

- (7) The duration of the business' proposed project and the duration the business commits to remain in this state;
- (8) The overall economic impact;
- (9) The strategic importance to the state, region, or locality;
- (10) The opportunity for future growth and expansion; and
- (11) The extent to which the anticipated benefit to the state exceeds the projected benefit to the business from the tax credit.

GO-Biz developed a two phase evaluation process to determine the competitiveness of each application. The first phase consists of a quantitative evaluation which uses a cost-benefit formula to determine the most competitive applicants with the lowest cost-benefit ratio.¹ Retention candidates are moved directly to the second phase of evaluation, regardless of cost-benefit ratio. The second phase consists of a qualitative evaluation which includes consideration of many factors including those described above. At the end of the two phase evaluation, GO-Biz engages in negotiation with the applicant and successful negotiations are then recommended to the California Competes Tax Credit Committee for approval of the tax credit agreements.

As part of the permanent regulation drafting process, GO-Biz is considering the following changes to the existing emergency regulations:

- Eliminating the investment one-year look back: the emergency regulations allowed for a one-year look back on applicant investments due a lack of other available tax incentives for business looking to invest between the dissolution of the Enterprise Zone program and implementation of all three GEDI programs. Now that the entire GEDI is available to businesses looking to invest in the state, this proposed change would seek to incentivize future behavior rather than reward companies for past investment.
- Requiring small business gross receipts to be greater than zero: the intention of the CCTC legislation was to allocate a significant amount of tax credits (25% minimum) to small businesses. Currently the CCTC program uses a ceiling of gross receipts less than \$2 million to define a small business. The proposed change would establish a floor of gross receipts greater than zero dollars to ensure that only small businesses within the intention of the legislation receive credits under the 25% small business allocation.

2. Major Regulation Determination

Assembly Bill 93 and Senate Bill 90 allocated a maximum credit amount over the next five fiscal years for the CCTC program. The final annual credit allocation will be determined by the Department of Finance and based upon combined use of the three incentive programs included in the

¹ Cost-Benefit Ratio Formula for Cal Competes: tax credit requested / employee compensation + investments.

GEDI. The maximum amount available for allocation each year for CCTC is as follows:

- 2013-2014 FY: \$30 million
- 2014-2015 FY: \$150 million
- 2015-2016 FY: \$200 million
- 2016-2017 FY: \$200 million
- 2017-2018 FY: \$200 million

The proposed regulation will likely exceed \$50 million in economic impacts during each fiscal year from 2013-2018.

3. Economic Baseline

Currently, only emergency regulations exist for the CCTC program. If the permanent regulatory process is not completed, there will be no means in which to operate the program. Therefore, the economic baseline represents the remaining components of the GEDI, the manufacturing equipment sales & use tax exemption and new employment credit. Both of these components have specific eligibility qualifications that are not inclusive to all California businesses. The manufacturing equipment sales & use tax exemption only applies to specific manufacturing equipment, such as food processing equipment, manufacturing research and development equipment, biotech equipment, and necessary tenant improvements.² The new employment credit only applies to businesses located in economic development areas that hire individuals with barriers to employment, such as persons unemployed for six months, veterans within one year of separation from active military duty, earned income tax credit recipients, ex-offenders, and recipients of CalWorks or general assistance.³ Without the CCTC, businesses that are not located within economic development areas or purchasing manufacturing equipment would have few, if any, other statewide incentive programs available to assist with growth or retention.

4. Public Outreach and Input

GO-Biz staff conducted a series of statewide workshops and meetings to solicit comments from affected stakeholders regarding the development of the CCTC program. These workshops received participation from local leaders, businesses and economic development practitioners. A summary of the stakeholder outreach is as follows:

Draft Emergency Regulation Workshops

- December 5, 2013, Sacramento, CA
- December 9, 2013, Fresno, CA

² http://www.boe.ca.gov/sutax/manufacturing_exemptions.htm

³ https://www.ftb.ca.gov/online/New_Employment_Credit_Reservation/index.shtml

- December 11, 2013, Hayward, CA
- December 17, 2013, San Diego
- December 19, 2013, Glendale
- December 20, 2013, Online Webinar

B. Benefits

The proposed CCTC regulations provides the following economic benefits: (1) supports high wage job creation⁴, (2) contributes to investments made in California, and (3) offers flexibility in the evaluation process to adjust for changes to the business climate.

