

Nevada Fiscal Analysis | Follow-Up Issues NAICS Code Definitions (detailed)

Agriculture

Sector 11 -- Agriculture, Forestry, Fishing and Hunting

The Sector as a Whole

The Agriculture, Forestry, Fishing and Hunting sector comprises establishments primarily engaged in growing crops, raising animals, harvesting timber, and harvesting fish and other animals from a farm, ranch, or their natural habitats.

The establishments in this sector are often described as farms, ranches, dairies, greenhouses, nurseries, orchards, or hatcheries. A farm may consist of a single tract of land or a number of separate tracts which may be held under different tenures. For example, one tract may be owned by the farm operator and another rented. It may be operated by the operator alone or with the assistance of members of the household or hired employees, or it may be operated by a partnership, corporation, or other type of organization. When a landowner has one or more tenants, renters, croppers, or managers, the land operated by each is considered a farm.

The sector distinguishes two basic activities: agricultural production and agricultural support activities. Agricultural production includes establishments performing the complete farm or ranch operation, such as farm owner-operators, tenant farm operators, and sharecroppers. Agricultural support activities include establishments that perform one or more activities associated with farm operation, such as soil preparation, planting, harvesting, and management, on a contract or fee basis.

Excluded from the Agriculture, Forestry, Fishing and Hunting sector are establishments primarily engaged in agricultural research and establishments primarily engaged in administering programs for regulating and conserving land, mineral, wildlife, and forest use. These establishments are classified in Industry 54171, Research and Development in the Physical, Engineering, and Life Sciences; and Industry 92412, Administration of Conservation Programs, respectively.

Mining

Sector 21 -- Mining, Quarrying, and Oil and Gas Extraction

The Sector as a Whole

The Mining, Quarrying, and Oil and Gas Extraction sector comprises establishments that extract naturally occurring mineral solids, such as coal and ores; liquid minerals, such as crude petroleum; and gases, such as natural gas. The term mining is used in the broad sense to include quarrying, well operations, beneficiating (e.g., crushing, screening, washing, and flotation), and other preparation customarily performed at the mine site, or as a part of mining activity.

The Mining, Quarrying, and Oil and Gas Extraction sector distinguishes two basic activities: mine operation and mining support activities. Mine operation includes establishments operating mines, quarries, or oil and gas wells on their own account or for others on a contract or fee basis. Mining support activities include establishments that perform exploration (except geophysical surveying) and/or other mining services on a contract or fee basis (except mine site preparation and construction of oil/gas pipelines).

Establishments in the Mining, Quarrying, and Oil and Gas Extraction sector are grouped and classified according to the natural resource mined or to be mined. Industries include establishments that develop the mine site, extract the natural resources, and/or those that beneficiate (i.e., prepare) the mineral mined. Beneficiation is the process whereby the extracted material is reduced to particles that can be separated into mineral and waste, the former suitable for further processing or direct use. The operations that take place in beneficiation are primarily mechanical, such as grinding, washing, magnetic separation, and centrifugal separation. In contrast, manufacturing operations primarily use chemical and electrochemical processes, such as electrolysis and distillation. However, some treatments, such as heat treatments, take place in both the beneficiation and the manufacturing (i.e., smelting/refining) stages. The range of preparation activities varies by mineral and the purity of any given ore deposit. While some minerals, such as petroleum and natural gas, require little or no preparation, others are washed and screened, while yet others, such as gold and silver, can be transformed into bullion before leaving the mine site.

Mining, beneficiating, and manufacturing activities often occur in a single location. Separate receipts will be collected for these activities whenever possible. When receipts cannot be broken out between mining and manufacturing, establishments that mine or quarry nonmetallic minerals, and then beneficiate the nonmetallic minerals into more finished manufactured products are classified based on the primary activity of the establishment. A mine that manufactures a small amount of finished products will be classified in Sector 21,

Mining, Quarrying, and Oil and Gas Extraction. An establishment that mines whose primary output is a more finished manufactured product will be classified in Sector 31-33, Manufacturing.

Utilities

Sector 22 -- Utilities

The Sector as a Whole

The Utilities sector comprises establishments engaged in the provision of the following utility services: electric power, natural gas, steam supply, water supply, and sewage removal. Within this sector, the specific activities associated with the utility services provided vary by utility: electric power includes generation, transmission, and distribution; natural gas includes distribution; steam supply includes provision and/or distribution; water supply includes treatment and distribution; and sewage removal includes collection, treatment, and disposal of waste through sewer systems and sewage treatment facilities.

Excluded from this sector are establishments primarily engaged in waste management services classified in Subsector 562, Waste Management and Remediation Services. These establishments also collect, treat, and dispose of waste materials; however, they do not use sewer systems or sewage treatment facilities.

Construction

Sector 23 -- Construction

The Sector as a Whole

The Construction sector comprises establishments primarily engaged in the construction of buildings or engineering projects (e.g., highways and utility systems). Establishments primarily engaged in the preparation of sites for new construction and establishments primarily engaged in subdividing land for sale as building sites also are included in this sector.

Construction work done may include new work, additions, alterations, or maintenance and repairs. Activities of these establishments generally are managed at a fixed place of business, but they usually perform construction activities at multiple project sites. Production responsibilities for establishments in this sector are usually specified in (1) contracts with the owners of construction projects (prime contracts) or (2) contracts with other construction establishments (subcontracts).

Establishments primarily engaged in contracts that include responsibility for all aspects of individual construction projects are commonly known as general contractors, but also may be known as design-builders, construction managers, turnkey contractors, or (in cases where two or more establishments jointly secure a general contract) joint-venture contractors. Construction managers that provide oversight and scheduling only (i.e., agency) as well as construction managers that are responsible for the entire project (i.e., at risk) are included as general contractor type establishments. Establishments of the "general contractor type" frequently arrange construction of separate parts of their projects through subcontracts with other construction establishments.

Establishments primarily engaged in activities to produce a specific component (e.g., masonry, painting, and electrical work) of a construction project are commonly known as specialty trade contractors. Activities of specialty trade contractors are usually subcontracted from other construction establishments, but especially in remodeling and repair construction, the work may be done directly for the owner of the property.

Establishments primarily engaged in activities to construct buildings to be sold on sites that they own are known as for-sale builders, but also may be known as speculative builders or merchant builders. For-sale builders produce buildings in a manner similar to general contractors, but their production processes also include site acquisition and securing of financial backing. For-sale builders are most often associated with the construction of residential buildings. Like general contractors, they may subcontract all or part of the actual construction work on their buildings.

