



# NAICS

## North American Industry Classification System

The Labor Market Information (LMI) unit of the Rhode Island Department of Labor and Training (RI DLT) is responsible for assigning industry and geographic codes to new businesses that are covered by the Unemployment Insurance laws in Rhode Island.

Industries are classified through the North American Industry Classification System (NAICS). NAICS, developed using a production oriented conceptual framework, is an industry classification system that groups establishments into industries based on the activities in which they are primarily engaged.

NAICS is used by statistical agencies of the United States and is the first economic classification system to be constructed based on a single economic concept.

NAICS uses a six-digit hierarchical coding system to classify all economic activity into twenty industry sectors (two-digit). There are 100 sub-sectors (three-digit), 317 industry groups (four-digit), 725 NAICS industries (five-digit) and 1,179 US industries (six-digit). Five sectors are mainly goods-producing sectors and fifteen are entirely service-providing sectors.

### NAICS Twenty Industry Sectors

- 11 Agriculture, Forestry, Fishing & Hunting
- 21 Mining
- 22 Utilities
- 23 Construction
- 31-33 Manufacturing
- 42 Wholesale Trade
- 44-45 Retail Trade
- 48-49 Transportation & Warehousing
- 51 Information
- 52 Finance & Insurance
- 53 Real Estate & Rental & Leasing
- 54 Professional, Scientific, & Technical Services
- 55 Management of Companies & Enterprises
- 56 Administrative & Support & Waste Management & Remediation Services
- 61 Educational Services
- 62 Health Care & Social Assistance
- 71 Arts, Entertainment, & Recreation
- 72 Accommodation & Food Services
- 81 Other Services (except Public Administration)
- 92 Public Administration

### NAICS Hierarchic Structure

<b>Industry Sector</b>	<b>72</b>	<b>Accommodation &amp; Food Services</b>
<b>Sub-sector</b>	<b>721</b>	<b>Accommodation</b>
<b>Industry Group</b>	<b>7211</b>	<b>Traveler Accommodation</b>
<b>NAICS Industry</b>	<b>72119</b>	<b>Other Traveler Accommodation</b>
<b>US Industry</b>	<b>721191</b>	<b>Bed-and-Breakfast Inns</b>

The NAICS code is assigned to all businesses (public or private) that register with the Rhode Island Division of Taxation. The Business Application and Registration (BAR) form is required of new establishments that meet any of the following three criteria: have employees working in Rhode Island, lease employees in Rhode Island, or make sales at retail. The Industry Description section of the BAR form allows the registrant to provide a description and breakdown of the primary activities that the business is planning to conduct. The establishment is classified to the NAICS industry which matches its primary activity.

Each year the LMI unit conducts an Annual Refiling Survey of approximately one-fourth of all Rhode Island businesses. The purpose of the survey is to verify or update a variety of data including the industrial activity code. Businesses selected in the survey sample are asked if the NAICS code previously assigned to their business accurately describes the primary business activity for the past twelve months. Those who answer “No” are asked to describe the current primary activity of the company. An LMI analyst will then assign a new NAICS code based on that detailed information. The collection of this data improves the quality of published employment and wage data.

Once assigned, the NAICS code acts as a statistical tool to measure the economic health of industries, both local and statewide. NAICS makes it possible to determine current employment wage trends and economic forecasts by industry. The NAICS code helps determine statistically how industries are growing or shrinking and how occupations within industries are emerging or declining. Private businesses, community leaders, academic researchers, and government agencies use these data for research, economic analyses, policy decisions, and planning. In addition, many tax incentives and training programs determine employers’ eligibility based on their industry code.

*Labor Market Information units across the country are assigning NAICS codes in a similar manner, making industry data comparable across the nation.*

# North American Industry Classification System (NAICS)

## Agriculture, Forestry, Fishing and Hunting (NAICS Industry Sector 11)

This sector comprises establishments primarily engaged in growing crops, raising animals, harvesting timber, and harvesting fish and other animals from farms, ranches, or their natural habitat. Establishments in this sector are described as farms, ranches, dairies, greenhouses, nurseries, orchards, or hatcheries. The sector distinguishes two basic activities: agricultural production and agricultural support activities.

