



1900 19th St., Moline, IL 61265
309.764.2475 | 800.334.2177

ARARental.org

Matthew Hite
Vice President, Federal Advocacy

777 6th St. NW, Suite 510
Washington, DC 20001
202-289-4460
Matthew.Hite@ARARental.org

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Economic Classification Policy Committee
c/o Office of Management and Budget
725 17th Street NW
Washington, DC 20503

Re: Comments of the American Rental Association on *Statistical Policy Directive No. 8 North American Industry Classification System (NAICS)—Request for Comments on Possible Revisions for 2027*, 89 Fed. Reg. 104,229 (Dec. 20, 2024), Docket No. USBC-2024-0032

To Whom It May Concern:

The American Rental Association (“ARA”) appreciates the opportunity to provide input in response to the December 20, 2024 Notice of the Office of Management and Budget (“OMB”), on behalf of the Economic Classification Policy Committee (“ECPC”) for proposals to revise the North American Industry Classification System (“NAICS”) for 2027 (“Request for Comments”).¹ ARA respectfully requests that OMB consider changing the structure and content of the NAICS to recognize the “event rental industry” as a distinct and separable service industry with unique products, processes, standards, and regulations.

I. ARA Membership Background

ARA is the largest international trade association for owners of equipment and event rental operations and manufacturers and suppliers of rental equipment. ARA represents more than 6,000 members in the equipment and event rental industry. Roughly 1,300 of those members are exclusively engaged in the event rental segment. Another 300 ARA members have a significant presence in the event rental segment but also have operations renting construction equipment and tools. While the vast majority of ARA members are independent businesses, often family-owned and multi-generational, ARA also has large privately owned and publicly traded companies as members.

¹ See *Statistical Policy Directive No. 8 North American Industry Classification System (NAICS)—Request for Comments on Possible Revisions for 2027*, 89 Fed. Reg. 104,229 (Dec. 20, 2024).



II. Proposal for New Event Rental Industry

In the Request for Comments, OMB, on behalf of ECPC, solicited public comments “on all aspects of the NAICS” and “across all of the NAICS sectors.”² In doing so, OMB reiterated the core principles guiding NAICS development, including that the NAICS “gives special attention to developing production-oriented classifications for...service industries in particular.”³ The Request for Comments asks that proposals for new industries in NAICS for 2027 include the following information:

(1) Specific economic activities to be covered by the proposed industry, the proposed industry’s production processes, its specialized labor skills, and any unique equipment and materials used...[;]

(2) Relationship of the proposed industry to existing NAICS United States 2022 six-digit national industries and whether the proposed industry would impact trilateral NAICS levels...[;]

(3) Documentation of the size and recent and projected growth of the proposed industry in the United States[;] and

(4) Information about the size and importance of the proposed industry in Canada and Mexico, if available.”⁴

Against this backdrop, ARA submits that a new NAICS industry code is necessary to ensure proper representation of the event rental industry. Classification of the event rental industry as a separate and distinct industry is consistent with the NAICS’ guiding principle of prioritizing proper classifications for service industries.⁵ It will ensure fairer access to opportunities, programs, and resources for industry members. And, perhaps most importantly, it will allow for collection of accurate and refined event rental industry data for use in market and trend analyses—which is, after all, the very reason NAICS codes exist in the first place.⁶ As shown below, the event rental industry checks every box that ECPC considers in determining whether a new industry code is warranted.

² *Id.* at 104,230, 104,231.

³ *Id.* at 104,231.

⁴ *Id.* at 104,232.

⁵ *Id.* at 104,231.

⁶ *See id.* at 104,229 (identifying NAICS purposes as “(1) to facilitate the collection, tabulation, presentation, and analysis of data relating to establishments; and (2) to promote uniformity and comparability in the presentation and analysis of statistical data describing the North American economy”).

1. *Specific Economic Activities to Be Covered and Proposed Industry Definition*

There can be little doubt that the event rental industry has processes that are “unique and clearly separable” from those of other industries.⁷ Although mistakenly grouped with “consumer products” industries in the current NAICS structure, the event rental industry is inherently a service industry. Indeed, in many instances, the products provided by event rental companies are not easily—or safely—usable by the end user absent key services provided by that company.⁸ That is a critical distinction at the outset, since OMB is required to give “special attention” to prioritizing new NAICS classifications for “service industries in general.”⁹

The event rental industry is responsible for staging and supporting events of every type. Those events include smaller-scale gatherings like backyard birthday or graduation parties and weddings and banquets held in dedicated event spaces—the sort of thing that likely comes to mind first when you think about the event rental industry. But they also include massive, multi-day sporting and corporate events. (Think, for example, PGA Tour events and NASCAR and Formula 1 races.) In fact, it is this latter, perhaps unexpected category that is by far the more significant driver of revenue for the event rental industry. By way of comparison, while a run-of-the-mill wedding event rental might cost at least \$5,000, and up to \$20,000, a large-scale professional golf or sporting event rental can cost over \$100,000 or more.