There are substantial differences in the types of equipment, work force skills, and other inputs required by establishments in this sector. To highlight these differences and variations in the underlying production functions, this sector is divided into three subsectors.

Subsector 236, Construction of Buildings, comprises establishments of the general contractor type and for-sale builders involved in the construction of buildings. Subsector 237, Heavy and Civil Engineering Construction, comprises establishments involved in the construction of engineering projects. Subsector 238, Specialty Trade Contractors, comprises establishments engaged in specialty trade activities generally needed in the construction of all types of buildings.

Force account construction is construction work performed by an enterprise primarily engaged in some business other than construction

This is a preliminary draft document.
It is intended for discussion purposes only.

1/27/2015 10:12 AM

for its own account, using employees of the enterprise. This activity is not included in the construction sector unless the construction work performed is the primary activity of a separate establishment of the enterprise. The installation and the ongoing repair and maintenance of telecommunications and utility networks is excluded from construction when the establishments performing the work are not independent contractors. Although a growing proportion of this work is subcontracted to independent contractors in the Construction sector, the operating units of telecommunications and utility companies performing this work are included with the telecommunications or utility activities.

Manufacturing

Sector 31-33 -- Manufacturing

The Sector as a Whole

The Manufacturing sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. The assembling of component parts of manufactured products is considered manufacturing, except in cases where the activity is appropriately classified in Sector 23, Construction.

Establishments in the Manufacturing sector are often described as plants, factories, or mills and characteristically use power-driven machines and materials-handling equipment. However, establishments that transform materials or substances into new products by hand or in the worker's home and those engaged in selling to the general public products made on the same premises from which they are sold, such as bakeries, candy stores, and custom tailors, may also be included in this sector. Manufacturing establishments may process materials or may contract with other establishments to process their materials for them. Both types of establishments are included in manufacturing.

The materials, substances, or components transformed by manufacturing establishments are raw materials that are products of agriculture, forestry, fishing, mining, or quarrying as well as products of other manufacturing establishments. The materials used may be purchased directly from producers, obtained through customary trade channels, or secured without recourse to the market by transferring the product from one establishment to another, under the same ownership.

The new product of a manufacturing establishment may be finished in the sense that it is ready for utilization or consumption, or it may be semifinished to become an input for an establishment engaged in further manufacturing. For example, the product of the alumina refinery is the input used in the primary production of aluminum; primary aluminum is the input to an aluminum wire drawing plant; and aluminum wire is the input for a fabricated wire product manufacturing establishment.

The subsectors in the Manufacturing sector generally reflect distinct production processes related to material inputs, production equipment, and employee skills. In the machinery area, where assembling is a key activity, parts and accessories for manufactured products are classified in the industry of the finished manufactured item when they are made for separate sale. For example, a replacement refrigerator door would be classified with refrigerators and an attachment for a piece of metal working machinery would be classified with metal working machinery. However, components, input from other manufacturing establishments, are classified based on the production function of the component manufacturer. For example, electronic components are classified in Subsector 334, Computer and Electronic Product Manufacturing and stampings are classified in Subsector 332, Fabricated Metal Product Manufacturing.

Manufacturing establishments often perform one or more activities that are classified outside the Manufacturing sector of NAICS. For instance, almost all manufacturing has some captive research and development or administrative operations, such as accounting, payroll, or management. These captive services are treated the same as captive manufacturing activities. When the services are provided by separate establishments, they are classified to the NAICS sector where such services are primary, not in manufacturing.

The boundaries of manufacturing and the other sectors of the classification system can be somewhat blurry. The establishments in the manufacturing sector are engaged in the transformation of materials into new products. Their output is a new product. However, the definition of what constitutes a new product can be somewhat subjective. As clarification, the following activities are considered manufacturing in NAICS:

1. Milk bottling and pasteurizing
2. Water bottling and processing
3. Fresh fish packaging (oyster shucking, fish filleting)
4. Apparel jobbing (assigning of materials to contract factories or shops for fabrication or other contract operations) as well as contracting on materials owned by others
5. Printing and related activities
6. Ready-mixed concrete production
7. Leather converting
8. Grinding of lenses to prescription

This is a preliminary draft document.
It is intended for discussion purposes only.

1/27/2015 10:12 AM

9. Wood preserving
10. Electroplating, plating, metal heat
11. treating, and polishing for the trade
12. Lapidary work for the trade
13. Fabricating signs and advertising displays
14. Rebuilding or remanufacturing machinery (i.e., automotive parts)
15. Ship repair and renovation
16. Machine shops
17. Tire retreading

Conversely, there are activities that are sometimes considered manufacturing, but which for NAICS are classified in another sector (i.e., not classified as manufacturing). They include:

1. Logging, classified in Sector 11, Agriculture, Forestry, Fishing and Hunting, is considered a harvesting operation;
2. The beneficiating of ores and other minerals, classified in Sector 21, Mining, Quarrying, and Oil and Gas Extraction, is considered part of the activity of mining
3. The construction of structures and fabricating operations performed at the site of construction by contractors, is classified in Sector 23, Construction
4. Establishments engaged in breaking of bulk and redistribution in smaller lots, including packaging, repackaging, or bottling products, such as liquors or chemicals; the customized assembly of computers; sorting of scrap; mixing paints to customer order; and cutting metals to customer order, classified in Sector 42, Wholesale Trade or Sector 44-45, Retail Trade, produce a modified version of the same product, not a new product; and
5. Publishing and the combined activity of publishing and printing, classified in Sector 51, Information, perform the transformation of information into a product whereas the value of the product to the consumer lies in the information content, not in the format in which it is distributed (i.e., the book or software diskette).

Wholesale Trade

Sector 42 -- Wholesale Trade

The Sector as a Whole

The Wholesale Trade sector comprises establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The merchandise described in this sector includes the outputs of agriculture, mining, manufacturing, and certain information industries, such as publishing.

The wholesaling process is an intermediate step in the distribution of merchandise. Wholesalers are organized to sell or arrange the purchase or sale of (a) goods for resale (i.e., goods sold to other wholesalers or retailers), (b) capital or durable nonconsumer goods, and (c) raw and intermediate materials and supplies used in production.

Wholesalers sell merchandise to other businesses and normally operate from a warehouse or office. These warehouses and offices are characterized by having little or no display of merchandise. In addition, neither the design nor the location of the premises is intended to solicit walk-in traffic. Wholesalers do not normally use advertising directed to the general public. Customers are generally reached initially via telephone, in-person marketing, or by specialized advertising that may include Internet and other electronic means. Follow-up orders are either vendor-initiated or client-initiated, generally based on previous sales, and typically exhibit strong ties between sellers and buyers. In fact, transactions are often conducted between wholesalers and clients that have long-standing business relationships.

