

Appendix V North American Industrial Classification System and Surveying Recommendations

The North American Industry Classification System (NAICS) classifies establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. It is designed to allow for a high level of comparability in business statistics among the North American countries.

NAICS was adopted in 1997 to replace the Standard Industrial Classification (SIC) system. One of the primary differences between the two systems is that SIC categorizes establishments based on the goods produced or services provided, while NAICS categorizes establishments based on production function and activities. Establishments typically have one NAICS code which is determined by the establishment's primary activity (generally the activity that generates the most revenue for the establishment). However, an establishment can have more than one NAICS code.

There is no central government agency that assigns, monitors, or approves NAICS codes for establishments. Individual establishments are assigned NAICS codes by various agencies for various purposes using a variety of methods. More importantly, NAICS codes are typically self-assigned by the individual establishments. Therefore, there may be times when the SWMD and/or Ohio EPA will need to gather additional information about an establishment in order to properly characterize the recyclables generated by the establishment.

As mentioned earlier, NAICS was designed for use by North American countries. Found on the US Census Bureau's webpage, the US uses 20 NAICS sectors. Of these 20 sectors, NAICS places all of the various types of manufacturing activities under sector 31-33. Ohio EPA evaluated NAICS' assignment of the various activities as either manufacturing or non-manufacturing to try and recommend which sectors should be surveyed for industrial recycling credit and which sectors should be surveyed for commercial recycling credit.

In general, Ohio EPA agrees with the groupings used in NAICS. However, NAICS classification system was not designed to account for Ohio EPA's programmatic needs. As a result, Ohio EPA identified areas for which the criteria established under NAICS do not categorize activities as manufacturing or non-manufacturing the way Ohio's solid waste definitions would categorize those establishments. Consequently, Ohio EPA identified some activities as industrial that are not classified as manufacturing in NAICS and vice versa. Ohio EPA has worked hard to identify activities where differences in criteria may be an issue. However, as mentioned earlier, situations may arise that will require Ohio EPA and the SWMD to determine the correct sector for a business independent of the NAICS assigned to the business.

Table V-1 NAICS Sectors and Descriptions

US NAICS Sectors		Description
1	11	Agriculture, Forestry, Fishing and Hunting
2	21	Mining, Quarrying, and Oil and Gas Extraction
3	22	Utilities
4	23	Construction
5	31-33	Manufacturing
6	42	Wholesale Trade
7	44-45	Retail Trade
8	48-49	Transportation and Warehousing
9	51	Information
10	52	Finance and Insurance
11	53	Real Estate and Rental and Leasing
12	54	Professional, Scientific, and Technical Services
13	55	Management of Companies and Enterprises
14	56	Administrative and Support and Waste Management and Remediation Services
15	61	Educational Services
16	62	Health Care and Social Assistance
17	71	Arts, Entertainment, and Recreation
18	72	Accommodation and Food Services
19	81	Other Services (except Public Administration)
20	92	Public Administration

Following are notable points to aid in understanding NAICS numbering:

- All NAICS integers that span from two to five digits cannot use zero; only NAICS integers that contain six digits can contain zero. NAICS does not use an integer larger than six digits.
- All sectors are not required to be used in NAICS. The US uses 20 sectors. Some two digit sectors that are not used by the US may be used by other countries or may serve as place holders for future work. Important examples include
 - NAICS 41 is Canada's wholesale trade code
 - NAICS 43 is Mexico's wholesale trade code
 - NAICS 91 is Canada's Public Administration code
 - NAICS 93 is Mexico's Public Administration code

A link to the US Census Bureau NAICS page is www.census.gov/eos/www/naics. For aid related to NAICS, please contact the help desk at 1.888.756.2427.

The two tables below identify the NAICS sectors that fall under either non-manufacturing or manufacturing classifications. For each of the 20 economic sectors, Ohio EPA has

recommended whether the sector should be surveyed for the commercial sector or the industrial sector for planning purposes. While Ohio EPA has dedicated a lot of time to assigning the NAICS sectors to either the commercial or industrial sector for surveying purposes, these recommendations are not definitive. **Therefore, these recommendations are not intended to define the commercial and industrial sectors.**

Table V-2 NAICS Sectors Recommended to Survey for the Commercial Sector

NAICS	Description of Economic Sector	Surveying Priority*	Comments
11	Agriculture, Forestry, Fishing and Hunting	Not recommended	May contain a significant amount of non-creditable material
21	Mining, Quarrying, and Oil and Gas Extraction	Not recommended	May contain a significant amount of non-creditable material ; exception is "Natural Gas Liquid Extraction – NAICS 211112". Contact Ohio EPA for guidance.
23	Construction	Not recommended	
42	Wholesale Trade		Do not survey NAICS 425
44-45	Retail Trade		
48-49	Transportation and Warehousing		NAICS 493 includes warehousing and storage; check for double-counting
51	Information		When surveying, determine if publisher produces hardbacks; if yes, then the business would fall under a manufacturing category and the activity would be considered industrial.
52	Finance and Insurance		
53	Real Estate and Rental and Leasing		
54	Professional, Scientific, and Technical Services		
55	Management of Companies and Enterprises		
56	Administrative and Support and Waste Management and Remediation Services		NAICS 562 is a priority since it includes waste haulers and MRFs
61	Educational Services		
62	Health Care and Social Assistance		NAICS 622 would be a priority
71	Arts, Entertainment, and Recreation		NAICS 7112, 7113, 712 and 713 should be targeted
72	Accommodation and Food Services		
81	Other Services (except Public		Some activities may be

	Administration)		commercial, but some of the generated waste may be hazardous, non-creditable and/or generate low volumes; contact Ohio EPA if considering surveying an industry from this category
92	Public Administration		

* as more information becomes available, Ohio EPA will work with SWMDs to help them prioritize which of the 20 NAICS sectors they should survey

Table V-2 NAICS Sectors Recommended to Survey for the Industrial Sector

NAICS	Description of Sector	Surveying Priority*	Comments
22	<i>Utilities</i>		
	2211 Electric Power Generation, Transmission and Distribution		
	2212 Natural Gas Distribution	Not recommended	
	2213 Water, Sewage and Other Systems	Not recommended	
31-33	<i>Manufacturing</i>		
31	311 Food Manufacturing		
	312 Beverage and Tobacco Product Manufacturing		
	313 Textile Mills		
	314 Textile Product Mills		
	315 Apparel Manufacturing		
	316 Leather and Allied Product Manufacturing		
32	321 Wood Product Manufacturing		
	322 Paper Manufacturing		have to ensure that materials recycled or beneficially used meet the definition of a solid waste
	323 Printing and Related Support Activities		
	324 Petroleum and Coal Products Manufacturing	Not Recommended	
	325 Chemical Manufacturing	Not recommended	
	326 Plastics and Rubber Products Manufacturing		When surveying 3261 Tire Manufacturing, check for double-counting of recycled

			tires through Ohio EPA's published tire recycling report
	327 Nonmetallic Mineral Product Manufacturing		
33	331 Primary Metal Manufacturing		
	332 Fabricated Metal Product Manufacturing		
	333 Machinery Manufacturing		
	334 Computer and Electronic Product Manufacturing		
	336 Transportation Equipment Manufacturing	Not recommended	Have not historically gone to a landfill
	337 Furniture and Related Product Manufacturing		
	339 Miscellaneous Manufacturing	Not recommended	

* as more information becomes available, Ohio EPA will work with SWMDs to help them prioritize which of the 25 NAICS economic sectors they should survey