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Michelle Layser is an Assistant Professor at the University of Illinois College of Law. Her research interests lie at the intersection of tax law and social policy. Major themes in her research include the use of tax expenditures to deliver public goods, often by encouraging partnerships between governments and private actors, and the effect of such tax expenditures on economic inequality. Before joining the faculty at Illinois Law, she spent two years at the Georgetown University Law Center as a Law Research Fellow. Professor Layser has also worked as a transactional associate at Latham & Watkins LLP.

How Place-Based Tax Incentives Can Reduce Geographic Inequality

Place-based tax incentives are frequently used by governments to encourage investment in low-income areas. But no standard exists to describe the ideal place-based tax incentive, making evaluation of these programs nearly impossible. This Article provides the necessary baseline by explaining when, where, and how to design place-based tax incentives that can benefit low-income communities by reducing geographic inequality. Using Geospatial Information System (GIS) mapping methods, this Article demonstrates how lawmakers can use public data to map spatial disadvantage. It then draws on tax theory to show how to design place-based tax incentives to reduce geographic inequality in targeted areas. The result is not a one-size-fits-all prescription, but a place-specific approach that can help place-based tax incentives become an effective vehicle for reducing underlying, geographic causes of neighborhood disadvantage. Comparing current place-based tax incentives to this baseline reveals that a significant weakness of current approaches is their failure to target places with geographic inequality or to promote activities that could reduce it.