This sector comprises two main types of wholesalers: merchant wholesalers that sell goods on their own account and business-to-business electronic markets, agents, and brokers that arrange sales and purchases for others generally for a commission or fee.

(1) Establishments that sell goods on their own account are known as wholesale merchants, distributors, jobbers, drop shippers, and import/export merchants. Also included as wholesale merchants are sales offices and sales branches (but not retail stores) maintained by manufacturing, refining, or mining enterprises apart from their plants or mines for the purpose of marketing their products and group purchasing organizations (e.g., purchasing and selling goods on their own account). Merchant wholesale establishments typically maintain their own warehouse, where they receive and handle goods for their customers. Goods are generally sold without transformation, but may include integral functions, such as sorting, packaging, labeling, and other marketing services.

(2) Establishments arranging for the purchase or sale of goods owned by others or purchasing goods, generally on a commission basis are known as business-to-business electronic markets, agents and brokers, commission merchants, import/export agents and brokers,

This is a preliminary draft document.
It is intended for discussion purposes only.

1/27/2015 10:12 AM

auction companies, group purchasing organization (e.g., purchasing or arranging for the purchases of goods owned by others), and manufacturers' representatives. These establishments operate from offices and generally do not own or handle the goods they sell.

Some wholesale establishments may be connected with a single manufacturer and promote and sell the particular manufacturers' products to a wide range of other wholesalers or retailers. Other wholesalers may be connected to a retail chain, or limited number of retail chains, and only provide a variety of products needed by that particular retail operation(s). These wholesalers may obtain the products from a wide range of manufacturers. Still other wholesalers may not take title to the goods, but act as agents and brokers for a commission.

Although, in general, wholesaling normally denotes sales in large volumes, durable nonconsumer goods may be sold in single units. Sales of capital or durable nonconsumer goods used in the production of goods and services, such as farm machinery, medium- and heavy-duty trucks, and industrial machinery, are always included in wholesale trade.

Retail Trade

Sector 44-45 -- Retail Trade

The Sector as a Whole

The Retail Trade sector comprises establishments engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise.

The retailing process is the final step in the distribution of merchandise; retailers are, therefore, organized to sell merchandise in small quantities to the general public. This sector comprises two main types of retailers: store and nonstore retailers.

1. Store retailers operate fixed point-of-sale locations, located and designed to attract a high volume of walk-in customers. In general, retail stores have extensive displays of merchandise and use mass-media advertising to attract customers. They typically sell merchandise to the general public for personal or household consumption, but some also serve business and institutional clients. These include establishments, such as office supply stores, computer and software stores, building materials dealers, plumbing supply stores, and electrical supply stores. Catalog showrooms, gasoline stations, automotive dealers, and mobile home dealers are treated as store retailers.

In addition to retailing merchandise, some types of store retailers are also engaged in the provision of after-sales services, such as repair and installation. For example, new automobile dealers, electronics and appliance stores, and musical instrument and supplies stores often provide repair services. As a general rule, establishments engaged in retailing merchandise and providing after-sales services are classified in this sector.

The first eleven subsectors of retail trade are store retailers. The establishments are grouped into industries and industry groups typically based on one or more of the following criteria:

(a) The merchandise line or lines carried by the store; for example, specialty stores are distinguished from general-line stores.

(b) The usual trade designation of the establishments. This criterion applies in cases where a store type is well recognized by the industry and the public, but difficult to define strictly in terms of merchandise lines carried; for example, pharmacies, hardware stores, and department stores.

(c) Capital requirements in terms of display equipment; for example, food stores have equipment requirements not found in other retail industries.

(d) Human resource requirements in terms of expertise; for example, the staff of an automobile dealer requires knowledge in financing, registering, and licensing issues that are not necessary in other retail industries.

2. Nonstore retailers, like store retailers, are organized to serve the general public, but their retailing methods differ. The establishments of this subsector reach customers and market merchandise with methods, such as the broadcasting of "infomercials," the broadcasting and publishing of direct-response advertising, the publishing of paper and electronic catalogs, door-to-door solicitation, in-home demonstration, selling from portable stalls (street vendors, except food), and distribution through vending machines. Establishments engaged in the direct sale (nonstore) of products, such as home heating oil dealers and home delivery newspaper routes are included here.

The buying of goods for resale is a characteristic of retail trade establishments that particularly distinguishes them from establishments

in the agriculture, manufacturing, and construction industries. For example, farms that sell their products at or from the point of production are not classified in retail, but rather in agriculture. Similarly, establishments that both manufacture and sell their products to the general public are not classified in retail, but rather in manufacturing. However, establishments that engage in processing activities incidental to retailing are classified in retail. This includes establishments, such as optical goods stores that do in-store grinding of lenses, and meat and seafood markets.

Wholesalers also engage in the buying of goods for resale, but they are not usually organized to serve the general public. They typically operate from a warehouse or office and neither the design nor the location of these premises is intended to solicit a high volume of walk-in traffic. Wholesalers supply institutional, industrial, wholesale, and retail clients; their operations are, therefore, generally organized to purchase, sell, and deliver merchandise in larger quantities. However, dealers of durable nonconsumer goods, such as farm machinery and heavy-duty trucks, are included in wholesale trade even if they often sell these products in single units.

Air Transportation - 481

Sector 48-49 – Transportation and Warehousing

Industries in the Air Transportation subsector provide air transportation of passengers and/or cargo using aircraft, such as airplanes and helicopters. The subsector distinguishes scheduled from nonscheduled air transportation. Scheduled air carriers fly regular routes on regular schedules and operate even if flights are only partially loaded. Nonscheduled carriers often operate during nonpeak time slots at busy airports. These establishments have more flexibility with respect to choice of airport, hours of operation, load factors, and similar operational characteristics. Nonscheduled carriers provide chartered air transportation of passengers, cargo, or specialty flying services. Specialty flying services establishments use general-purpose aircraft to provide a variety of specialized flying services.

Scenic and sightseeing air transportation and air courier services are not included in this subsector but are included in Subsector 487, Scenic and Sightseeing Transportation and in Subsector 492, Couriers and Messengers. Although these activities may use aircraft, they are different from the activities included in air transportation. Air sightseeing does not usually involve place-to-place transportation; the passenger's flight (e.g., balloon ride, aerial sightseeing) typically starts and ends at the same location. Courier services (individual package or cargo delivery) include more than air transportation; road transportation is usually required to deliver the cargo to the intended recipient.