This staging of events—big or small—requires specialized labor and skillsets that do not find parallels in the ordinary product rental company. The range of services provided by the typical event rental company includes, but is not limited to, initial order processing, planning, equipment delivery, equipment installation, permit procurement, staffing, cleaning, sanitation, maintenance, teardown, and cleanup, among many others. And all of these component services requires skilled and specialized labor. For example, among many other folks, an ordinary event rental company employs tent installers (who operate the “tent ox,” the machine that puts tent stakes in the ground and helps lift them); forklift operators (who operate the forklifts that move tent anchors, flooring, decks for stages, and other heavy equipment around the event site); and scissor lift operators (who operate the scissor lifts that secure hanging items like draping). These roles typically require specialized training and certifications, and their work usually must be permitted (in particular, the tent and physical structure installations). And that, of course, is just the tip of the iceberg—the obvious physical aspects that come to mind when one considers the components of a staged event.

⁷ See *id.* at 104,232.

⁸ Guidance from the Small Business Administration (“SBA”), which looks to NAICS codes for various purposes, is particularly illuminating in this respect. The SBA has repeatedly recognized that where a rented good is effectively unusable without the service support of a rental company, the company qualifies as a service-oriented, rather than product-oriented, business. See, e.g., [NAICS Appeal of Medical Comfort Systems, Inc., No. NAICS-5106 \(Jan. 5, 2010\)](#) (“The contractor will not simply drop off equipment, but will perform extensive services. Indeed, without services required by this RFP, the patients could not safely and effectively operate the equipment provided.”); see also, e.g., 13 C.F.R. § 121.406(b)(4) (classifying rental businesses as service providers).

⁹ See 89 Fed. Reg. at 104,231.

But countless specialized labor roles exist behind the scenes: sanitation, maintenance, AV equipment, generator, and HVAC operators to name just a few.

Event rental companies utilize a range of specialized equipment too, none of which has a corollary in typical consumer product rentals. By way of just a few examples, the industry's special equipment includes a "tent auger" or "tent ox," and forklifts and scissor lifts, all of which, as described above, are critical in ensuring safe staging of the event space. And it includes cleaning and sanitation and equipment, and specialty cleaning chemicals in bulk quantities. As will be explained in greater detail in this comment document, it is this full slate of unique and specialized services, labor, and equipment—all of which are necessary to the safe and effective provision of event rental services to the purchaser—that distinguish event rental from the ordinary rental of consumer products.

In light of these industry features, ARA respectfully requests that OMB establish a new industry for the event rental industry, defined as follows:

Event Rental Industry: This industry comprises establishments primarily engaged in the rental of equipment and infrastructure for event purposes, including but not limited to parties, banquets, weddings, and corporate gatherings, festivals, concerts, and sporting events. The establishments in this industry cater to both individual and commercial clientele, typically operating through reservations and contracts rather than retail storefronts. These establishments provide and are primarily engaged in renting or leasing nonconsumer-type event-related equipment such as tents, pavilions, staging, tables, chairs, furniture, temporary flooring, lighting, audiovisual equipment, climate control solutions, and event décor. Many businesses in this industry also offer delivery, setup, and breakdown services as part of their operations.

Excluded from this industry are establishments that rent similar goods primarily for personal or household purposes, classified in Industry 532289, and establishments that primarily rent commercial and industrial machinery and equipment, classified in Industry Group 5323.

2. *Size and Growth of Proposed Industry within the United States*

While the event rental industry took a major hit due to the impact of the COVID-19 pandemic in 2020, it has seen renewed growth in the past several years, a trend that is expected to continue as a result of ongoing, pent-up demand. In 2023, the event rental industry in the United States saw revenues of approximately \$4.8 billion.¹⁰ In 2024, its revenues grew by 10.8 percent, making it a \$5.3 billion industry.¹¹ In 2025, the industry projects additional growth of 4.6 percent,

¹⁰ See ARA, [Event rental professionals weigh in on the state of the industry](#) (Dec. 19, 2024) (last accessed Feb. 1, 2025).

¹¹ See [id.](#)

for annual revenues to the tune of \$5.6 billion.¹² The industry has a considerable reinvestment impact as well: in an economic impact study conducted last year, S&P Global determined that the event rental industry had reinvested \$823 million in event rental equipment during the 2024 calendar year. Per Dun and Bradstreet, there are roughly 6,000 event rental companies operating in the United States, and those companies employ approximately 132,000 people in a range of full-time and seasonal roles.

Unfortunately, the lack of a well-defined NAICS code has inhibited ARA from further refining its market size and growth rate estimates or providing more granular employment and other detail for the event rental industry, for example, at regional or local levels. Nonetheless, the available economic data demonstrates that the event rental industry is a massive (and growing) economic force within the United States economy and that a separate NAICS industry designation is warranted.

3. *Size and Growth of the Proposed Industry in Canada and Mexico*

ARA has consulted with several of its larger event rental members to discuss the size, growth, and nature of the event rental industry in North America. There are no doubt rental companies in Mexico that provide event rental services for small events like weddings and other family celebrations. However, most large events in Mexico (like Formula 1) are staged by U.S.-based companies that may have warehousing in Mexico and use local labor. The lack of a separate NAICS code for the event rental industry has inhibited our ability to further understand the size and growth of the industry in Mexico. We therefore believe that a separate NAICS code for event rental will actually improve understanding of the event rental industry in Mexico, if there is an effort to get Mexican event rental companies to register under the new code.