1. Individuals

The proposed regulations will not directly affect individual consumers. However, to the extent that new jobs are created or investments are made, individuals hired by businesses as a result of the credit may benefit from additional labor income.

2. Businesses

The proposed regulations have the potential to impact all industries in California with limited exception (see Appendix 1 & 2). The proposed regulations improve the business climate by reducing the tax burden of doing business, allowing companies to invest in innovation, and boosting the states competitive advantage. The proposed regulations also support the small business community, as 25% of the funds are required to be allocated to small businesses. According to the US Small Business Association, small businesses are the main driver of the economy, and in California account for 52% of all employment and 99.2% of state employers.⁵ In addition, the regulations assist businesses that are at risk of leaving California. Retention applicants are prioritized and automatically advanced to the second phase of credit award evaluation.

C. Costs and Cost Savings

The cost of CCTC regulations is the tax revenue forgone, which could have been allocated to other government programs or given as a tax credit to individuals. Tax credit awards from the CCTC program are attributable to a reduction in potential tax revenue for the state. In theory the cost of the program is the lost opportunity of collecting those tax funds and spending them on government programs and services. Thus, the cost to the state is the revenue forgone by not collecting taxes from CCTC awardees. However, it should be noted that without this tax credit, much and in some cases all, of the hiring and investment by individual awardees would not occur and the state would lose out on potential revenue above and beyond the tax credit award amount.

⁴ In the first phase of evaluation CCTC considers employee compensation and investments to determine the top 200% of applicants that advance.

⁵ [http://www.sba.gov/sites/default/files/files/California13\(1\).pdf](http://www.sba.gov/sites/default/files/files/California13(1).pdf)

There is also a cost to implement the CCTC program each fiscal year. GO-Biz estimates the first year of the program will cost \$965,000, and future years will cost \$935,000. GO-Biz did not include the program's implementation costs in the economic impact analysis.

1. Individuals

While there is not a direct cost to consumers, if the tax revenue used to fund the CCTC was used for other government programs or services, the tax burden for consumers may have been reduced accordingly. Under this rationale, the tax credit has a cost to consumer spending for the amount of the allocated credit each year. This factor is accounted for in the model by applying the credit amount for each year as a negative change in consumer spending.⁶

2. Businesses

Businesses awarded a tax credit are able to save the money not paid in taxes and use those funds to finance new jobs and investments. Although this tax credit program does not incur any direct costs to businesses, in some cases applicants hired consultants, attorneys, and other third parties to complete their applications/credit negotiations. Approximately, 30% of the applicants in the fiscal year 2013-14 utilized these types of third-party services.

D. Macroeconomic Impacts

1. Economic Analysis Methodology

GO-Biz used IMPLAN economic modeling software to estimate the impacts of the CCTC on the state's economy. IMPLAN includes data collected by the U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, and U.S. Census Bureau's Annual Survey of Manufactures. Using deflators and activity levels, IMPLAN determines a future project's value in today's dollars. IMPLAN uses its own unique sector codes to define and identify industries within a regional economy based on a consolidation of North American Industry Classification System (NAICS) code classifications. The 396 applicants from the first round of CCTC tax credit applications represented 256 different NAICS codes.

IMPLAN was selected because it satisfies the regulatory criteria found in Title 1, Division 3, Chapter 1, in section 2003(a) of the California Code of Regulation: (1) provides estimates of the total economic effects due to regulatory policies over a multi-year time period; (2) generates California economic variable estimates such as personal income, employment by economic sector, exports and imports, and gross state product, based on inter-industry relationships that are equivalent in structure to the Regional Industry Modeling System published by the Bureau of Economic Analysis; and (3) produces quantitative estimates of economic variables that address or facilitate the quantitative or qualitative estimation of total impact to the state.

⁶ Refer to Appendix V. for list of personal consumption industries used to account for impacts on individuals.

IMPLAN provides a number of results which GO-Biz used to interpret the economic impact of the CCTC on the state economy. These results include direct, indirect, and induced impacts for all employment and investment inputs in terms of the following categories: job creation, labor income, and total output.⁷ The interpretation of these results both individually and in aggregate are reflected within subsequent sections of this report.

