

November 1, 2016

Mr. David Lorenz
Michigan Economic Development Corporation
300 North Washington Square
Lansing, MI 48913

Ms. Deanna Richeson
President/CEO
Michigan Lodging and Tourism Association
2175 Commons Parkway
Okemos, MI 48864

Dear Mr. Lorenz and Ms. Richeson:

I am writing to extend to you both an invitation to publicly debate Michael Hicks and myself in Lansing on the question of the efficacy of the state's Pure Michigan tourism advertising program. The Mackinac Center will host the event at a luncheon or dinner and live-stream it on the internet. If this is agreeable I'm sure we can find a mutually convenient date and time.

As you know, the Mackinac Center has published articles critical of taxpayer-supported state advertising campaigns for the tourism industry. Our [statistical study](#) of these indirect subsidies provides evidence that the program's economic impact is actually negative for the state.

Specifically, our work suggests that for every \$1 million increase in spending on state tourism promotion there is a corresponding increase of only \$20,000 in extra economic activity shared by state's accommodation's industry. This would mean the program represents a huge net loss for taxpayers, delivering less than negligible benefits even to those who should theoretically benefit most directly.

Our study uses publicly available data and transparent methods. Our methodology, assumptions and limitations are fully disclosed in a detailed appendix, including the rationale behind our statistical model and the tests we employed to determine its robustness. We built the model after a thorough review of the academic literature, and its output was peer reviewed by scholars who are not known to Hicks or me.

As a result, you or any other interested researchers will find our results easy to replicate. As you probably know, these things cannot be said about the claims that have been made by the Michigan Economic Development Corporation or its contractors about the Pure Michigan program.

Published reports indicate that you both disagree with our previously reported findings. Naturally we are curious regarding the basis for your dissent. Given the millions of dollars of public money at issue, we believe lawmakers, journalists and the public would also like to know this, and deserve to know it.

We are also curious as to why claims of extraordinary Pure Michigan returns on investment made by [your consultant](#) should [be taken seriously](#), given this contractor's lack of transparency.

We believe that valid empirical scholarship is the means by which our knowledge of the world is expanded. Policymakers and the public benefit when knowledgeable experts engage in a fair and robust exchange of views.

Sincerely,

Michael LaFaive
Director
Morey Fiscal Policy Initiative