Federal Register

Tuesday,
March 16, 2006

Part V

Office of Management and Budget

North American Industry Classification System—Revision for 2007; Notice

OFFICE OF MANAGEMENT AND BUDGET

North American Industry Classification System—Revision for 2007

AGENCY: Executive Office of the President, Office of Management and Budget.

ACTION: Notice of final decisions.

SUMMARY: Under 44 U.S.C. 3504(e), the Office of Management and Budget (OMB) is announcing its final decisions for adoption of the North American Industry Classification System (NAICS) revisions for 2007 as recommended by the Economic Classification Policy Committee (ECPC) in OMB's notice for solicitation of comments published in Part IV of the March 11, 2005, **Federal Register** (70 FR 12390–12399). In addition, responding to comments received on the ECPC recommendations, OMB is adopting a classification change for Real Estate Investment Trusts (REITs) that was not part of the ECPC's recommendations. After additional consultation with the National Association of Real Estate Investment Trusts, the agencies participating in the ECPC, and other interested agencies, NAICS 525390, Real Estate Investment Trusts, will be deleted from the classification and portions will be reclassified as follows: (1) Equity REITs will be classified in the Real Estate Subsector in NAICS Industry Group 5311, Lessors of Real Estate, under individual national industries based on the content of the portfolio of real estate operated by a particular REIT; and (2) Mortgage REITs will remain classified in the Finance Sector but will be moved from NAICS 525930 to NAICS 525990, Other Financial Vehicles. More details of this decision are presented in the **SUPPLEMENTARY INFORMATION** section below. In addition to this change, the title of NAICS industry 561422, ''Telemarketing Bureaus'', is changed to ''Telemarketing Bureaus and Other Contact Centers'' to more accurately reflect the content of the industry. There is no content change; the title is simply revised to reflect the actual activities undertaken and the various technologies used.

In the March 11, 2005, notice, OMB's Economic Classification Policy Committee recommended a revision of the industry classification system to modify the structure and detail for telecommunications industries based on changes that have occurred and are anticipated to occur in the future. The ECPC also recommended the creation of a new national industry for biotechnology research and development to reflect the growing importance of this activity in the economy. Additional changes were recommended to more adequately align the activities of producers in agriculture; manufacturing; and professional, technical, and scientific services.

DATES: *Effective Date:* Federal statistical establishment data published for reference years beginning on or after January 1, 2007, should be published using the 2007 NAICS United States Codes. Publication of a 2007 NAICS United States Manual or supplement is planned for January 2007.

ADDRESSES: You should send correspondence about the adoption and implementation of the 2007 NAICS as shown in the March 11, 2005, **Federal Register** notice, and modified by Attachments 1 and 2 of this notice, to: Katherine K. Wallman, Chief Statistician, Office of Management and Budget, 10201 New Executive Office Building, Washington, DC 20503, telephone number: (202) 395–3093, fax number: (202) 395–7245. All comments submitted in response to this notice will be made available to the public, including by posting them on OMB's Web site. For this reason, please do not include in your comments information of a confidential nature, such as sensitive personal information or proprietary information. You may send comments via e-mail to *naics@omb.eop.gov* with subject NAICS07. Because of delays in the receipt of regular mail related to security screening, respondents are encouraged to use electronic communications.

You should address inquiries about the content of industries or requests for electronic copies of the 2007 NAICS tables to: John Murphy, Assistant Division Chief for Classification Activities, Service Sector Statistics Division, Bureau of the Census, Room 2641–3, Washington, DC 20233, telephone number: (301) 763–5172, fax number: (301) 457–1343, or by e-mail: *John.Burns.Murphy@census.gov.*

Electronic Availability and Comments

This document and the March 11, 2005, **Federal Register** notice are available on the Internet from the Census Bureau's Web site via WWW browser at *http://www.census.gov/naics.* This WWW page also contains previous NAICS **Federal Register** notices and related documents.

FOR FURTHER INFORMATION CONTACT: Paul Bugg, 10201 New Executive Office Building, Washington, DC 20503, e-mail address: *pbugg@omb.eop.gov* with subject NAICS07, telephone number: (202) 395–3095, fax number: (202) 395–7245. Because of delays in the receipt of regular mail related to security screening, respondents are encouraged to use electronic communications.

SUPPLEMENTARY INFORMATION: The March 11, 2005, **Federal Register** notice (1) summarized the background for the proposed revisions to NAICS 2007 in Part I; (2) contained a summary of public comments in Part II; (3) detailed the structure changes agreed upon by the three countries in Part III; and (4) provided a comprehensive listing of changes for national industries and their links to NAICS 2002 industries in Part IV.