In Canada, there are many small- and medium-sized event rental companies that also provide rental services for weddings and other celebrations as well as corporate events of modest size. ARA has multiple event rental members in Canada, and the event rental industry there is sizeable, having seen \$260 million (in USD) in revenue in 2024 and employing nearly 16,000 people. As in Mexico, most large events, like Formula 1 and the recently held Presidents Cup golf competition, are staged by large U.S.-based event rental companies using local labor. Again, creating a separate NAICS code for event rentals will provide an opportunity for greater understanding of the event rental industry in Canada, assuming there is an educational effort aimed at registering event rental companies under a new event rental NAICS code.

4. *Relationship of Proposed Industry to Existing NAICS Codes*

a. *Misclassification in Current Placement*

The event rental industry currently is folded into NAICS Industry 532289, the catchall code for All Other Consumer Goods Rental, which is situated within the broader Consumer Goods Rental Industry Group. The Consumer Goods Rental Industry Group “comprises establishments primarily engaged in renting personal and household-type goods” that “often operate from a retail-

¹² See *id.*

like or storefront facility.”¹³ The Industry Group breaks down into two segments: “Consumer Electronics and Appliance Rental” and “Other Consumer Goods Rental.”¹⁴ The latter segment is then divided further into four specific industry classifications—“Formal Wear and Costume Rental,” “Video Tape and Disc Rental,” “Home Health Equipment Rental,” and “Recreational Goods Rental”—before ending with a catchall category for “All Other Consumer Goods Rental.”¹⁵

NAICS describes the “All Other Consumer Goods Rental” catchall Industry as comprising all other “establishments primarily engaged in renting consumer goods and products” besides those that have received separate classification within the Industry Group.¹⁶ It further states that “furniture rental centers and party rental supply centers” are included within this Industry.¹⁷ NAICS then indexes and cross-references a hodgepodge of businesses to this catchall category, including: renting musical instruments without retailing new instruments¹⁸; piano rental¹⁹; tool rental or leasing for home use²⁰; renting or leasing residential furniture²¹; residential carpet and rug rental²²; rug and carpet rental²³; renting party and banquet equipment²⁴; silverware rental²⁵; tableware rental²⁶; table and banquet accessory rental²⁷; and party tent rental.²⁸

Even a cursory review of this veritable mishmash reveals that several of these things are not like the others. Certain of these exemplar industries within the 532289 catchall arguably are of the same ilk: things like residential carpet rental, residential furniture rental, tool rental for home use, and even piano and musical instrument rentals are similar, in that they do not ordinarily involve a corresponding labor or service component and primarily involve “personal or household-type” goods illustrative of the broader industry and industry group. That collection stands in stark contrast, though, to the services that fall squarely within the event rental industry: rentals of party and banquet equipment, tents, silverware, tableware, table and banquet accessories, and non-

¹³ [OFFICE OF MANAGEMENT AND BUDGET, NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM \(“NAICS MANUAL”\) at 447 \(2022\).](#)

¹⁴ [Id.](#) at 59.

¹⁵ [Id.](#)

¹⁶ [Id.](#) at 449.

¹⁷ [Id.](#)

¹⁸ [Id.](#) at 364, 825.

¹⁹ [Id.](#) at 848.

²⁰ [Id.](#) at 928.

²¹ [Id.](#) at 451, 757.

²² [Id.](#) at 682.

²³ [Id.](#) at 881.

²⁴ [Id.](#) at 450, 842.

²⁵ [Id.](#) at 896.

²⁶ [Id.](#) at 917.

²⁷ [Id.](#) at 916.

²⁸ [Id.](#) at 922.

residential rugs simply are a horse of a different color from the “personal or household-type” rentals comprising the rest of this catchall industry.

As explained above, the event rental industry is *service* based, not product based, a distinction which becomes crystal clear when comparing the industry examples currently lumped together in the 532289 catchall. The consumer (*i.e.*, personal and household) goods illustrations are all chiefly about the product itself: on any given Saturday afternoon, a consumer can drive to a furniture rental store, rent a new lamp for their reading nook, bring it home, and put it to use all on and of their own accord. It is the product—not a service—that the consumer is after.

Contrast that with parents who decide to throw their child a graduation party for about 100 family members and friends. No doubt, they too need certain products—a tent, chairs, tables, linens, perhaps a dance floor—to pull off their event. But they cannot simply walk into a retail store to rent these items, and they will also require one (often more) services: advance ordering assistance; delivery of the products; installation and ballasting of the tent to ensure safety and stability; set-up of the tables and table decor, chairs, and dance floor. In many instances, these large temporary structures also must be permitted in advance by local authorities and require inspections before they can be occupied. That service aspect—the human labor component—is both a necessary feature of an event rental business and a distinguishing one, setting the event rental industries apart from the other consumer product rentals currently grouped into the 532289 catchall.