2. Inputs and Assumptions

GO-Biz used two assumptions determined in coordination with the Department of Finance to forecast the program's impact on the state economy from 2015 to 2018. First, GO-Biz assumed that for every \$15,000 available in tax credits one direct new job will be created as a result of CCTC. This amount is consistent with the average credit per employee of other states programs. For fiscal year 2014-2015, GO-Biz assumed 10,000 direct jobs will be created. For fiscal years 2015-2016; 2016-2017; 2017-2018, GO-Biz assumed 13,333 direct jobs will be created. Second, GO-Biz assumed direct investments resulting from the CCTC would be three times the total tax credit allocation each fiscal year. For fiscal year 2014-2015, GO-Biz assumed \$450 million in direct investments and for fiscal years 2015-2016; 2016-2017; 2017-2018, GO-Biz assumed \$600 million in direct investments.

To assess future indirect and induced employment impacts, GO-Biz created a list of industries⁸ expected to apply in future rounds, which are proportionately weighted to their respective output within the state. Additionally, to assess future indirect and induced investment impacts, GO-Biz created a list of expected equipment and construction industries,⁹ proportionately weighted to its respective output within the state. Using the assumptions from above, data from these lists were extrapolated to forecast future economic impacts in IMPLAN.

This analysis further assumed that program performance remained proportionately consistent with the increase in the tax credits available per year. However, GO-Biz recognizes that future outputs may be inconsistent. In the first round of the program, employment ranged from 5 to 1550, with the average being 203. Similarly, there is a large span in investments, ranging from 0 to roughly \$526 million, with the average being approximately \$74.9 million.

3. Impact Assessment Results

i. Competitiveness

The CCTC boosts competitiveness by reducing the cost of doing business in the state. For fiscal year 2013-14, \$28,904,663 in tax credits were distributed to 29 businesses. Of

⁷ See Appendix I for list of key terms.

⁸ See Appendix II. The model will not assess impact in the following industries: government, education, film and movie, civic organizations, hotels and motels, casinos, gambling, entertainment and sport franchises.

⁹ See Appendix III. and IV. The model will not assess impact in the following industries: government, education, film and movie, civic organization, sport franchise and some retail and service industries.

Appendix I.

Key Term	Definition
Direct Impact	The initial expenditures, or production, made by the industry experiencing the economic change.
Indirect Impact	The effects of local inter-industry spending through backwards linkages.
Backwards Linkages	The tracking of industry purchases backward through the supply chain.
Induced Impact	The results of local spending of employee's wages and salaries for both employees of the directly affected industry, and the employees of the indirectly affected industries.
Labor Income	The total value paid to local workers within a region.
Total Output	Result demonstrating the total value of an industry's production, typically viewed as the value of a change in sales or value of increased production.
Employment	Total annual average jobs. This includes self-employed and wage and salary employees, and all full-time, part-time and seasonal jobs, based on a count of fulltime/part-time averages over twelve months.
Equipment	The dollar value of capital investments.
Construction	The dollar value of any building, renovation and other construction related investments.

Appendix II.

Employment Sectors	
Food services and drinking places	Non-depository credit intermediation and related activities
Wholesale trade businesses	Scenic and sightseeing transportation and support activities for transportation
Offices of physicians, dentists, and other health practitioners	Home health care services
Employment services	Couriers and messengers
Private household operations	Retail Stores - Sporting goods, hobby, book and music
Private hospitals	Business support services
Retail Stores - Food and beverage	Warehousing and storage
Securities, commodity contracts, investments, and related activities	Other personal services
Retail Stores - General merchandise	Retail Stores - Electronics and appliances
Services to buildings and dwellings	Fitness and recreational sports centers
Nursing and residential care facilities	Transit and ground passenger transportation
Custom computer programming services	Funds, trusts, and other financial vehicles
Architectural, engineering, and related services	Dry-cleaning and laundry services
Support activities for agriculture and forestry	Software publishers
Legal services	Retail Stores - Furniture and home furnishings
Management of companies and enterprises	Retail Stores - Gasoline stations

