

**ORAL TESTIMONY OF:**

**Sherry L. Larkin, Ph.D.**

**Professor, Food and Resource Economics Department  
Associate Dean for Research & Associate Director, Florida Agricultural Experiment Station  
Institute of Food and Agricultural Sciences, University of Florida (UF/IFAS)  
Gainesville, Florida**

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HEARING: "Threats Facing Florida's Tourism Driven Economy"**

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Good afternoon Senator Nelson, and distinguished panel members. My name is Sherry Larkin and I am a natural resource economist at the University of Florida. My research examines how our common property natural resources can be better managed by considering the biological, ecological and economic dynamics that affect sustainability and generate benefits to society. A component of my research involves estimating the economic value of so called "non-market goods" – which are environmental services like clean air and water, and healthy fish and wildlife populations – in order to include such information in decision modelling. While most of my research has focused on fisheries, I have examined environmental stressors like red tides and oil spills in my 20-year career in Florida.

I first came to Florida in 1997. I envisioned Miami and the everglades, and hoped to visit the famous beaches, but what I learned in my first few weeks has set the tone for my career and enticed me to stay – Florida's economy, and especially tourism, is based on our natural resources. From our spring water that flows to our coasts, to our diverse flora and fauna that we share our coastal habitats with, and in the most developed and undeveloped communities statewide; protecting and enhancing our natural resources and conserving them for future generations is in our economic self-interest, whether they be used directly or indirectly, by full or part time residents, or by visitors from other states and nations that might one day be our neighbors.

In what follows, I outline Florida's strengths, opportunities, and aspirations for ensuring a strong and vibrant nature-based tourism economy.

**Strengths**

I believe Florida as three basic strengths in that regard.

First, Florida already has strong brand recognition as a tropical vacation destination, and supporting built infrastructure.

Second, Florida has a rich and diverse environment.

Third, visitors seek out nature-based experiences while in Florida; either indirectly at our famous theme parks that highlight them or directly through visits to state parks.

Recent corporate investments by Disney to expand into coastal resorts, and even redesign and rename their downtown to highlight our local freshwater springs, signals that corporate America recognizes the potential for additional nature-based tourism.

### **Opportunities**

The neo-classical economic framework identifies six distinct economic values associated with human use of the environment that can be measured (I included a graphic on page 3) and they are of two types: so-called “use values” because they are generated from people literally using the resource (either directly such as from fishing or indirectly like bird watching) and “non-use values” where an individual values the protection of a resource – not for their own personal use – but rather to either ensure it continues to exist (think polar bears that maybe no one will ever see).

This total economic value framework allows economists to make a “deep dive” into the investigation of what constitutes and contributes to economic value, which also helps identify opportunities for investment to increase that value.

I have used this framework for the Florida Legislature’s Office of Economic and Demographic Research to value “**making the public whole**” following the Deepwater Horizon oil spill – as required by the Oil Pollution Act. The analysis generated a *conservative* estimate of 643 million dollars for lost direct use value and 854 million dollars for lost existence value; or nearly 1.5 billion dollars for just two of the six types of economic losses by Florida residents alone. And these figures exclude job losses and forgone tax revenues from reduced visitor spending due to cancelled recreational trips.

### **Aspirations**

In closing, Florida’s economy is fundamentally dependent on our tourism, which is in turn dependent on our natural resources. But the industry faces numerous threats, some natural and others man made; all of which can be prioritized with analyses of, for example, the following four types of projects:

1. Built and natural infrastructure to expand recreational opportunities and support rural development;
2. Technological innovations, such as marine aquaculture, to jump start a “blue revolution” for job growth;
3. Improved terrestrial and freshwater environmental systems that generate spillover and downstream economic benefits for nature-based tourism; and
4. Prevent, mitigate or control invasive species to protect our Old Florida brand, ecotourism, and commercial sectors of our economy.

Thank you for the opportunity to testify. I would be happy to answer any questions.