Truck Transportation - 484

Sector 48-49 – Transportation and Warehousing

Industries in the Truck Transportation subsector provide over-the-road transportation of cargo using motor vehicles, such as trucks and tractor trailers. The subsector is subdivided into general freight trucking and specialized freight trucking. This distinction reflects differences in equipment used, type of load carried, scheduling, terminal, and other networking services. General freight transportation establishments handle a wide variety of general commodities, generally palletized, and transported in a container or van trailer. Specialized freight transportation is the transportation of cargo that, because of size, weight, shape, or other inherent characteristics require specialized equipment for transportation.

Each of these industry groups is further subdivided based on distance traveled. Local trucking establishments primarily carry goods within a single metropolitan area and its adjacent nonurban areas. Long distance trucking establishments carry goods between metropolitan areas.

The Specialized Freight Trucking industry group includes a separate industry for Used Household and Office Goods Moving. The household and office goods movers are separated because of the substantial network of establishments that has developed to deal with local and long-distance moving and the associated storage. In this area, the same establishment provides both local and long-distance services, while other specialized freight establishments generally limit their services to either local or long-distance hauling.

Rail Transportation - 482

Sector 48-49 – Transportation and Warehousing

Industries in the Rail Transportation subsector provide rail transportation of passengers and/or cargo using railroad rolling stock. The railroads in this subsector primarily either operate on networks, with physical facilities, labor force, and equipment spread over an extensive geographic area, or operate over a short distance on a local rail line.

Scenic and sightseeing rail transportation and street railroads, commuter rail, and rapid transit are not included in this subsector but are

included in Subsector 487, Scenic and Sightseeing Transportation, and Subsector 485, Transit and Ground Passenger Transportation, respectively. Although these activities use railroad rolling stock, they are different from the activities included in rail transportation. Sightseeing and scenic railroads do not usually involve place-to-place transportation; the passenger's trip typically starts and ends at the same location. Commuter railroads operate in a manner more consistent with local and urban transit and are often part of integrated transit systems.

Other Transportation

Sector 48-49 – Transportation and Warehousing

Water Transportation - 483

Industries in the Water Transportation subsector provide water transportation of passengers and cargo using watercraft, such as ships, barges, and boats.

The subsector is composed of two industry groups: (1) one for deep sea, coastal, and Great Lakes; and (2) one for inland water transportation. This split typically reflects the difference in equipment used.

Scenic and sightseeing water transportation services are not included in this subsector but are included in Subsector 487, Scenic and Sightseeing Transportation. Although these activities use watercraft, they are different from the activities included in water transportation. Water sightseeing does not usually involve place-to-place transportation; the passenger's trip starts and ends at the same location.

Transit and Ground Passenger Transportation - 485

Industries in the Transit and Ground Passenger Transportation subsector include a variety of passenger transportation activities, such as urban transit systems; chartered bus, school bus, and interurban bus transportation; and taxis. These activities are distinguished based primarily on such production process factors as vehicle types, routes, and schedules.

In this subsector, the principal splits identify scheduled transportation as separate from nonscheduled transportation. The scheduled transportation industry groups are Urban Transit Systems, Interurban and Rural Bus Transportation, and School and Employee Bus Transportation. The nonscheduled industry groups are the Charter Bus Industry and Taxi and Limousine Service. The Other Transit and Ground Passenger Transportation industry group includes both scheduled and nonscheduled transportation.

Scenic and sightseeing ground transportation services are not included in this subsector but are included in Subsector 487, Scenic and Sightseeing Transportation. Sightseeing does not usually involve place-to-place transportation; the passenger's trip starts and ends at the same location.

Pipeline Transportation - 486

Industries in the Pipeline Transportation subsector use transmission pipelines to transport products, such as crude oil, natural gas, refined petroleum products, and slurry. Industries are identified based on the products transported (i.e., pipeline transportation of crude oil, natural gas, refined petroleum products, and other products).

The Pipeline Transportation of Natural Gas industry includes the storage of natural gas because the storage is usually done by the pipeline establishment and because a pipeline is inherently a network in which all the nodes are interdependent.

Scenic and Sightseeing Transportation - 487

Industries in the Scenic and Sightseeing Transportation subsector utilize transportation equipment to provide recreation and entertainment. These activities have a production process distinct from passenger transportation carried out for the purpose of other types of for-hire transportation. This process does not emphasize efficient transportation; in fact, such activities often use obsolete vehicles, such as steam trains, to provide some extra ambience. The activity is local in nature, usually involving a same-day return to the point of departure.

The Scenic and Sightseeing Transportation subsector is separated into three industries based on the mode: land, water, and other.

Activities that are recreational in nature and involve participation by the customer, such as white-water rafting, are generally excluded

This is a preliminary draft document.
It is intended for discussion purposes only.

1/27/2015 10:12 AM

from this subsector, unless they impose an impact on part of the transportation system. Charter boat fishing, for example, is included in the Scenic and Sightseeing Transportation, Water industry.

Support Activities for Transportation - 488

Industries in the Support Activities for Transportation subsector provide services which support transportation. These services may be provided to transportation carrier establishments or to the general public. This subsector includes a wide array of establishments, including air traffic control services, marine cargo handling, and motor vehicle towing.

The Support Activities for Transportation subsector includes services to transportation but is separated by type of mode serviced. The Support Activities for Rail Transportation industry includes services to the rail industry (e.g., railroad switching and terminal establishments).

Ship repair and maintenance not done in a shipyard are included in Other Support Activities for Water Transportation. An example would be floating drydock services in a harbor.

Excluded from this subsector are establishments primarily engaged in providing factory conversion and overhaul of transportation equipment, which are classified in Subsector 336, Transportation Equipment Manufacturing. Also, establishments primarily engaged in providing rental and leasing of transportation equipment without operator are classified in Subsector 532, Rental and Leasing Services.

Postal Service - 491

The Postal Service subsector includes the activities of the National Post Office and its subcontractors operating under a universal service obligation to provide mail services, and using the infrastructure required to fulfill that obligation. These services include delivering letters and small parcels. These articles can be described as those that can be handled by one person without using special equipment. This allows the collection, pick-up, and delivery operations to be done with limited labor costs and minimal equipment. Sorting and transportation activities, where necessary, are generally mechanized. The restriction to small parcels distinguishes these establishments from those in the transportation industries. These establishments may also provide express delivery services using the infrastructure established for provision of basic mail services.

The traditional activity of the National Postal Service is described in this subsector. Subcontractors include rural post offices on contract to the Postal Service.