Employment Sectors	
Individual and family services	Printing
Retail Stores - Clothing and clothing accessories	Other amusement and recreation industries
Medical and diagnostic labs and outpatient and other ambulatory care services	Semiconductor and related device manufacturing
Scientific research and development services	Electronic computer manufacturing
Transport by truck	Extraction of oil and natural gas
Monetary authorities and depository credit intermediation activities	Transport by air
Retail Stores - Motor vehicle and parts	All other miscellaneous professional, scientific, and technical services
Accounting, tax preparation, bookkeeping, and payroll services	Other support services
Retail Stores - Miscellaneous	Waste management and remediation services
Investigation and security services	Veterinary services
Retail Nonstores - Direct and electronic sales	Internet publishing and broadcasting
Environmental and other technical consulting services	Tree nut farming
Automotive repair and maintenance, except car washes	Car washes
Management, scientific, and technical consulting services	Commercial and industrial machinery and equipment repair and maintenance
Insurance agencies, brokerages, and related activities	Pharmaceutical preparation manufacturing
Computer systems design services	Cut and sew apparel contractors
Insurance carriers	Natural gas distribution
Retail Stores - Health and personal care	Search, detection, and navigation instruments manufacturing
Retail Stores - Building material and garden supply	Machine shops
Personal care services	Specialized design services
Advertising and related services	Fruit farming
Telecommunications	Surgical and medical instrument, laboratory and medical instrument manufacturing
Child day care services	Radio and television broadcasting
General and consumer goods rental except video tapes and discs	Electricity and signal testing instruments manufacturing
Wineries	Turned product and screw, nut, and bolt manufacturing
Automotive equipment rental and leasing	Periodical publishers
Electronic and precision equipment repair and maintenance	Photographic services
Commercial and industrial machinery and equipment rental and leasing	Transport by rail
Bread and bakery product manufacturing	Electromedical and electrotherapeutic apparatus manufacturing
Travel arrangement and reservation services	Facilities support services
Other aircraft parts and auxiliary equipment manufacturing	All other food manufacturing
Data processing, hosting, ISP, web search portals and related services	Bare printed circuit board manufacturing
Dairy cattle and milk production	Support activities for oil and gas operations

Employment Sectors	
Other computer related services, including facilities management	Computer terminals and other computer peripheral equipment manufacturing
Electric power generation, transmission, and distribution	All other miscellaneous manufacturing
Cable and other subscription programming	Dental laboratories manufacturing
Ornamental and architectural metal products manufacturing	Poultry processing
Women's and girls' cut and sew apparel manufacturing	Analytical laboratory instrument manufacturing
Other accommodations	Snack food manufacturing
Fruit and vegetable canning, pickling, and drying	Wood kitchen cabinet and countertop manufacturing
Vegetable and melon farming	Plate work and fabricated structural product manufacturing
Other plastics product manufacturing	Printed circuit assembly (electronic assembly) manufacturing
Guided missile and space vehicle manufacturing	Industrial process variable instruments manufacturing
Aircraft manufacturing	Fluid milk and butter manufacturing
Maintenance and repair construction of residential structures	Wood windows and doors and millwork manufacturing
Death care services	Semiconductor machinery manufacturing
Newspaper publishers	Animal production, except cattle and poultry and eggs
Personal and household goods repair and maintenance	Ready-mix concrete manufacturing
Broadcast and wireless communications equipment manufacturing	Valve and fittings other than plumbing manufacturing
All other crop farming	Ship building and repairing
Coating, engraving, heat treating and allied activities	Book publishers
Greenhouse, nursery, and floriculture production	Lighting fixture manufacturing
Cattle ranching and farming	Tortilla manufacturing
Paperboard container manufacturing	Audio and video equipment manufacturing
Other electronic component manufacturing	Plastics packaging materials and un-laminated film and sheet manufacturing
Grain farming	Toilet preparation manufacturing
Soft drink and ice manufacturing	Textile and fabric finishing mills
Lessors of nonfinancial intangible assets	Upholstered household furniture manufacturing
Animal (except poultry) slaughtering, rendering, and processing	Other fabricated metal manufacturing
Motor vehicle parts manufacturing	Cheese manufacturing
Petroleum refineries	Sign manufacturing
Surgical appliance and supplies manufacturing	Sporting and athletic goods manufacturing
Frozen food manufacturing	Wood container and pallet manufacturing
Transport by water	Aluminum product manufacturing from purchased aluminum
Telephone apparatus manufacturing	Other information services
Other general purpose machinery manufacturing	Farm machinery and equipment manufacturing
Water, sewage and other treatment and delivery systems	Musical instrument manufacturing
All other chemical product and preparation manufacturing	Plastics bottle manufacturing