This example is a simple and relatable one, in that it examines what an individual person would do for their personal use of event goods. But the reality is that a far more significant driver of revenue in the event rental segment comes from large-scale corporate events, such as the PGA Tour, NASCAR, Formula 1, and other major league sporting and corporate events—and the event rental industry’s difference from its current companions in 532289 becomes even more apparent when we consider these types of events. Take, for example, a PGA Tour tournament. The typical Tour event has many large pavilions for close-up seating to observe the action, all of which are furnished and carpeted. There are also food concessions, complete with food service equipment, and dining areas where patrons can eat and drink in air-conditioned comfort. All of the equipment for this type of event is rented—from the pavilions, to the dining tents and tables, to the forklifts and cranes used in setup and the electric generators powering the entire configuration. And it is rented from large event rental companies that have both the inventory to meet the client’s needs *and* the professional skill set and human labor necessary to execute large and complex multi-day events. In other words—a far cry from a Saturday afternoon whim rental of a lamp.²⁹

²⁹ ARA recognizes that, as is the case for virtually all NAICS categories, there is the potential for both overlap and exception in its proposal. It is at least conceivable, for instance, that consumers might rent silverware for general household use as opposed to for event use. Fortunately, ECPC has already identified the solution to this problem, having recognized that use of the word “primarily” can rectify much confusion. For example, silverware rental can be indexed to include silverware “primarily” rented for personal or household use (in which case, it should be indexed to the catchall Industry 532289), or “primarily” for event use (in which case, it should be indexed to the proposed new event rental industry). *See, e.g.*, Response to Comment USBC-2020-0004-0041 (July 2, 2021) (revising index entries for brew pubs to those which “primarily” serve alcoholic beverages (indexed to Drinking Places) and those which “primarily” serve meals (indexed to Full-Service Restaurants)). (ARA notes that the July 2021 ECPC Responses to Public Comments are not available in a linkable file but can be accessed at <https://www.census.gov/naics> by clicking

An analysis of the neighboring industries' annual revenues further underscores that the All Other Consumer Goods Rental Industry is in need of disaggregation. The Other Consumer Goods Rental Industry as a whole saw \$87.869 billion in revenues in 2023. The revenues for its five constituent industries, including the All Other Consumer Goods Rental Industry, are depicted in Table 1 below:

TABLE 1: 2023 Revenues for Other Consumer Goods Rental Industry ³⁰		
NAICS	Revenue (in billion USD)	NAICS National Industry Description
532281	\$4.022	Formal Wear and Costume Rental: This U.S. industry comprises establishments primarily engaged in renting clothing, such as formal wear, costumes (e.g., theatrical), or other clothing (except laundered uniforms and work apparel).
532282	\$3.412	Video Tape and Disc Rental: This U.S. industry comprises establishments primarily engaged in renting prerecorded video tapes and discs for home electronic equipment, including renting through vending machines.
532283	\$24.805	Home Health Equipment Rental: This U.S. industry comprises establishments primarily engaged in renting home-type health and invalid equipment, such as wheelchairs, hospital beds, oxygen tanks, walkers, and crutches.
532284	\$15.569	Recreational Goods Rental: This U.S. industry comprises establishments primarily engaged in renting recreational goods, such as bicycles, canoes, motorcycles, skis, sailboats, beach chairs, and beach umbrellas.
532289	\$40.161	All Other Consumer Goods Rental: This U.S. industry comprises establishments primarily engaged in renting consumer goods and products (except consumer electronics and appliances; formal wear and costumes; prerecorded video tapes and discs for home electronic equipment; home health furniture and equipment; and recreational goods). Included in this industry are furniture rental centers and party rental supply centers.

on the “Federal Register Notices” tab, selecting the “ECPC Responses to Public Comments” link dated July 21, 2021, and selecting the individual comment response link to view the response within the webpage.) Cross-references within the new industry could also make clear that establishments whose work primarily constitutes *planning* or *promoting* of events, as opposed to equipping those events, are and remain classified in their existing industries (e.g., NAICS Industry Group 7113 (Promoters of Performing Arts, Sports, and Similar Events), and Industry 561920 (Convention and Trade Show Organizers)).

³⁰ Data derived from the U.S. ECONOMIC CENSUS, <https://www.census.gov/data.html>.

A quick look at these figures reveals that the Other Consumer Goods Rental Industry is, quite frankly, out of sync. The catchall All Other Consumer Goods Rental Industry (where the event rental industry is presently slotted) saw \$40.161 billion in annual revenues in 2023. That is nearly *twelve times* the lowest revenue generating industry (Video Tape and Disc Rental) in the Other Consumer Goods Rental Industry, and nearly *ten times* the second-lowest revenue generating industry (Formal Wear and Costume Rental). And it means that the catchall All Other Consumer Goods Rental Industry accounts for *nearly half* of all revenues (45.7%) generated by the entire Other Consumer Goods Rental Industry itself. What was intended as an exception (a backstop, catchall industry) has clearly swallowed the rule.

