



August 9, 2021

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

**RE: North American Industry Classification System (NAICS) Updates for 2022;
Docket # USBC-2021-0004)**

Dear Ms. Leslie:

On behalf of the Agricultural Retailers Association (ARA) and The Fertilizer Institute (TFI), we are submitting comments on the proposed 2022 updates for the North American Industry Classification System (NAICS) for agricultural retail operations (“Farm Supply Retailers”).

Statement of Interests

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.

Background

On April 24, 2020 ARA and TFI responded to the Federal Register's request for comments regarding NAICS Updates for 2022 (Docket Number: USBC-2020-0004). TFI and ARA represent more than 80% of the universe of agricultural retail facilitates and therefore have a keen interest in streamlining the NACIS classification system for these operations. At the time of the initial request for comments from the Federal Register, agricultural retail operations ("Farm Supply Retailers") were categorized under several NAICS codes causing confusing and inconsistency across the industry and uncertainty with various federal regulatory reporting and other programs.

On July 2, 2021 the Office of Management and Budget (OMB) published the Economic Classification Policy Committee's (ECPC) recommendations regarding changes to the existing NAICS code. In summary, while the ECPC did not adopt the exact proposal recommended by our respective organizations, we believe the proposed revisions for the 2022 NAICS will sufficiently address the confusion that was being caused in the Agricultural Retail sector.

Recommendations by ECPC on July 2, 2021

ECPC is proposing a change to the description of NAICS Code 444220 to "*Nursery, Garden Center, and Farm Supply Retailers*". The ECPC also agreed to further clarify the definition of NAICS Code 444220 by inserting the following description into the NAICS Code Manual- "*Nursery, Garden Center, and Farm Supply Stores, to include retailers primarily selling fertilizers, agricultural chemicals, and pesticides*".

Farm supply retailers have primarily been using the code 424910: Farm Supplies Merchant Wholesaler, since it was the closest to describe the products they sold to farmers and other end users. However, this is not the correct placement for these agribusinesses retail operations that primarily sell fertilizer and other crop input supplies to farmers and other rural end user customers. ARA and TFI proposed your agency create a new classification under the 44-45 Retail Trade that covers the sale of farm supplies.

The Originally Proposed New NIACS Code Definition Under 44-45 Retail Trade:

Farm Supply Retailers

This industry comprises establishments 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.

While the ECPC decided to not propose a new NIACS code definition for Farm Supply Retailers under 44-45 Retail Trade, ARA and TFI believe the proposed revisions to NAICS Code 444220 from "*Nursery and Garden Center*" to "*Nursery, Garden Center, and Farm Supply Retailers*" should work to create a more accurate classification for the agricultural retail industry. In addition, we believe the additional descriptions included in the NAICS Code Manual - "*Nursery, Garden Center, and Farm Supply Stores, to include retailers primarily selling fertilizers,*

agricultural chemicals, and pesticides” should also help eliminate the confusion created from previous NAICS Code Manuals.

Conclusion

Thank you for your review and consideration of our recommendations! We appreciate the ECPC closely reviewing our comments and incorporating revisions into the 2022 NAICS Code Manual. Let us know if you have any further questions or need additional information as this process moves forward.

Sincerely,



Ed Thomas
Senior Director, Regulatory
The Fertilizer Institute



Richard D. Gupton
Senior Vice President, Public Policy & Counsel
Agricultural Retailers Association