Employment Sectors	
Other industrial machinery manufacturing	Mining and quarrying sand, gravel, clay, and ceramic and refractory minerals
Turbine and turbine generator set units manufacturing	Special tool, die, jig, and fixture manufacturing
All other miscellaneous electrical equipment and component manufacturing	Other cut and sew apparel manufacturing
Other commercial and service industry machinery manufacturing	Computer storage device manufacturing
Metal cutting and forming machine tool manufacturing	Nonferrous metal foundries
Ophthalmic goods manufacturing	Urethane and other foam product (except polystyrene) manufacturing
Video tape and disc rental	Jewelry and silverware manufacturing
Cookie, cracker, and pasta manufacturing	Commercial logging
In-vitro diagnostic substance manufacturing	Cotton farming
Sound recording industries	Propulsion units and parts for space vehicles and guided missiles manufacturing
Soap and cleaning compound manufacturing	All other textile product mills
Support activities for printing	Spring and wire product manufacturing
Sawmills and wood preservation	Air conditioning, refrigeration, and warm air heating equipment manufacturing
Crown and closure manufacturing and metal stamping	Wood television, radio, and sewing machine cabinet manufacturing
Bowling centers	Biological product (except diagnostic) manufacturing
Dental equipment and supplies manufacturing	Steel product manufacturing from purchased steel
Commercial Fishing	Metal can, box, and other metal container (light gauge) manufacturing
Fluid power process machinery manufacturing	Plastics pipe and pipe fitting manufacturing
Optical instrument and lens manufacturing	Curtain and linen mills
Other rubber product manufacturing	Other animal food manufacturing
Electronic connector manufacturing	Transport by pipeline
Other concrete product manufacturing	Metal and other household furniture (except wood) manufacturing
Other communications equipment manufacturing	Medicinal and botanical manufacturing
Watch, clock, and other measuring and controlling device manufacturing	Paint and coating manufacturing
Directory, mailing list, and other publishers	Relay and industrial control manufacturing
Men's and boys' cut and sew apparel manufacturing	Doll, toy, and game manufacturing
Seasoning and dressing manufacturing	Ice cream and frozen dessert manufacturing
Ferrous metal foundries	Magnetic and optical recording media manufacturing
Nonupholstered wood household furniture manufacturing	Aircraft engine and engine parts manufacturing
All other forging, stamping, and sintering	Other leather and allied product manufacturing
Glass product manufacturing made of purchased glass	Plastics material and resin manufacturing
Iron and steel mills and ferroalloy manufacturing	Textile bag and canvas mills
Breweries	Hardware manufacturing
Wiring device manufacturing	Glass container manufacturing

Employment Sectors	
Showcase, partition, shelving, and locker manufacturing	Electronic capacitor, resistor, coil, transformer, and other inductor manufacturing
Drilling oil and gas wells	Confectionery manufacturing from purchased chocolate
Software, audio, and video media for reproduction	Adhesive manufacturing
Industrial mold manufacturing	Travel trailer and camper manufacturing
Power, distribution, and specialty transformer manufacturing	Other basic organic chemical manufacturing
Packaging machinery manufacturing	Plastics and rubber industry machinery manufacturing
Motor vehicle body manufacturing	Mining gold, silver, and other metal ore
Motor and generator manufacturing	Carpet and rug mills
Hand-tool manufacturing	All other basic inorganic chemical manufacturing
Pump and pumping equipment manufacturing	Automobile manufacturing
Mattress manufacturing	Air purification and ventilation equipment manufacturing
Switchgear and switchboard apparatus manufacturing	Brick, tile, and other structural clay product manufacturing
Flour milling and malt manufacturing	Miscellaneous nonmetallic mineral product manufacturing
Apparel knitting mills	Automatic environmental control manufacturing
Blind and shade manufacturing	Vending, commercial, industrial, and office machinery manufacturing
Mining and oil and gas field machinery manufacturing	Storage battery manufacturing
Electron tube manufacturing	Cut stone and stone product manufacturing
Material handling equipment manufacturing	Seafood product preparation and packaging
Apparel accessories and other apparel manufacturing	Heating equipment (except warm air furnaces) manufacturing
Communication and energy wire and cable manufacturing	Cement manufacturing
Nonferrous metal (except copper and aluminum) rolling, drawing, extruding and alloying	Industrial gas manufacturing
Polystyrene foam product manufacturing	Lime and gypsum product manufacturing
Nonchocolate confectionery manufacturing	Footwear manufacturing
Engineered wood member and truss manufacturing	Flavoring syrup and concentrate manufacturing
Metal tank (heavy gauge) manufacturing	Pottery, ceramics, and plumbing fixture manufacturing
Mining and quarrying other nonmetallic minerals	Sugarcane and sugar beet farming
Coffee and tea manufacturing	Chocolate and confectionery manufacturing from cacao beans
Concrete pipe, brick, and block manufacturing	Household cooking appliance manufacturing
Gasket, packing, and sealing device manufacturing	Dry, condensed, and evaporated dairy product manufacturing
Stationery product manufacturing	All other converted paper product manufacturing
Mining and quarrying stone	Manufactured home (mobile home) manufacturing
Mineral wool manufacturing	Custom roll forming
Unlaminated plastics profile shape manufacturing	Irradiation apparatus manufacturing
Motorcycle, bicycle, and parts manufacturing	Copper rolling, drawing, extruding and alloying
Poultry and egg production	All other miscellaneous wood product manufacturing
Office furniture and custom architectural woodwork and millwork manufacturing	Truck trailer manufacturing
Fertilizer manufacturing	Sanitary paper product manufacturing

