



April 24, 2020

Kerrie Leslie
Office of Management and Budget
9215 New Executive Office Building
725 17th Street, NW
Washington, DC 20503

RE: NAICS Updates for 2022 (Docket Number: USBC-2020-0004)

Dear Ms. Leslie:

We are pleased to share with you the recommendations of The Fertilizer Institute (TFI) and the Agricultural Retail Association (ARA) regarding potential changes to the North American Industrial Classification System (NAICS) for agricultural retail operations ("Farm Supply Retailers"). The request for comments was published in the Federal Register on Wednesday, February 26, 2020 (85 Fed. Reg. 11120). Presently, these facilities are categorized using several NAICS codes, creating confusion and inconsistency across the industry and uncertainty with various federal regulatory reporting and other programs. Together TFI and ARA represent more than 80% of the universe of agricultural retail facilities and therefore have a keen interest in streamlining the NAICS classification for these operations.

TFI represents fertilizer manufacturers, transporters, wholesalers, importers, brokers and retailers. Our members provide plant nutrients that are responsible for nearly half of the world's food supply. The fertilizer industry supports nearly 500,000 American jobs and has an economic impact of over \$130 billion annually.

ARA is a not-for-profit trade association that represents America's agricultural retailers and distributors. ARA members provide goods and services to farmers and ranchers which include fertilizer, crop protection chemicals, seed, crop scouting, soil testing, custom application of pesticides and fertilizers, and development of comprehensive nutrient management plans. Agricultural retailers, also referred to as farm supply dealers, are scattered throughout all 50 states and range in size from small family-held businesses or farmer cooperatives to large companies with multiple outlets. ARA member companies own and operate over 6,500 retail facilities located throughout all 50 states and account for about 70-75 percent of US crop input sales. ARA members account for more than half of all domestic crop pesticide ground and aerial applications.

Agricultural retail and fertilizer related facilities are presently classified using several NAICS codes, detailed below.

NAICS Codes for Fertilizer Facilities; Number of Facilities

NAICS Code	Facility Type	Number of Facilities
111	Crop Production	Unknown
325311	Nitrogen Fertilizer Manufacturing	634
325312	Phosphate Fertilizer Manufacturing	200
212391	Potash Mining	64
212392	Phosphate Mining	29
325314	Fertilizer Blending	1,494
444220	Nursery, Garden, Farm Supply	12,998
424910	Farm Supply Merchant Wholesalers	14,342

Agricultural retailers or “Farm Supply Retailers” do not manufacture fertilizer at their facilities. They are primarily engaged in the retail distribution of farm supplies, such as animal feed, fertilizers (including custom blended and mixed products), agricultural chemicals, pesticides, plant seeds, and plant bulbs to agricultural producers (i.e. farmers and ranchers). These retailers also provide services to farmers in the field, such as custom applications of fertilizer.

However, because there has not been a directly relevant definition under the NAICS code for farm supply retailers, many facilities/businesses have been using the code 424910: Farm Supplies Merchant Wholesalers, as it was the closest to describe the products they sold to farmers. Some also likely use code 444220. The codes under classification 44-45, Retail Trade, presently do not address the retail sale of farm supplies.

While 424910 and 444220 are the two codes are most commonly used to categorize those facilities, there is likely a considerable overlap with those facilities that market nursery and related products directly to small businesses and homeowners, commonly referred to as garden centers or nurseries. The most up-to-date inventory for those facilities that sell supplies directly to farmers and other end users indicates that there are approximately 6,500 such operations in the U.S. Many are likely presently classified under the 424910 code; however, these facilities are not wholesalers.

We believe that farm supply retail facilities should be given a new category under the 44 two-digit code for retailers. Code 444220 would not be appropriate, however, as that likely

includes facilities that market nursery and landscaping products and services primarily to small businesses and homeowners. The current “Farm Supply Stores” NAICS definition under 444220 states “this industry are establishments primarily engaged in retailing farm supplies, such as animal (except pet) feed.” There is also a reference to “Feed stores (except pet)” under 444220 which we assume falls under the “farm supply stores” definition. However, “Farm Supply Retailers” sell a wide range of farm supplies to end users.

We recommend the creation of a new category of facilities labeled “Farm Supply Retailers” under a new four-digit code: 4443. We would suggest the following definition for this new class of facilities.

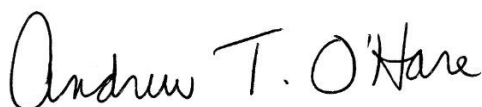
“Farm Supply Retailers: This includes facilities primarily engaged in the retail distribution of farm supplies, such as animal feed, fertilizers (includes custom blended and mixed products), agricultural chemicals, pesticides, plant seeds, and plant bulbs to agricultural producers (e.g. farmers, ranchers) and other end users. Also included are those retailers that provide services to their farmer customers, such as nutrient planning, soil testing, and/or on farm fertilizer or pesticide application.”

This proposed four-digit code may be further defined through the creation of five and/or six-digit codes that refine the specific nature of a farm supply retailer’s sales and services. We presently do not have recommendations in this regard and would suggest reserving the five and six-digit subcategories under 4443 at this time for future use. We would also further recommend that if this new code is adopted as suggested, that any reference to farm supply be removed from the 444220 code description.

If, however, the administration ultimately decides NOT to adopt our proposed new code and associated “farm supply retailer” definition, we would recommend that the 444220 code description be amended to include our proposed “farm supply retailer” definition in place of the current “farm supply store” definition.

We appreciate the opportunity to share our perspectives on the classification of agricultural retail operations under the NAICS codes. We would be happy to address any questions you may have regarding our views on this matter. We may be reached by email at aohare@tfi.org or richard@aradc.org.

Sincerely,



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Vice President, Public Policy
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