With respect to the event rental industry in particular, Table 1 demonstrates that two of the four discrete NAICS industries within the Other Consumer Goods Rental Industry (Formal Wear and Costume Rental, and Video Tape and Disc Rental) had annual revenues well below the annual revenues of the event rental industry, and comprise just 4.5 and 3.9 percent, respectively, of the Other Consumer Goods Rental Industry's aggregate revenues. By comparison, the event rental industry had annual revenues in 2023 of \$4.8 billion, constituting 5.5 percent of the Other Consumer Goods Rental Industry's revenues, and 11.9 percent of the catchall All Other Consumer Goods Rental Industry's revenues. The event rental industry's projected 2025 revenues of \$5.6 billion will drive those shares even higher, making up 6.4 percent of the Other Consumer Goods Rental Industry's revenues, and 13.9 percent of the catchall All Other Consumer Goods Rental Industry's revenues. These figures in and of themselves justify a separate industry designation for the event rental industry.

b. Proposals to Remedy Misclassification

The question then becomes which sector and industry group are the most appropriate home for the event rental industry. ARA has identified a few potential answers to this question.

i. Redesignation as New Industry Group and/or Industry Within Sector 71

The first—and by far, the most appropriate—is to move the event rental industry to Sector 71, which covers the Arts, Entertainment, and Recreation. NAICS defines this Sector broadly to include “a wide range of establishments that operate facilities or provide services to meet varied cultural, entertainment, and recreational interests of their patrons.”³¹ It includes, among other businesses, “establishments that are involved in producing, promoting, or participating in live performances, *events*, or exhibits intended for public viewing,” and “establishments that...*provide services* that enable patrons to participate in recreational activities or pursue amusement, hobby, and leisure-time interests.”³²

³¹ [NAICS MANUAL](#) at 541.

³² *Id.* (emphasis added).

The spectator sporting and other recreational events that a large portion of the event rental industry supports are designated to this Sector, and it makes logical sense that the industry that supports and equips these events would be grouped together with them. Moreover, by its broad inclusion of all “services” enabling patrons to experience and enjoy “cultural, entertainment, and recreational interests,” this Sector also naturally embraces smaller- and medium-scale event rental services too, for weddings, birthday parties, corporate events, and the like. ARA therefore submits that establishment of a new industry group in Sector 71 for the event rental industry is the most appropriate way to remedy the current misclassification.³³

ii. Redesignation as New Industry Within Industry Group 5324

The first proposal most directly redresses the current problem, in that it aligns the event rental industry with its sister service industries rather than dropping it into an amorphous consumer-products catchall. ARA recognizes, though, that ECPC in the past has resisted calls to move businesses to new sectors or to define a new industry group based on the purported difficulty of “renumbering” and the need to renegotiate bilateral and trilateral agreements with Canada and Mexico.³⁴ ARA therefore identifies a second option for ECPC’s consideration, namely, keeping the event rental industry in its current sector (Sector 53, Real Estate and Rental and Leasing), but moving it to the Commercial and Industrial Machinery and Equipment Rental and Leasing Industry Group (5324), and establishing it as either a new five-digit industry (53243) or as a new six-digit industry under the existing Other Commercial and Industrial Machinery and Equipment Rental and Leasing Industry (53249).³⁵

³³ ARA notes that multiple event industry organizations have submitted comments in support of a separate industry group or industry designation for the “special event” industry writ large. See [USBC-2024-0032-0011](#) (Jan. 31, 2025) (comments by NSWE Events, Emerge Event Collective, Freeda, Partyslate, and WIPA). ARA generally supports these comments, in particular their observations regarding the detrimental impact that the lack of adequate NAICS coding had on members of the event industry during and after the COVID-19 pandemic. ARA would not be opposed to establishment of a broader special events subsector or industry group, of which the event rental industry would be a natural subset, if ECPC is so inclined. To the extent ECPC prefers not to establish a new subsector or industry group for special events more broadly, ARA believes it would be appropriate to designate the event rental industry as a new six-digit industry within the existing Promoters of Performing Arts, Sports, and Similar Events without Facilities five-digit NAICS Industry (71132). While attempting to wedge the event rental industry into an existing five-digit industry certainly does not eliminate all of the problems with its current designation, it would still separately recognize the industry and allow its members and others to collect and discuss industry data in a meaningful way. It would also avoid a core concern for ECPC, in that it would not require renegotiation of trilateral agreements: while there is trilateral agreement at the five-digit NAICS level, “[b]elow the agreed upon level of comparability, each country may add additional detailed industries, as necessary to meet national needs, provided that this additional detail aggregates to the NAICS level.” [NAICS MANUAL](#) at 4.

³⁴ ARA harbors serious concerns about the legal vitality of these rationales, which ARA addresses in the next section. We assume for purposes of this alternative proposal that, as it has in the past, ARA will nonetheless persist in defaulting to the path of least resistance.

³⁵ Establishment of a national event rental industry within the Other Commercial and Industrial Machinery and Equipment Rental and Leasing industry also would not interfere with existing trilateral agreements. *Id.* at 4.