In response to the ECPC recommendations in the March 11, 2005, **Federal Register,** the National Association of Real Estate Investment Trusts (NAREIT) submitted comments to OMB requesting reconsideration of the ECPC recommendation regarding the classification of REITs. In response, the ECPC met on several occasions with other interested agencies, including representatives from the Department of the Treasury's Office of Tax Analysis, the Federal Reserve Board, and the Statistics of Income Division at the Internal Revenue Service to discuss the possible change in classification for REITs. OMB and the Bureau of Economic Analysis also met with representatives from NAREIT to discuss their request. Taking all of the information into account, OMB decided to change the classification of REITs.

OMB's final decisions regarding revision of NAICS for 2007 are to adopt the proposal contained in the March 11, 2005, **Federal Register**, with the one change to the classification of REITs. Attachments 1 and 2 show the corrected lines for Tables 1 and 2 in the March 11, 2005, **Federal Register** notice based on this change. In addition to this change, the title of NAICS industry 561422, ''Telemarketing Bureaus,'' is changed to ''Telemarketing Bureaus and Other Contact Centers'' to more accurately reflect the content of the industry. There is no content change; the title is simply revised to reflect the actual activities undertaken and the various technologies used.

After taking into consideration other comments submitted in direct response to the March 11, 2005, **Federal Register** notice, as well as benefits and costs, and after consultation with the Economic Classification Policy Committee, Mexico's Instituto Nacional de Estadística, Geografía e Informática (INEGI) and Statistics Canada, OMB made no other changes to the scope and

substance of the ECPC's recommendations outlined in the March 11, 2005, **Federal Register** notice. The other comments that were received supported proposed changes, suggested changes that would be incompatible with the production-based foundation of NAICS, or suggested changes that would be incompatible with proposals that were accepted.

NAICS was jointly developed by Canada, Mexico, and the United States. For the 2007 revision the three countries focused on updating telecommunications, while recognizing significant new activities such as biotechnology research and development, and minor content changes to more adequately reflect the production function orientation of NAICS.

TABLE 1.—NAICS UNITED STATES 2007 MATCHED TO NAICS UNITED STATES 2002

2007 NAICS code	2007 NAICS and U.S. description	Status code	2002 NAICS code	2002 NAICS description
531110	Lessors of Residential Buildings and Dwellings	R	531110	Lessors of Residential Buildings and Dwellings.
			*525930	Real Estate Investment Trusts—hybrid or equity REITs primarily leasing residential Buildings and Dwellings.
531120	Lessors of Nonresidential Buildings (except Miniwarehouses).	R	531120	Lessors of Nonresidential Buildings (except Miniwarehouses) .
			*525930	Real Estate Investment Trusts—hybrid or equity REITs primarily leasing nonresidential buildings.
531130	Lessors of Miniwarehouses and Self-Storage Units.	R	531130	Lessors of Miniwarehouses and Self-Storage Units .
			*525930	Real Estate Investment Trusts—hybrid or equity REITs primarily leasing miniwarehouses and self-storage units.
531190	Lessors of Other Real Estate Property	R	531190	Lessors of Other Real Estate Property .
			*525930	Real Estate Investment Trusts—hybrid or equity REITs primarily leasing other real estate property.
525990	Other Financial Vehicles	R	525990	Other Financial Vehicles.
			*525930	Real Estate Investment Trusts—hybrid or mortgage REITs primarily underwriting or investing in mortgages.

*—Part of 2002 industry, R—NAICS 2002 industry code reused with different content, N—new NAICS industry for 2007, E—existing industry with no changes.

TABLE 2.—NAICS UNITED STATES 2002 MATCHED TO NAICS UNITED STATES 2007

2002 NAICS code	2002 NAICS and U.S description	Status code	2007 NAICS code	2007 NAICS description
525930	Real Estate Investment Trusts.			
	Hybrid or equity REITs primarily leasing residential buildings and dwellings.	pt.	531110	Lessors of Residential Buildings and Dwellings.
	Hybrid or equity REITS primarily leasing nonresidential buildings.	pt.	531120	Lessors of Nonresidential Buildings (except Miniwarehouses).
	Hybrid or equity REITs primarily leasing miniwarehouses or self-storage units.	pt.	531130	Lessors of Miniwarehouses and Self-Storage Units.
	Hybrid or equity REITS primarily leasing other real estate property.	pt.	531190	Lessors of Other Real Estate Property .
	Hybrid or mortgage REITs primarily underwriting or investing in mortgages.	pt.	525990	Other Financial Vehicles.

pt.—Part of NAICS United States 2007 industry.

Donald R. Arbuckle,

Acting Administrator and Deputy Administrator, Office of Information and Regulatory Affairs.

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