Bulk transportation of mail on contract to the Postal Service is not included here, because it is usually done by transportation establishments that carry other customers' cargo as well. Establishments that provide courier and express delivery services without operating under a universal service obligation are classified in subsector 492, Couriers and Messengers.

Couriers and Messengers - 492

Industries in the Couriers and Messengers subsector provide intercity, local, and/or international delivery of parcels and documents (including express delivery services) without operating under a universal service obligation. These articles may originate in the U.S. but be delivered to another country and can be described as those that may be handled by one person without using special equipment. This allows the collection, pick-up, and delivery operations to be done with limited labor costs and minimal equipment. Sorting and transportation activities, where necessary, are generally mechanized. The restriction to small parcels partly distinguishes these establishments from those in the transportation industries. The complete network of courier services establishments also distinguishes these transportation services from local messenger and delivery establishments in this subsector. This includes the establishments that perform intercity transportation as well as establishments that, under contract to them, perform local pick-up and delivery. Messengers, which usually deliver within a metropolitan or single urban area, may use bicycle, foot, small truck, or van.

Warehousing and Storage - 493

Sector 48-49 – Transportation and Warehousing

Industries in the Warehousing and Storage subsector are primarily engaged in operating warehousing and storage facilities for general merchandise, refrigerated goods, and other warehouse products. These establishments provide facilities to store goods. They do not sell the goods they handle. These establishments take responsibility for storing the goods and keeping them secure. They may also provide a range of services, often referred to as logistics services, related to the distribution of goods. Logistics services can include labeling, breaking bulk, inventory control and management, light assembly, order entry and fulfillment, packaging, pick and pack, price

This is a preliminary draft document.
It is intended for discussion purposes only.

1/27/2015 10:12 AM

marking and ticketing, and transportation arrangement. However, establishments in this industry group always provide warehousing or storage services in addition to any logistic services. Furthermore, the warehousing or storage of goods must be more than incidental to the performance of services, such as price marking.

Bonded warehousing and storage services and warehouses located in free trade zones are included in the industries of this subsector.

Publishing, Software, Data Processing

Sector 51 -- Information

Publishing Industries (except Internet) - 511

Industries in the Publishing Industries (except Internet) subsector group establishments engaged in the publishing of newspapers, magazines, other periodicals, and books, as well as directory and mailing list and software publishing. In general, these establishments, which are known as publishers, issue copies of works for which they usually possess copyright. Works may be in one or more formats including traditional print form, CD-ROM, or proprietary electronic networks. Publishers may publish works originally created by others for which they have obtained the rights and/or works that they have created in-house. Software publishing is included here because the activity, creation of a copyrighted product and bringing it to market, is equivalent to the creation process for other types of intellectual products.

In NAICS, publishing--the reporting, writing, editing, and other processes that are required to create an edition of a newspaper--is treated as a major economic activity in its own right, rather than as a subsidiary activity to a manufacturing activity, printing. Thus, publishing is classified in the Information sector; whereas, printing remains in the NAICS Manufacturing sector. In part, the NAICS classification reflects the fact that publishing increasingly takes place in establishments that are physically separate from the associated printing establishments. More crucially, the NAICS classification of book and newspaper publishing is intended to portray their roles in a modern economy, in which they do not resemble manufacturing activities.

Music publishers are not included in the Publishing Industries (except Internet) subsector, but are included in the Motion Picture and Sound Recording Industries subsector. Reproduction of prepackaged software is treated in NAICS as a manufacturing activity; on-line distribution of software products is in the Information sector, and custom design of software to client specifications is included in the Professional, Scientific, and Technical Services sector. These distinctions arise because of the different ways that software is created, reproduced, and distributed.

The Publishing Industries (except Internet) subsector does not include establishments that publish exclusively on the Internet. Establishments publishing exclusively on the Internet are included in Subsector 519, Other Information Service. The Publishing Industries (except Internet) subsector also excludes products, such as manifold business forms. Information is not the essential component of these items. Establishments producing these items are included in Subsector 323, Printing and Related Support Activities.

Motion Picture and Sound Recording Industries - 512

Industries in the Motion Picture and Sound Recording Industries subsector group establishments involved in the production and distribution of motion pictures and sound recordings. While producers and distributors of motion pictures and sound recordings issue works for sale as traditional publishers do, the processes are sufficiently different to warrant placing establishments engaged in these activities in a separate subsector. Production is typically a complex process that involves several distinct types of establishments that are engaged in activities, such as contracting with performers, creating the film or sound content, and providing technical postproduction services. Film distribution is often to exhibitors, such as theaters and broadcasters, rather than through the wholesale and retail distribution chain. When the product is in a mass-produced form, NAICS treats production and distribution as the major economic activity as it does in the Publishing Industries (except Internet) subsector, rather than as a subsidiary activity to the manufacture of such products.

This subsector does not include establishments primarily engaged in the wholesale distribution of videocassettes and sound recordings, such as compact discs and audio tapes; these establishments are included in the Wholesale Trade sector. Reproduction of videocassettes and sound recordings that is carried out separately from establishments engaged in production and distribution is treated in NAICS as a manufacturing activity.

Broadcasting (except Internet) - 515

Industries in the Broadcasting (except Internet) subsector include establishments that create content or acquire the right to distribute content and subsequently broadcast the content. The industry groups (Radio and Television Broadcasting and Cable and Other Subscription Programming) are based on differences in the methods of communication and the nature of services provided. The Radio and Television Broadcasting industry group includes establishments that operate broadcasting studios and facilities for over the air or satellite delivery of radio and television programs of entertainment, news, talk, and the like. These establishments are often engaged in the production and purchase of programs and generating revenues from the sale of air time to advertisers and from donations, subsidies, and/or the sale of programs. The Cable and Other Subscription Programming industry group includes establishments operating studios and facilities for the broadcasting of programs that are typically narrowcast in nature (limited format, such as news, sports, education, and youth-oriented programming) on a subscription or fee basis.

The distribution of cable and other subscription programming is included in Subsector 517, Telecommunications. Establishments that broadcast exclusively on the Internet are included in Subsector 519, Other Information Services.

Data Processing, Hosting, and Related Services - 518

Industries in the Data Processing, Hosting, and Related Services subsector group establishments that provide the infrastructure for hosting and/or data processing services.