## Mining (NAICS Industry Sector 21)

This sector includes establishments that extract naturally occurring mineral solids, such as coal, ores; liquid minerals, such as crude petroleum; and gases, such as natural gas. The term mining includes quarrying, well operations, and beneficiating, or other preparation customarily performed at the mine site or as part of the mining activity. The sector distinguishes two basic activities: mine operation and mining support activities.

## Utilities (NAICS Industry Sector 22)

This sector comprises establishments engaged in the provision of electric power, natural gas, steam supply, water supply and sewage removal. 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.

## Construction (NAICS Industry Sector 23)

The construction sector comprises establishments primarily engaged in the construction of buildings or engineering projects. Establishments primarily engaged in the preparation of sites for new construction and those primarily engaged in subdividing land for sale as building sites are included in this sector.

Establishments primarily engaged in contracts that include responsibility for all aspects of individual construction projects are known as general contractors. 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.

Construction work may include new work, additions, alterations, or maintenance and repairs. Establishments engaged in demolition, clearing building sites, blasting, test drilling, landfilling, excavating, land drainage and other land preparation is also included in this category.

## Manufacturing (NAICS Industry Sector 31-33)

The Manufacturing sector comprises establishments engaged in mechanical, physical, or chemical transformation of materials, substances, or components into new products.

Establishments in the Manufacturing sector are often described as plants, factories, or mills and characteristically use power-driven machines and materials-handling equipment. 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.

The new product of a manufacturing establishment may be finished for utilization or consumption, or may be semifinished to become an input for an establishment engaged in further manufacturing.

Manufacturing establishments often perform 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 the manufacturing activities. When services are provided by separate establishments, they are classified to the NAICS sector where such services are primary, not in manufacturing.

## Wholesale Trade (NAICS Industry Sector 42)

The Wholesale Trade sector comprises establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. 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, (b) capital or durable nonconsumer goods, and (c) raw and intermediate materials and supplies used in production.

This sector comprises two main types of wholesalers (1) merchant wholesalers that sell goods on their own account are known as wholesale merchants, distributors, drop shippers, and import/export merchants. These establishments typically maintain their own warehouse, where they receive and handle goods for their customers and (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, and manufacturers' representatives. These establishments generally do not own or handle the goods they sell.

# North American Industry Classification System (NAICS)

## Retail Trade (NAICS Industry Sector 44-45)

This sector is composed of establishments organized to sell merchandise in small quantities to the general public. The two main types of retailers are store and non-store. Stores are located and designed to attract large volumes of customers through extensive merchandise displays and mass-media advertisement. Customers include businesses and institutional clients as well as the general public. Office supply stores, building materials dealers, plumbing and electrical supply stores, gasoline service stations, automotive dealers, and mobile home dealers are all classified as store retailers. Stores that provide after-sales services such as repair and installation are generally considered retail. Non-store retailers also serve the general public through “infomercials,” mail-order and electronic catalogs, door-to-door solicitation, in-home demonstration, portable carts, and vending machines.

## Transportation and Warehousing (NAICS Industry Sector 48-49)

The Transportation and Warehousing sector includes industries providing transportation of passengers and cargo, warehousing and storage for goods, scenic and sightseeing transportation, and support activities related to modes of transportation. The type of equipment depends on the mode of transportation. The modes of transportation are air, rail, water, road, and pipeline.

Warehousing establishments in this sector are distinguished from merchant wholesaling in that the warehouse establishments do not sell the goods.

## Information (NAICS Industry Sector 51)

The Information sector comprises establishments engaged in the following: (a) producing and distributing information and cultural products, (b) providing the means to transmit or distribute these products as well as data or communications, and (c) processing data.

The main components of this sector are the publishing industries, including software publishing, the motion picture and sound recording industries, the broadcasting and telecommunications industries, information services and data processing industries, libraries and archives.

