percent below sales prices. The Louisiana Tax Commission subsequently hired independent appraisers to review residential assessments in Orleans. It found that on average assessments were 25 percent below fair market value and ordered a citywide assessment of residential properties.

In the spring before Katrina, BGR issued a report entitled *Unfair Assessments, Excessive Exemptions*. Using a range of estimates, the report illustrated the impact of underassessments on tax rates and city finances. It demonstrated that correcting the problem would allow for a significant drop in tax rates without adversely affecting revenues. The report also brought the topic down to a more personal level by demonstrating how underassessments resulted in different tax rates for similarly situated property owners.

Shortly after Katrina, the assessors themselves provided a perfect example of how the seven-assessor system contributed to unfairness. Three of them cut property valuations in undamaged parts of their districts by as much as 50 percent. The other four did not. As a result, some taxpayers would receive significant tax cuts, while others similarly situated would not. As BGR pointed out in the release that brought the situation to the public's attention, the action of the three Santa Clauses would actually cause the taxes of the latter group of taxpayers to rise higher than they otherwise would have.

Reform Efforts Get Under Way

In the first legislative session following Katrina, legislators introduced two bills to replace the seven-assessor system with a single assessor. Representatives of BGR, Citizens for 1, the president of the city's largest real estate agency, and others made the trek to Baton Rouge to speak in favor at the committee hearing. Following their testimony, the bills were unceremoniously killed by a margin of two votes. Two of the negative votes were cast by immediate family members of two of the assessors.

That normally would have been the end of the matter, but the times had changed. Citizen complacency had given way to anger. Back in New Orleans, Shaun Rafferty channeled his rage by spending Saturday drafting a memo called “The ‘I.Q.’ (I Quit) Ticket.” It began by neatly outlining the problems and an ingenious solution.

Statement of Problem:

- Orleans Parish’s property tax assessment system, with seven independent, elected, paid assessors, wastes money, enriches a few and creates grossly inequitable assessments.
- The Louisiana Legislature has just proven again that it cannot sensibly address the problem.
- Under the Louisiana constitution, a reform system involving the abolishment of offices cannot take effect until the incumbents’ terms end. The upcoming election of assessors in April will delay the effective date of a reform system for four years.

Solution: Let the voters decide by turning the upcoming election of assessors into a referendum on replacing the system.

How: Reputable individuals should run for each of the assessor positions on a unified “I.Q.” Ticket.

Pledge: Each candidate would pledge:

- To resign as assessor immediately upon enactment of a reform system.
- Actively to promote enactment of a reform system.
- To serve as a volunteer, refusing pay.
- Pending the successful enactment of reform legislation, to work with the other assessors immediately to establish an *ad hoc* city-wide system of fair, consistent assessments.

Rafferty sent the memo to a number of like-minded people. The response was immediate and positive. By Tuesday, he had in place a limited liability company with a diverse board that included bankers, a former city attorney, a tax lawyer, a retired businessman, and the president of the city’s largest real estate agency.

Momentum gathered almost immediately. By Friday, February 17, a week after the committee vote, the group had an all-hands meeting. It discussed how to raise money, how to gather candidates, and how to hire a political consultant. One member reached out to the *Times-Picayune* and within a week the group had made front-page news. “If you can’t get the Legislature to do what you want, go around it,” was the lead. The article went on to explain the plan: that the I.Q. candidates would pledge to work from within the system to achieve an effective consolidation immediately.

Gathering Candidates

The plan would not work without a candidate for each of the seven districts, and there was very little time to assemble the ticket. The qualifying period closed on March 3. In the end, seven wonderful people stepped up to devote countless hours and subject themselves to the rigors and the slings and arrows of running for public office. They were all successful, professional individuals with management experience committed to making the City of New

Orleans a better place to live and work. They had no political agenda other than eliminating the unfairness and excessive costs of the existing system. They all deserve honorable mention:

- Charlie Bosworth, a former television news reporter with a great understanding of the public relations of a campaign
- Maria Elliott, the development officer at Trinity Episcopal Church (Maria agreed to join us on Ash Wednesday, saying that she always thought one should do something extra rather than give up something for Lent.)
- Errol George, a young man with significant experience in local politics
- Chase Jones, a young family man and a salesman for the local National Basketball Association franchise (Chase lived in the modest Irish Channel and, thanks to the system, had a higher assessment on his modest shotgun double than some owners of grand houses in the neighboring Garden District.)
- Nancy Marshall, a litigator at Deutsch, Kerrigan & Stiles, a prominent downtown New Orleans law firm
- Ron Mazier, a real estate professional who knew the subtle drag the system applied to the real estate market
- Jackie Shreves, a long-time civic activist from the Lakefront

The candidates all marched down to the clerk's office Friday afternoon just before closing time to qualify. Each had given "I.Q." as a nickname to identify them as reform candidates.

The Campaign

On the day he agreed to run, one candidate suggested that Rafferty read *The Late George Apley* by John Phillips Marquand, a Pulitzer Prize winner in the 1930s. The book spoofs the efforts of a pompous Brahmin trying to navigate Boston urban politics. While the I.Q.ers certainly did not resemble George in his pomposity, they learned that politics is not for the faint of heart.

The first alarm came early. As the group repaired to Café Adelaide to celebrate, Rafferty received a call giving him heads-up on a problem with the potential to kill the effort before it even got started. Two senior politicians who had seen the qualifications on the Secretary of State website were saying that the use of the I.Q. moniker violated a state statute that prohibits political candidates from using nicknames identifying them with a particular political position or cause. The politicians claimed that the violation would disqualify the candidates from running at all.

Rafferty spent the weekend researching the matter and trying to arrange litigation support in case it was needed quickly. And indeed it was. The prediction was followed by lawsuits seeking to disqualify the I.Q. candidates on the basis of the nicknames. A young litigator from a major law firm stepped in to represent the candidates pro bono. He did an outstanding job. The courts barred the nicknames from the ballot but allowed the candidates to run.

The I.Q. moniker turned out to be a problem in more ways than one. The initials, which stood for "I Quit," had been borrowed from an antismoking campaign that had run on television decades before. But they could also be interpreted as a reference to the measure of intelligence. The first thing the steering committee's political consultant told them was that the name and concept would play poorly among those voters who distrusted good government groups, particularly ones who claimed to be smarter than others. By the time the consultant made his sensible observation, the name had already gained currency. If it was a strategic mistake, it was not the last.

The campaign received significant financial support from a number of generous civic-minded people and companies. Nevertheless, the same donors were also supporting the other significant post-Katrina reform efforts in education and on the levee boards. Their ability to support the I.Q. Ticket allowed only for a shoestring campaign.

While the goal of the I.Q. Ticket was simple—to end a wasteful and unfair assessment system—the novel approach was difficult to explain and sell to the public and the press. The group had to dispel the whiff of elitism emanating from the name, promote unknown candidates, explain how the I.Q. assessors would accomplish their mission if all were elected, explain what would happen if they did not win all seven races, and address the biggest issue of all: Will the one assessor system cause my property taxes go up?

The complexity was reflected in the group's position paper, which ran to three pages of bullet points:

- To dispel any notion that “I.Q.” was elitist: “‘I.Q.’ stands for ‘I Quit politics as usual.’”
- To comfort voters that the job would get done: “We will develop unified, written, consistent policies and procedures for assessing properties throughout Orleans parish based on recommendations from the Louisiana Tax Commission. The elected ‘I.Q.’ candidates will serve as a Board of Directors without pay. We will hire one experienced qualified Deputy Assessor to carry out the statutory duties of the office.”
- To tout the unknown candidates: “The ‘I.Q.’ candidates are seven successful, professional individuals with management experience who are committed to making the City of New Orleans a better place to live and work. They have no other political agenda except to eliminate the unfairness and excessive costs of the existing seven Assessor system.”
- Deal with the obvious chance that the ticket would not win all seven races: “All elected ‘I.Q.’ candidates will perform the duties for their respective districts in accordance with our platform. We will continue to work towards consolidation of the seven Assessors’ offices into a single office. If only one ‘I.Q.’ candidate wins it is still possible that a majority of the New Orleans voters will have voted for the ‘I.Q.’ Ticket and consolidation. This vote sends a message to legislators that their constituents want the opportunity to vote for consolidation. Every vote for a candidate who favors consolidation is a step towards one assessor and every member of ‘I.Q.’ who is elected is one more district which will be fairly assessed.”
- And to address the biggest issue of all: “Will the one-assessor system cause my property taxes go up? Not necessarily. Under the current system, some people pay more than their fair share while others pay little or no tax. The law requires that all property be assessed at fair market value. When all the properties in Orleans Parish are fairly assessed, the millages MUST be rolled back and the overall impact to the taxpayers of Orleans Parish will be revenue neutral, so some taxpayers may actually pay less tax under a fair assessment system. Every property owner will wind up paying only his or her fair share.”

