

Abstract:

Place-based policies aim to stimulate economic growth and development in disadvantaged areas with the goal of improving the overall economic well-being of residents. A provision of the Tax Cut and Jobs Act of 2017 aimed to spur private investment in low-income areas called Opportunity Zones (OZs) in the United States. Using data on commercial investments, we find economically small and statistically insignificant point estimates on the effect of OZs on census tract-level investment. Additional data from MasterCard show no robust evidence of increased business activity or consumer spending, suggesting that the impact of OZ investment incentives on economic improvement is limited.