## Finance and Insurance (NAICS Industry Sector 52)

This sector comprises establishments primarily involved in financial transactions involving the creation, liquidation, or change in ownership of financial assets, or in facilitating financial transactions. The three principal types of activities are: raising funds by taking deposits or issuing securities - thereby incurring liabilities; pooling risks by underwriting insurance and annuities; providing specialized services facilitating and supporting financial intermediation, insurance, and employee benefit programs.

## Real Estate and Rental and Leasing (NAICS Industry Sector 53)

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. The major portion of this sector comprises 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 (without operator), or intangible, as is the case with patents and trademarks.

This sector includes establishments primarily engaged in managing real estate for others, selling, renting and/or buying real estate for others, and appraising real estate. Automobile rental and leasing, video disc, recreational equipment, formal wear and other consumer goods rentals are included in this sector.

## Professional, Scientific, and Technical Services (NAICS Industry Sector 54)

This sector comprises establishments that specialize in performing professional, scientific, and technical activities for others. These activities require a high degree of expertise and training. Activities 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, payroll processing services, translation and interpretation services; veterinary services, and other professional, scientific, and technical services.

## Management of Companies and Enterprises (NAICS Industry Sector 55)

This sector includes establishments that hold the securities of companies and enterprises for the purpose of owning a controlling interest or influencing management decisions; or 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. Examples of establishments that administer, oversee, and manage other establishments of the company or enterprise include; centralized administrative offices (human resources), corporate offices, district and regional offices, and head offices.



## Administrative and Support and Waste Management and Remediation Services (NAICS Industry Sector 56)

This sector comprises establishments performing routine support activities for the day-to-day operations of other organizations. Establishments in this sector specialize in one or more support activities and provide services to clients in a variety of industries and, in some cases, to households. Activities performed, usually on a contract or fee basis, include: office administration, hiring and placing of personnel, document preparation and similar clerical services, solicitation, collection, security and surveillance services, cleaning, and waste disposal services.

## Educational Services (NAICS Industry Sector 61)

Establishments in this sector provide instruction and training in a wide variety of subjects. This instruction and training is provided by specialized establishments. These establishments may be privately owned and operated for profit or not for profit, or publicly owned and operated. Included are schools, colleges, universities, training centers, fine arts schools, sports and recreation instruction.

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 through correspondence, internet, or other means.

## Health Care and Social Assistance (NAICS Industry Sector 62)

This sector includes establishments that provide health care and social assistance for individuals. The services provided by establishments in this sector are delivered by trained professionals. Offices of physicians, dentists and other health practitioners, hospitals, medical and diagnostic laboratories, nursing homes, assisted living facilities, mental health and substance abuse facilities, individual and family services, and child care centers are included.

## Arts, Entertainment, and Recreation (NAICS Industry Sector 71)

This sector consists of establishments that operate facilities or provide services to meet various cultural, entertainment, and recreational interests of their patrons. Included are establishments involved in producing, promoting, or participating in live performances, events, or exhibits intended for public viewing; establishments that preserve and exhibit objects and sites of historical, cultural, or educational interest; and establishments that operate facilities or provide services that enable patrons to participate in recreational activities, amusements, hobbies, and leisure time activities. Some establishments that provide cultural, entertainment, or recreational facilities in combination with other services, such as resort and casino hotels and restaurants with nightclubs, are classified in other sectors.

## Accommodation and Food Services (NAICS Industry Sector 72)

This sector is composed of establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption. Included are hotels, RV parks and recreational camps, and restaurants.

## Other Services (except Public Administration) (NAICS Industry Sector 81)

This sector comprises establishments engaged in providing services not provided for elsewhere in the NAICS classification system. Included are establishments engaged in equipment and machinery repairing, promoting or administering religious activities, grant making, advocacy, providing dry-cleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, dating services, and domestic help, such as maids, butlers, and nannies.

## Public Administration (NAICS Industry Sector 92)

This sector consists 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 set policy, create laws, adjudicate civil and criminal legal cases, and provide for public safety and national defense. Ownership is generally not a criterion for classification in NAICS, therefore when separate establishment records are available, the administration of a government activity will be classified in Public Administration and the operation of the government activity will be classified in the sector that includes such operations. When separate establishment details for government agencies are not available, those agencies will be classified in the Public Administration sector.



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