Redesignation to the commercial rental industry group would, in many respects, be more reflective of the event rental industry's processes and services than its current designation. For example, the industry group definition recognizes that industries in this category "typically cater to a business clientele and do not generally operate a retail-like or storefront facility."³⁶ And the industry definition includes establishments "primarily engaged in renting or leasing *nonconsumer*-type machinery and equipment."³⁷ As explained throughout, the vast majority of event rental businesses do not operate from traditional retail-like storefronts, but instead from offices, online catalogues, and massive inventory warehouses. And the equipment rented primarily consists of large tents and pavilions, industrial-size carpets and temporary flooring, and bulk quantities of tables, chairs, and tablescape decor—hardly the stuff of ordinary household use. While not as ideal a match as Sector 71, the commercial rental industry group still comes closer to aligning with the processes and services of the event rental industry than its existing designation.

5. *Conclusion*

The above information demonstrates, above all else, that the event rental industry is a massive (and growing) industry and has no place in the catchall All Other Consumer Goods Rental category to which it is currently relegated. Indeed, it has no place in the Consumer Goods Rental industry at all, and would be more appropriately situated within Sector 71 (Arts, Entertainment, and Recreation), given that the nature of the predominantly service-oriented event rental industry aligns far more closely with those service industries than it does with rental of personal, household goods. Nonetheless, ARA recognizes that ECPC, for one reason or another, has historically been reluctant to move industries across sectors, even when all evidence points in that direction. If that is the case again here, ARA's bare-minimum concerns (*viz.*, accurate data and statistics collection and proper industry recognition) would be satisfied, at least for now, with a separate industry carveout within the Other Commercial and Industrial Machinery and Equipment Rental and Leasing Industry (53249), while ECPC takes the time it needs over the next five years to collect additional data and evaluate how to better restructure the NAICS codes to accommodate industries like the event rental industry. ARA's main point is that the service- and labor-intensive event rental industry cannot stay where it is now—lumped in, seemingly as an afterthought, with rental of personal goods like residential carpeting, furniture, and musical instruments.

III. Implications of Failure to Remedy Misclassification

As discussed in this comment document, ARA has serious concerns about its current misclassification, based on its incompatibility with the purposes of NAICS codes, guiding NAICS principles, the existing NAICS structure, and the industry definition itself. First and foremost, misclassification has hamstrung the growing event rental industry in its ability to collect, assess, and report critical industry data and statistics, and to fully understand the industry's growth and its corresponding needs—in other words, it has defeated the *very purpose* of the NAICS system.³⁸

³⁶ *Id.* at 450.

³⁷ *Id.* at 452.

³⁸ *Id.* at 14 (describing "Purpose of NAICS" as "to facilitate the collection, tabulation, presentation, and analysis of data relating to establishments; and to provide uniformity and comparability in the presentation of statistical data describing the U.S. economy").

And the effect of that failure on ARA's members is not merely "statistical."³⁹ Quite to the contrary. The lack of meaningful, well-developed economic data has created serious obstacles for event rental businesses in numerous ways, including obtaining needed governmental relief during the COVID-19 pandemic, securing governmental contracts and certifications, and attempting to negotiate favorable terms with financial institutions.

The reverberative effects of the event rental industry's misclassification no doubt were felt most severely during the COVID-19 pandemic. As other commentors have already emphasized, major faults in the NAICS system were exposed during the pandemic, to the serious and often irreparable detriment of many improperly classified industries.⁴⁰ Many governmental relief programs at both the state and federal level relied on NAICS codes to ensure that relief was being channeled to those industries that were most deeply affected,⁴¹ and the event rental industry's misclassification as a product-based industry made it incredibly difficult for industry members devastated by government shutdowns and slow demand to seek badly needed aid. Even after the pandemic receded, much of the government's retrospective economic analysis has been broken down by NAICS code,⁴² preventing the event rental industry from fully assessing the damage as it picks up the pieces.

But while the COVID-19 pandemic exposed some of the most severe consequences of NAICS misclassification, others have always existed. As ECPC itself has repeatedly recognized, NAICS codes are widely used across the federal government, in contracting, taxation, and any number of other regulatory spaces.⁴³ Although OMB purports to issue these codes for "statistical" purposes only, the reality is that these codes are used to inform a multitude of different regulatory decisions throughout the federal government every single day, with impacts ranging from small to significant. Those additional uses include, but are not limited to, competing for government

³⁹ Cf. *id.* at 14 (suggesting NAICS industry codes exist for "statistical" purposes only).

⁴⁰ See, e.g., [USBC-2024-0032-0011](#) at 1–2 (Jan. 31, 2025) (lack of accurate data based on insufficient NAICS coding impacted event businesses' ability to create guidelines for reopening industry and discuss financial aid); [USBC-2021-0004-0009](#) (July 29, 2021) (noting that "when Congress responded to the COVID-19 pandemic, some relief proposals were targeted to certain industries based on NAICS codes," but the "overly broad nature of certain current NAICS codes...can make it difficult to properly tailor public policies that are intended for certain industries").