Clearly, these plans and impacts did not lend themselves to sound bites. Conveying them to the voter would be challenging at any time, and even more so when citizens were reeling from the flooding.

The complexity and novelty of the idea proved a stumbling block when it came to obtaining the endorsement of two key local entities, the *Times-Picayune* and the Alliance for Good Government. Both got stuck on the mechanics of what would happen if the ticket did not win every

race. The *Times-Picayune* gave a squirrely almost-endorsement, demurring from a full one because there were “too many questions” about the effort. Almost was not good enough. Critically, it meant that the listing of endorsed candidates appearing on the front page of the paper on election day would not include the I.Q. candidates. Losing those endorsements cost dearly.

On the night of the primary vote, the I.Q. group gathered at a hotel to await the results. Toward the end of the evening, Rafferty’s high-school-age son, who was watching his computer intently, looked up to say that with a minute left, the I.Q. Ticket was down, and the other team had the ball. Nancy Marshall, the candidate for the uptown district, had won. But in the First and the Fourth Districts, where there were multiple candidates, the incumbents had over 50 percent of the votes with only two precincts outstanding. The reformers waited for a miracle from those two for almost an hour. Then the results came in: both I.Q. candidates had made it into runoffs. Thank Goodness! A third candidate had come close to unseating the incumbent in her district in a two-person race, receiving 46 percent of the vote, but the other I.Q. candidates had been shellacked.

Essentially, the I.Q. Ticket received a positive vote in areas where the concept was able to penetrate and resonate, but a negative vote in all others. Maybe if they had had more time and money. Maybe if those endorsements had come through. Then again, perhaps if Katrina had not happened, the notoriously status quo voters of New Orleans would not have been willing to try such a quirky idea.

The two I.Q. candidates who had barely made it into the two runoffs lost their races in the general election, leaving Nancy Marshall as the only reformer on the otherwise hostile Board of Assessors. Her first official act was to raise the assessment on her own home.

Although the I.Q. Ticket had failed to garner enough assessor positions to implement its reforms, it had substantially advanced the issue by presenting a solid reform plan, keeping the issue before the public in a high-profile manner, and making a far better showing in the elections than any neophyte group had any right to expect. It had also gained access to the inner working of the less-than-transparent Board of Assessors.

The Aftermath

The issue of consolidation came before the legislature in the legislative session that followed the election, with multiple bills being introduced. This time the outcome was different. The legislature voted to send a constitutional amendment to the voters for their consideration. To become law, the amendment had to be approved by both a majority of voters in New Orleans and a majority of voters statewide.

Citizens for 1 took the lead in the tough lobbying effort to get the legislature to act and the voters to approve the constitutional amendment. As noted earlier, those efforts are described in the article by Ruthie Frierson.

The amendment passed in the fall of 2006 with 70 percent of the vote in Orleans Parish and 78 percent statewide. But since the assessors had just been elected, the consolidation could not be implemented until 2010. Fortunately, unlike some other post-Katrina reforms with delayed implementation, the consolidation occurred as scheduled.

As BGR pointed out in its analysis of the constitutional amendment, consolidating assessors did not guarantee accurate assessments, but it was a necessary precondition. There was no hope without that step. Thanks to the efforts of a dedicated, diverse group of people, that important step was taken.