Telecommunications

Sector 51 -- Information

Telecommunications - 517

Industries in the Telecommunications subsector group establishments that provide telecommunications and the services related to that activity (e.g., telephony, including Voice over Internet Protocol (VoIP); cable and satellite television distribution services; Internet access; telecommunications reselling services). The Telecommunications subsector is primarily engaged in operating, and/or providing access to facilities for the transmission of voice, data, text, sound, and video. Transmission facilities may be based on a single technology or a combination of technologies. Establishments in the Telecommunications subsector are grouped into four industry groups. The first three are comprised of establishments that operate transmission facilities and infrastructure that they own and/or lease, and provide telecommunications services using those facilities. The distinction among the first three industry groups is the type of infrastructure operated (i.e., wired, wireless, or satellite). The fourth industry group is comprised of establishments that provide support activities, telecommunications reselling services, or many of the same services provided by establishments in the first three industry groups, but do not operate as telecommunications carriers. Establishments primarily engaged as independent contractors in the installation and maintenance of broadcasting and telecommunications systems are classified in Sector 23, Construction. Establishments known as Internet cafes, primarily engaged in offering limited Internet connectivity in combination with other services such as facsimile services, training, rental of on-site personal computers, game rooms, or food services are classified in Subsector 561, Administrative and Support Services, or Subsector 722, Food Services and Drinking Places, depending on the primary activity.

Data Processing, Hosting, and Related Services - 518

Industries in the Data Processing, Hosting, and Related Services subsector group establishments that provide the infrastructure for hosting and/or data processing services.

Finance Activities

Sector 52 -- Finance and Insurance

The Sector as a Whole

The Finance and Insurance sector comprises establishments primarily engaged in financial transactions (transactions involving the creation, liquidation, or change in ownership of financial assets) and/or in facilitating financial transactions. Three principal types of activities are identified:

1. Raising funds by taking deposits and/or issuing securities and, in the process, incurring liabilities. Establishments engaged in this activity use raised funds to acquire financial assets by making loans and/or purchasing securities. Putting themselves at risk, they channel funds from lenders to borrowers and transform or repackage the funds with respect to maturity, scale, and risk. This activity is

This is a preliminary draft document.
It is intended for discussion purposes only.

1/27/2015 10:12 AM

known as financial intermediation.

2. Pooling of risk by underwriting insurance and annuities. Establishments engaged in this activity collect fees, insurance premiums, or annuity considerations; build up reserves; invest those reserves; and make contractual payments. Fees are based on the expected incidence of the insured risk and the expected return on investment.

3. Providing specialized services facilitating or supporting financial intermediation, insurance, and employee benefit programs.

In addition, monetary authorities charged with monetary control are included in this sector.

The subsectors, industry groups, and industries within the NAICS Finance and Insurance sector are defined on the basis of their unique production processes. As with all industries, the production processes are distinguished by their use of specialized human resources and specialized physical capital. In addition, the way in which these establishments acquire and allocate financial capital, their source of funds, and the use of those funds provides a third basis for distinguishing characteristics of the production process. For instance, the production process in raising funds through deposit-taking is different from the process of raising funds in bond or money markets. The process of making loans to individuals also requires different production processes than does the creation of investment pools or the underwriting of securities.

Most of the Finance and Insurance subsectors contain one or more industry groups of (1) intermediaries with similar patterns of raising and using funds and (2) establishments engaged in activities that facilitate, or are otherwise related to, that type of financial or insurance intermediation. Industries within this sector are defined in terms of activities for which a production process can be specified, and many of these activities are not exclusive to a particular type of financial institution. To deal with the varied activities taking place within existing financial institutions, the approach is to split these institutions into components performing specialized services. This requires defining the units engaged in providing those services and developing procedures that allow for their delineation. These units are the equivalents for finance and insurance of the establishments defined for other industries.

The output of many financial services, as well as the inputs and the processes by which they are combined, cannot be observed at a single location and can only be defined at a higher level of the organizational structure of the enterprise. Additionally, a number of independent activities that represent separate and distinct production processes may take place at a single location belonging to a multilocation financial firm. Activities are more likely to be homogeneous with respect to production characteristics than are locations, at least in financial services. The classification defines activities broadly enough that it can be used both by those classifying by location and by those employing a more top-down approach to the delineation of the establishment.

Establishments engaged in activities that facilitate, or are otherwise related to, the various types of intermediation have been included in individual subsectors, rather than in a separate subsector dedicated to services alone because these services are performed by intermediaries, as well as by specialist establishments, the extent to which the activity of the intermediaries can be separately identified is not clear.

The Finance and Insurance sector has been defined to encompass establishments primarily engaged in financial transactions; that is, transactions involving the creation, liquidation, change in ownership of financial assets; or in facilitating financial transactions. Financial industries are extensive users of electronic means for facilitating the verification of financial balances, authorizing transactions, transferring funds to and from transactors' accounts, notifying banks (or credit card issuers) of the individual transactions, and providing daily summaries. Since these transaction processing activities are integral to the production of finance and insurance services, establishments that principally provide a financial transaction processing service are classified to this sector, rather than to the data processing industry in the Information sector.

Legal entities that hold portfolios of assets on behalf of others are significant and data on them are required for a variety of purposes. Thus for NAICS, these funds, trusts, and other financial vehicles are the fifth subsector of the Finance and Insurance sector. These entities earn interest, dividends, and other property income, but have little or no employment and no revenue from the sale of services. Separate establishments and employees devoted to the management of funds are classified in Industry Group 5239, Other Financial Investment Activities.

Real Estate

Sector 53 -- Real Estate and Rental and Leasing

The Sector as a Whole

The Real Estate and Rental and Leasing sector comprises establishments primarily engaged in renting, leasing, or otherwise allowing the use of tangible or intangible assets, and establishments providing related services. The major portion of this sector comprises

This is a preliminary draft document.
It is intended for discussion purposes only.

1/27/2015 10:12 AM

establishments that rent, lease, or otherwise allow the use of their own assets by others. The assets may be tangible, as is the case of real estate and equipment, or intangible, as is the case with patents and trademarks.

This sector also includes establishments primarily engaged in managing real estate for others, selling, renting and/or buying real estate for others, and appraising real estate. These activities are closely related to this sector's main activity, and it was felt that from a production basis they would best be included here. In addition, a substantial proportion of property management is self-performed by lessors.

The main components of this sector are the real estate lessors industries (including equity real estate investment trusts (REITs)); equipment lessors industries (including motor vehicles, computers, and consumer goods); and lessors of nonfinancial intangible assets (except copyrighted works).

Excluded from this sector are establishments primarily engaged in renting or leasing equipment with operators. Establishments renting or leasing equipment with operators are classified in various subsectors of NAICS depending on the nature of the services provided (e.g., transportation, construction, agriculture). These activities are excluded from this sector because the client is paying for the expertise and knowledge of the equipment operator, in addition to the rental of the equipment. In many cases, such as the rental of heavy construction equipment, the operator is essential to operate the equipment.