⁴¹ See, e.g., 87 Fed. Reg. 3712-01, 3714–3715, 3715–3716 (Jan. 14, 2021) (applying different affiliation waiver rules and increasing maximum available Paycheck Protection Program relief amount available for businesses designated under Sector 72); see also, e.g., [State of Vermont, Joint Fiscal Office, Memorandum re: Business Types Included in NAICS Code 72](#) (Nov. 15, 2020) (utilizing NAICS codes to determine eligibility for Coronavirus Relief Funds for Economic Recovery Grants); WASH. STATE DEP'T OF COMMERCE, [Applications open for new round of state Working Washington business grants](#) (Dec. 2, 2020) (NAICS codes are "helpful" in determining eligibility for state COVID grants).

⁴² See, e.g., [U.S. CENSUS BUREAU, IMPACTS OF THE COVID-19 PANDEMIC ON BUSINESS OPERATIONS](#) (2022) (May 1, 2024) (measuring whether and when "businesses returned to normal levels of operations after the pandemic began in 2020 and the changes made to budgeted capital expenditures to return to normal level of operations for U.S. companies with employees" based on NAICS coding).

⁴³ See, e.g., [Response to Comment USBC-2021-0004-0014](#) (Dec. 21, 2021) (acknowledging that "NAICS is used for procurement purposes"); [Response to Comment USBC-2021-0004-0029](#) (Dec. 21, 2021), (acknowledging that "NAICS is used for regulatory purposes"); see also 89 Fed. Reg. at 104,230 (acknowledging that NAICS classification "may also be used for various nonstatistical purposes (e.g., for administrative, regulatory, or taxation functions)").

purchase contracts and grants,⁴⁴ becoming SBA-certified,⁴⁵ and obtaining disadvantaged business enterprise (DBE) certification⁴⁶ and woman-owned small business certification.⁴⁷ NAICS codes even impact private commercial lending.⁴⁸ Worse still, ECPC knows all of this, and yet historically has not only failed but *outright refused* to consider these implications when brought directly to their attention by American industry.⁴⁹

ECPC also routinely rejects thoughtfully reasoned requests to establish new industries or to better define existing industries based on the fact that doing so would require renumbering of the existing NAICS structure and may require renegotiation of trilateral agreements with Canada and Mexico. Indeed, during the 2022 updates, ECPC rejected *dozens* of proposals based largely, and in many instances exclusively, on these claimed concerns.⁵⁰ At the outset, the amount of

⁴⁴ See, e.g., [U.S. Small Business Administration, Basic Requirements](#) (last accessed Feb. 1, 2025).

⁴⁵ See [U.S. Small Business Administration, Small business size standards](#) (last accessed Feb. 1, 2025).

⁴⁶ See [U.S. Dep't of Transp., Disadvantaged Business Enterprise \(DBE\) Program](#) (last accessed Feb. 1, 2025) (explaining that DBE status turns on SBA size standards).

⁴⁷ See [U.S. Small Business Administration, Eligible NAICS for the Women-Owned Small Business Federal Contracting Program](#) (last accessed Feb. 1, 2025).

⁴⁸ See Dock Treece, [What Are NAICS Codes and How Do They Impact Small Business Lending?](#), FastCapital360 (Dec. 28, 2021) (“When deciding whether to provide a loan to a given company, lenders will often refer to the company’s NAICS to determine the level of risk involved in providing a loan.”); [Understanding NAICS and Its Impact on SBA Loans](#), Terrydale Capital (June 17, 2024) (“Lenders often use NAICS codes to assess the risk profile of a business. Certain industries may be considered higher risk due to market volatility, regulatory changes, or economic trends. This assessment can influence the loan terms, interest rates, and approval likelihood.”).

⁴⁹ See, e.g., [Response to Comment USBC-2021-0004-0014](#) (Dec. 21, 2021) (“Although NAICS is used for procurement purposes, these purposes play no role in its development or revision.”); [Response to Comment USBC-2021-0004-0029](#) (Dec. 21, 2021) (“Although NAICS is used for regulatory purposes, these purposes play no role in its development or revision.”).