Employment Sectors	
Forestry, forest products, and timber tract production	Dog and cat food manufacturing
Cutting tool and machine tool accessory manufacturing	Rubber and plastics hoses and belting manufacturing
Fabricated pipe and pipe fitting manufacturing	Heavy duty truck manufacturing
Coated and laminated paper, packaging paper and plastics film manufacturing	Plumbing fixture fitting and trim manufacturing
Institutional furniture manufacturing	Ball and roller bearing manufacturing
Asphalt shingle and coating materials manufacturing	Laminated plastics plate, sheet (except packaging), and shape manufacturing
All other paper bag and coated and treated paper manufacturing	Office supplies (except paper) manufacturing
Knit fabric mills	Asphalt paving mixture and block manufacturing
Boat building	Primary battery manufacturing
Totalizing fluid meters and counting devices manufacturing	Power-driven hand-tool manufacturing
Railroad rolling stock manufacturing	Secondary smelting and alloying of aluminum
Sugar cane mills and refining	Distilleries
Arms, ordnance, and accessories manufacturing	Paperboard Mills
Industrial process furnace and oven manufacturing	Abrasive product manufacturing
Paper mills	Commercial hunting and trapping
Military armored vehicle, tank, and tank component manufacturing	Fabric coating mills
Fats and oils refining and blending	Ground or treated mineral and earth manufacturing
Mechanical power transmission equipment manufacturing	Oilseed farming
Petroleum lubricating oil and grease manufacturing	Wet corn milling
Other pressed and blown glass and glassware manufacturing	Reconstituted wood product manufacturing
Prefabricated wood building manufacturing	Alkalies and chlorine manufacturing
Light truck and utility vehicle manufacturing	Alumina refining and primary aluminum production
Printing ink manufacturing	Small electrical appliance manufacturing
Broom, brush, and mop manufacturing	Cutlery, utensil, pot, and pan manufacturing
Breakfast cereal manufacturing	Household refrigerator and home freezer manufacturing
Construction machinery manufacturing	Synthetic dye and pigment manufacturing
Air and gas compressor manufacturing	Leather and hide tanning and finishing
All other transportation equipment manufacturing	Beet sugar manufacturing
Carbon and graphite product manufacturing	Support activities for other mining
Fiber, yarn, and thread mills	Artificial and synthetic fibers and filaments manufacturing
Soybean and other oilseed processing	All other petroleum and coal products manufacturing
Other engine equipment manufacturing	Lawn and garden equipment manufacturing
Flat glass manufacturing	Primary smelting and refining of nonferrous metal (except copper and aluminum)
Veneer and plywood manufacturing	Household laundry equipment manufacturing
Synthetic rubber manufacturing	Motor home manufacturing
Broadwoven fabric mills	Pulp mills

Employment Sectors	
Speed changer, industrial high-speed drive, and gear manufacturing	Mining iron ore
Rolling mill and other metalworking machinery manufacturing	Other major household appliance manufacturing
Pesticide and other agricultural chemical manufacturing	Mining coal
Power boiler and heat exchanger manufacturing	
Tire manufacturing	Photographic and photocopying equipment manufacturing
Electric lamp bulb and part manufacturing	Office administrative services
Ammunition manufacturing	Nonwoven fabric mills
Narrow fabric mills and schiffli machine embroidery	Clay and non-clay refractory manufacturing

Appendix III.