Professional Services

Sector 54 -- Professional, Scientific, and Technical Services

The Sector as a Whole

The Professional, Scientific, and Technical Services sector comprises establishments that specialize in performing professional, scientific, and technical activities for others. These activities require a high degree of expertise and training. The establishments in this sector specialize according to expertise and provide these services to clients in a variety of industries and, in some cases, to households. Activities performed include: legal advice and representation; accounting, bookkeeping, and payroll services; architectural, engineering, and specialized design services; computer services; consulting services; research services; advertising services; photographic services; translation and interpretation services; veterinary services; and other professional, scientific, and technical services.

This sector excludes establishments primarily engaged in providing a range of day-to-day office administrative services, such as financial planning, billing and recordkeeping, personnel, and physical distribution and logistics. These establishments are classified in Sector 56, Administrative and Support and Waste Management and Remediation Services.

Management of Companies

Sector 55 -- Management of Companies and Enterprises

The Sector as a Whole

The Management of Companies and Enterprises sector comprises (1) establishments that hold the securities of (or other equity interests in) companies and enterprises for the purpose of owning a controlling interest or influencing management decisions or (2) establishments (except government establishments) that administer, oversee, and manage establishments of the company or enterprise and that normally undertake the strategic or organizational planning and decision making role of the company or enterprise. Establishments that administer, oversee, and manage may hold the securities of the company or enterprise.

Establishments in this sector perform essential activities that are often undertaken in-house by establishments in many sectors of the economy. By consolidating the performance of these activities of the enterprise at one establishment, economies of scale are achieved.

Government establishments primarily engaged in administering, overseeing, and managing governmental programs are classified in Sector 92, Public Administration. Establishments primarily engaged in providing a range of day-to-day office administrative services, such as financial planning, billing and recordkeeping, personnel, and physical distribution and logistics are classified in Industry 56111, Office Administrative Services.

Administrative and Support Services - 561

Sector 56 -- Administrative and Support and Waste Management and Remediation Services

Industries in the Administrative and Support Services subsector group establishments engaged in activities that support the day-to-day operations of other organizations. The processes employed in this sector (e.g., general management, personnel administration, clerical activities, cleaning activities) are often integral parts of the activities of establishments found in all sectors of the economy. The establishments classified in this subsector have specialization in one or more of these activities and can, therefore, provide services to clients in a variety of industries and, in some cases, to households. The individual industries of this subsector are defined on the basis of the particular process that they are engaged in and the particular services they provide.

Many of the activities performed in this subsector are ongoing routine support functions that all businesses and organizations must do and that they have traditionally done for themselves. Recent trends, however, are to contract or purchase such services from businesses that specialize in such activities and can, therefore, provide the services more efficiently.

The industries in this subsector cannot be viewed as strictly "support." The Travel Arrangement and Reservation Services industry group includes travel agents, tour operators, and providers of other travel arrangement services, such as hotel and restaurant reservations and arranging the purchase of tickets, serving many types of clients, including individual consumers. This group was placed in this subsector because the services are often of the "support" nature (e.g., travel arrangement) and businesses and other organizations are increasingly the ones purchasing such services.

The administrative and management activities performed by establishments in this sector are typically on a contract or fee basis. These activities may also be performed by establishments that are part of the company or enterprise. However, establishments involved in administering, overseeing, and managing other establishments of the company or enterprise are classified in Sector 55, Management of Companies and Enterprises. Establishments in Sector 55 normally undertake the strategic and organizational planning and decision making role of the company or enterprise. Government establishments engaged in administering, overseeing, and managing governmental programs are classified in Sector 92, Public Administration.

Waste Management Services - 562

Sector 56 -- Administrative and Support and Waste Management and Remediation Services

Industries in the Waste Management and Remediation Services subsector group establishments engaged in the collection, treatment, and disposal of waste materials. This includes establishments engaged in local hauling of waste materials; operating materials recovery facilities (i.e., those that sort recyclable materials from the trash stream); providing remediation services (i.e., those that provide for the cleanup of contaminated buildings, mine sites, soil, or ground water); and providing septic pumping and other miscellaneous waste management services. There are three industry groups within the subsector that separate these activities into waste collection, waste treatment and disposal, and remediation and other waste management.

Excluded from this subsector are establishments primarily engaged in collecting, treating, and disposing waste through sewer systems or sewage treatment facilities that are classified in Industry 22132, Sewage Treatment Facilities and establishments primarily engaged in long-distance hauling of waste materials that are classified in Industry 48423, Specialized Freight (except Used Goods) Trucking, Long-Distance. Also, there are some activities that appear to be related to waste management, but that are not included in this subsector. For example, establishments primarily engaged in providing waste management consulting services are classified in Industry 54162, Environmental Consulting Services.

Educational Services

Sector 61 -- Educational Services

The Sector as a Whole

The Educational Services sector comprises establishments that provide instruction and training in a wide variety of subjects. This instruction and training is provided by specialized establishments, such as schools, colleges, universities, and training centers. These establishments may be privately owned and operated for profit or not for profit, or they may be publicly owned and operated. They may also offer food and/or accommodation services to their students.

Educational services are usually delivered by teachers or instructors that explain, tell, demonstrate, supervise, and direct learning. Instruction is imparted in diverse settings, such as educational institutions, the workplace, or the home, and through diverse means, such as correspondence, television, the Internet, or other electronic and distance-learning methods. The training provided by these

This is a preliminary draft document.
It is intended for discussion purposes only.

1/27/2015 10:12 AM

establishments may include the use of simulators and simulation methods. It can be adapted to the particular needs of the students, for example sign language can replace verbal language for teaching students with hearing impairments. All industries in the sector share this commonality of process, namely, labor inputs of instructors with the requisite subject matter expertise and teaching ability.

Health Services

Sector 62 -- Health Care and Social Assistance

The Sector as a Whole

The Health Care and Social Assistance sector comprises establishments providing health care and social assistance for individuals. The sector includes both health care and social assistance because it is sometimes difficult to distinguish between the boundaries of these two activities. The industries in this sector are arranged on a continuum starting with those establishments providing medical care exclusively, continuing with those providing health care and social assistance, and finally finishing with those providing only social assistance. The services provided by establishments in this sector are delivered by trained professionals. All industries in the sector share this commonality of process, namely, labor inputs of health practitioners or social workers with the requisite expertise. Many of the industries in the sector are defined based on the educational degree held by the practitioners included in the industry.