⁵⁰ See, e.g., [Response to Comment USBC-2020-0004-0002](#) (July 2, 2021) (invoking desire to avoid renumbering of two industry groups and disrupting trilateral agreement); [Response to Comment USBC-2020-0004-0005](#) (July 2, 2021) (invoking time series continuity, renumbering, and trilateral agreement concerns); [Response to Comment USBC-2020-0004-0006](#) (invoking desire to uphold trilateral accord); [Response to Comment USBC-2020-0004-0007\(20\)](#) (July 2, 2021) (stating it does not want to “break longstanding trilateral agreements for these industries”); [Response to Comment USBC-2020-0004-0011E](#) (July 2, 2021) (noting disinclination to disrupt bilateral agreement with Canada); [Response to Comment USBC-2020-0004-0011O](#) (July 2, 2021) (citing desire to retain trilateral agreements for existing industry groups); [Response to Comment USBC-2020-0004-0052\(3\)](#) (July 2, 2021) (noting disinclination to disrupt existing trilateral NAICS structure); [Response to Comment USBC-2020-0004-0005](#) (July 2, 2021); [Response to Comment USBC-2020-0004-0012](#) (July 2, 2021) (invoking time series continuity and trilateral agreement concerns); [Response to Comment USBC-2020-0004-0013](#) (July 2, 2021) (same); [Response to Comment USBC-2020-0004-0017](#) (July 2, 2021) (same); [Response to Comment USBC-2020-0004-0034](#) (July 2, 2021) (same); [Response to Comment USBC-2020-0004-0035](#) (July 2, 2021) (same); [Response to Comment USBC-2020-0004-0036](#) (July 2, 2021) (same); [Response to Comment USBC-2020-0004-0037](#) (July 2, 2021) (same); [Response to Comment USBC-2020-0004-0038](#) (July 2, 2021) (same); [Response to Comment USBC-2020-0004-0039](#) (July 2, 2021) (same); [Response to Comment USBC-2020-0004-0042](#) (July 2, 2021) (same); [Response to Comment USBC-2020-0004-0043](#) (July 2, 2021) (same); [Response to Comment USBC-2020-0004-0044](#) (July 2, 2021) (same); [Response to Comment USBC-2020-0004-0045](#) (July 2, 2021) (same); [Response to Comment USBC-2021-0004-0018](#) (July 2, 2021) (invoking time series continuity and disruption of trilateral accord); [Response to Comment USBC-2020-0004-0040](#) (July 2, 2021) (invoking desire to uphold trilateral accord); [Response to Comment USBC-2020-0004-0041](#) (July 2, 2021) (noting disinclination to disrupt bilateral agreement with Canada).

authority that this approach has given to Canada and Mexico over the interests of American industries is deeply concerning and raises questions of both statutory and constitutional dimension. That degree of deference to foreign interests surely exceeds the mere international “coordination” contemplated by Congress.⁵¹ What is more, ECPC’s unwavering commitment to trilateral accord ignores the longstanding and explicit requirement—dating to the inception of NAICS itself—that while trilateral agreement and time series continuity should be maintained *if possible*, changes in the economy, evolving user needs, and proposals from data users “*must* be considered.”⁵² ECPC’s approach therefore is not only statutorily and constitutionally suspect, but also internally contradictory, raising additional legal concerns.

Nor is it clear that OMB even has the statutory authority to make these determinations of such sweeping consequence in the first place—or to skirt the formal notice-and-comment rulemaking process in doing so. Indeed, one of the two provisions that OMB purports to invoke as the basis for its authority in its Request for Comments—5 U.S.C. § 3504(e)—*does not even exist*.⁵³ ARA’s members harbor serious concerns with the lawfulness of such an informal process, and in particular the degree of deference given to maintaining accord with Canada and Mexico, for decisions which ECPC and OMB know will have real collateral implications for American businesses. ARA reserves the right to raise these and all other legal challenges, in this proceeding or any other appropriate proceeding, without limitation, in the event an appropriate classification for the event rental industry cannot be reached through the current process.

IV. Conclusion

For all of these reasons, ARA respectfully requests that ECPC recognize the event rental industry under a separate and distinct industry code in the 2027 NAICS. ARA thanks the OMB and ECPC for the opportunity to share its comments and concerns regarding updates to the structure and content of the NAICS in 2027. ARA and its members are available and prepared to

⁵¹ See 44 U.S.C. § 3504(e)(6).

⁵² See 59 Fed. Reg. 38,092, 38,904 (July 26, 1994) (“...[S]tatistical agencies of the three countries wish to maintain time series continuity, *to the extent possible*. However, changes in the economy and evolving user needs *must be taken into account*. Accordingly, proposals relating to all parts of the classification will be considered, so long as they are supported by reasoning and factual information that furthers the long-term goal of the North American Industry Classification System.” (emphasis added)); see also [NAICS MANUAL](#) at 14 (“Time series continuity will be maintained to the greatest *extent possible*. However, changes in the economy and proposals from data users *must be considered*.” (emphasis added)).

⁵³ See 89 Fed. Reg. 104,230 (citing 5 U.S.C. § 3504(e)); see also 5 U.S.C. § 3504 (containing only subsections (a) and (b), both of which pertain to preference eligibility for retention for United States competitive services). We presume OMB intended to invoke 44 U.S.C. § 3504(e), which section pertains to “statistical policy and coordination.” 44 U.S.C. § 3504(e). But even that section is severely limited—and appears to have been severely misunderstood by OMB. As but one example, Section 3504(e) merely allows OMB to “*coordinate the participation of the United States in international statistical activities, including the development of comparable statistics.*” *Id.* § 3504(e)(6) (emphasis added). Congress tasked OMB to develop the “*Federal statistical program*” in an entirely separate subsection, *id.* § 3604(e) (emphasis added), and it is hard to imagine that Congress intended for OMB not only to conflate the domestic and international programs, but to allow the desire for international accord to dominate over the interests of domestic businesses.

discuss any questions regarding our industry or the aforementioned matters. We look forward to working with you further.

Sincerely,

A handwritten signature in dark ink, appearing to read "Matthew Hite". The signature is written in a cursive, slightly slanted style.

Matthew Hite
Vice President, Federal Advocacy