COLUMBIA UNIVERSITY
IN THE CITY OF NEW YORK
ECONOMICS

November 22, 2015

Re: **Elliott Ash**

To whom it may concern:

Elliott is a dynamo. He has thousands of ideas, but most remarkably, he acts on a large number of them and produces papers. He is exceedingly entrepreneurial and constantly finds new data sets, and new ways of mining that data—whether it's hiring RAs, writing ingenious programs, or using new techniques. I expect that he will be very productive in his career.

I know only a small portion of his work—the papers on property taxation. He came to me about two years ago, totally naïve about the subject, and wanted to talk about property tax revaluations. Notice that he took the initiative. This quickly led to winning a competitive grant from the Lincoln Land Institute because he thought he could identify some property tax effects from revaluations in a few states. Since then he has deepened his knowledge of both the academic literature and the institutional setting immensely, and expanded the horizons of the project greatly.

The effects of the property tax have long been debated, because the property tax is tremendously important, but because there is little independent variation, these effects have been really hard to estimate. Elliott makes great progress on this old topic by finding two new instruments, both connected with revaluations.

In South Carolina, Tennessee, and Connecticut, revaluations occur automatically according to a preset schedule. They also lead to greater revenues and greater expenditures, especially in rising real estate markets. Hence Elliott can use revaluations as an instrument for changes in property tax revenues and trace their causal effects on measures of economic activity (when expenditures rise with them). He finds generally positive effects. On average, then, towns in these states in these towns were on the uphill portion of their Laffer hills. (More specifically, when the reallocation of tax shares that revaluation caused, and the expenditures that revaluation caused were taken into consideration, the effect was greater economic activity.)

In New Jersey, the instrument is different and so is the independent variable. New Jersey towns split county taxes and certain school district taxes among themselves based on estimates of the property tax bases. Those estimates are usually wrong. Thus when a town revalues, the shares of the towns with which it shares schools and county taxes change—and so do their property taxes. Elliott uses revaluations in neighboring towns as instruments for property tax changes that work through this reallocation mechanism. So, unlike the other

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states, he looks at the effects of "pure" property tax changes—changes unaccompanied by local expenditure or equity increases. Here he finds negative effects on most measures of economic activity. The sign is not interesting—except as a confirmation of the obvious—but he is able to find one of the first plausible causal estimates of what the property tax does.

Both sets of results are path-breaking work. And they aren't even his job market paper. That paper is an innovative study of how words affect tax revenues. Bentley and Suresh will talk more about this paper, I'm sure, but it is also innovative. The question he asks is whether the ostensible rates in state tax legislation are more important than the details of language in this legislation. He uses web-scraping techniques to summarize words. Words win—the party of the Governor affects revenues but from changing words in the laws, not by changing rates.

You may find that each of the letters about Elliott talks about some different accomplishment. Maybe that will be confusing. But Elliott has accomplished so much you should not allow your confusion to obscure how remarkable Elliott is to be producing so much in so many areas.

So I recommend him very highly.

Sincerely,

Brendan O'Flaherty

Professor of Economics