Excluded from this sector are aerobic classes in Subsector 713, Amusement, Gambling, and Recreation Industries and nonmedical diet and weight reducing centers in Subsector 812, Personal and Laundry Services. Although these can be viewed as health services, these services are not typically delivered by health practitioners.

Arts, Entertainment and Recreation

Sector 71 -- Arts, Entertainment, and Recreation

The Sector as a Whole

The Arts, Entertainment, and Recreation sector includes a wide range of establishments that operate facilities or provide services to meet varied cultural, entertainment, and recreational interests of their patrons. This sector comprises (1) establishments that are involved in producing, promoting, or participating in live performances, events, or exhibits intended for public viewing; (2) establishments that preserve and exhibit objects and sites of historical, cultural, or educational interest; and (3) establishments that operate facilities or provide services that enable patrons to participate in recreational activities or pursue amusement, hobby, and leisure-time interests.

Some establishments that provide cultural, entertainment, or recreational facilities and services are classified in other sectors. Excluded from this sector are: (1) establishments that provide both accommodations and recreational facilities, such as hunting and fishing camps and resort and casino hotels are classified in Subsector 721, Accommodation; (2) restaurants and night clubs that provide live entertainment in addition to the sale of food and beverages are classified in Subsector 722, Food Services and Drinking Places; (3) motion picture theaters, libraries and archives, and publishers of newspapers, magazines, books, periodicals, and computer software are classified in Sector 51, Information; and (4) establishments using transportation equipment to provide recreational and entertainment services, such as those operating sightseeing buses, dinner cruises, or helicopter rides, are classified in Subsector 487, Scenic and Sightseeing Transportation.

Accommodation - 721

Sector 72 -- Accommodation and Food Services

Industries in the Accommodation subsector provide lodging or short-term accommodations for travelers, vacationers, and others. There is a wide range of establishments in these industries. Some provide lodging only; while others provide meals, laundry services, and recreational facilities, as well as lodging. Lodging establishments are classified in this subsector even if the provision of complementary services generates more revenue. The types of complementary services provided vary from establishment to establishment.

The subsector is organized into three groups: (1) traveler accommodation, (2) recreational accommodation, and (3) rooming and boarding houses. The Traveler Accommodation industry group includes establishments that primarily provide traditional types of lodging services. This group includes hotels, motels, and bed-and-breakfast inns. In addition to lodging, these establishments may provide a range of other services to their guests. The RV (Recreational Vehicle) Parks and Recreational Camps industry group includes establishments that operate lodging facilities primarily designed to accommodate outdoor enthusiasts. Included are travel trailer campsites, recreational vehicle parks, and outdoor adventure retreats. The Rooming and Boarding Houses industry group includes establishments providing temporary or longer-term accommodations, that for the period of occupancy, may serve as a principal residence. Board (i.e., meals) may be provided but is not essential.

This is a preliminary draft document.
It is intended for discussion purposes only.

1/27/2015 10:12 AM

Establishments that manage short-stay accommodation establishments (e.g., hotels and motels) on a contractual basis are classified in this subsector if they both manage the operation and provide the operating staff. Such establishments are classified based on the type of facility managed and operated.

Food Services (includes restaurants) - 722

Sector 72 -- Accommodation and Food Services

Industries in the Food Services and Drinking Places subsector prepare meals, snacks, and beverages to customer order for immediate on-premises and off-premises consumption. There is a wide range of establishments in these industries. Some provide food and drink only; while others provide various combinations of seating space, waiter/waitress services and incidental amenities, such as limited entertainment. The industries in the subsector are grouped based on the type and level of services provided. The industry groups are special food services, such as food service contractors, caterers, and mobile food services; drinking places; and restaurants and other eating places.

Food and beverage services at hotels and motels; amusement parks, theaters, casinos, country clubs, and similar recreational facilities; and civic and social organizations are included in this subsector only if these services are provided by a separate establishment primarily engaged in providing food and beverage services.

Excluded from this subsector are establishments operating dinner cruises. These establishments are classified in Subsector 487, Scenic and Sightseeing Transportation because they utilize transportation equipment to provide scenic recreational entertainment.

Other Services

Sector 81 -- Other Services (except Public Administration)

The Sector as a Whole

The Other Services (except Public Administration) sector comprises establishments engaged in providing services not specifically provided for elsewhere in the classification system. Establishments in this sector are primarily engaged in activities such as equipment and machinery repairing, promoting or administering religious activities, grantmaking, advocacy, and providing drycleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services.

Private households that engage in employing workers on or about the premises in activities primarily concerned with the operation of the household are included in this sector.

Excluded from this sector are establishments primarily engaged in retailing new equipment and also performing repairs and general maintenance on equipment. These establishments are classified in Sector 44-45, Retail Trade.

Public Administration

Sector 92 -- Public Administration

The Sector as a Whole

The Public Administration sector consists of establishments of federal, state, and local government agencies that administer, oversee, and manage public programs and have executive, legislative, or judicial authority over other institutions within a given area. These agencies also set policy, create laws, adjudicate civil and criminal legal cases, provide for public safety and for national defense. In general, government establishments in the Public Administration sector oversee governmental programs and activities that are not performed by private establishments. Establishments in this sector typically are engaged in the organization and financing of the production of public goods and services, most of which are provided for free or at prices that are not economically significant.

Government establishments also engage in a wide range of productive activities covering not only public goods and services but also individual goods and services similar to those produced in sectors typically identified with private-sector establishments. In general, ownership is not a criterion for classification in NAICS. Therefore, government establishments engaged in the production of private-sector-like goods and services should be classified in the same industry as private-sector establishments engaged in similar activities.

As a practical matter, it is difficult to identify separate establishment detail for many government agencies. To the extent that separate establishment records are available, the administration of governmental programs is classified in Sector 92, Public Administration, while

the operation of that same governmental program is classified elsewhere in NAICS based on the activities performed. For example, the governmental administrative authority for an airport is classified in Industry 92612, Regulation and Administration of Transportation Programs, while operating the airport is classified in Industry 48811, Airport Operations. When separate records for multi-establishment companies are not available to distinguish between the administration of a governmental program and the operation of it, the establishment is classified in Sector 92, Public Administration.

Examples of government-provided goods and services that are classified in sectors other than Public Administration include: schools, classified in Sector 61, Educational Services; hospitals, classified in Subsector 622, Hospitals; establishments operating transportation facilities, classified in Sector 48-49, Transportation and Warehousing; the operation of utilities, classified in Sector 22, Utilities; and the Government Printing Office, classified in Subsector 323, Printing and Related Support Activities.