Equipment Investment Sectors	
Wholesale trade businesses	Ferrous metal foundries
Petroleum refineries	Mining and oil and gas field machinery manufacturing
Electronic computer manufacturing	Ice cream and frozen dessert manufacturing
Monetary authorities and depository credit intermediation activities	Jewelry and silverware manufacturing
Securities, commodity contracts, investments, and related activities	Software, audio, and video media for reproduction
Telecommunications	Dry, condensed, and evaporated dairy product manufacturing
Pharmaceutical preparation manufacturing	Showcase, partition, shelving, and locker manufacturing
Semiconductor and related device manufacturing	Asphalt paving mixture and block manufacturing
Scientific research and development services	Chocolate and confectionery manufacturing from cacao beans
Custom computer programming services	Relay and industrial control manufacturing
Software publishers	Glass container manufacturing
Natural gas distribution	Glass product manufacturing made of purchased glass
Transport by truck	Propulsion units and parts for space vehicles and guided missiles manufacturing
Extraction of oil and natural gas	Confectionery manufacturing from purchased chocolate
Retail Stores - General merchandise	Pump and pumping equipment manufacturing
Electric power generation, transmission, and distribution	Power, distribution, and specialty transformer manufacturing
Transport by air	Sign manufacturing
Search, detection, and navigation instruments manufacturing	Electron tube manufacturing
Internet publishing and broadcasting	Sugar cane mills and refining
Wineries	Pesticide and other agricultural chemical manufacturing
Aircraft manufacturing	Hardware manufacturing
Surgical and medical instrument, laboratory and medical instrument manufacturing	Motor and generator manufacturing
Scenic and sightseeing transportation and support activities for transportation	Mattress manufacturing
Soft drink and ice manufacturing	Other concrete product manufacturing

Equipment Investment Sectors	
Fruit farming	Dental laboratories manufacturing
Waste management and remediation services	Non-chocolate confectionery manufacturing
Fluid milk and butter manufacturing	Sanitary paper product manufacturing
Other computer related services, including facilities management	Air conditioning, refrigeration, and warm air heating equipment manufacturing
Fruit and vegetable canning, pickling, and drying	Material handling equipment manufacturing
Support activities for agriculture and forestry	Switchgear and switchboard apparatus manufacturing
Couriers and messengers	Spring and wire product manufacturing
Other aircraft parts and auxiliary equipment manufacturing	Wood container and pallet manufacturing
Guided missile and space vehicle manufacturing	Nonferrous metal foundries
Broadcast and wireless communications equipment manufacturing	Polystyrene foam product manufacturing
Printing	Stationery product manufacturing
Soap and cleaning compound manufacturing	Wood television, radio, and sewing machine cabinet manufacturing
Warehousing and storage	Men's and boys' cut and sew apparel manufacturing
Vegetable and melon farming	Mineral wool manufacturing
Dairy cattle and milk production	Coated and laminated paper, packaging paper and plastics film manufacturing
Tree nut farming	Wet corn milling
Motor vehicle parts manufacturing	Motor vehicle body manufacturing
Cheese manufacturing	Synthetic rubber manufacturing
Paperboard container manufacturing	Paper mills
Snack food manufacturing	Packaging machinery manufacturing
Electronic and precision equipment repair and maintenance	Institutional furniture manufacturing
All other crop farming	Un-laminated plastics profile shape manufacturing
Commercial and industrial machinery and equipment repair and maintenance	Special tool, die, jig, and fixture manufacturing
Machine shops	Non-upholstered wood household furniture manufacturing
Electro-medical and electrotherapeutic apparatus manufacturing	Cement manufacturing
Other plastics product manufacturing	Support activities for printing
Bread and bakery product manufacturing	Irradiation apparatus manufacturing
Women's and girls' cut and sew apparel manufacturing	All other textile product mills
Electricity and signal testing instruments manufacturing	Forestry, forest products, and timber tract production
Computer terminals and other computer peripheral equipment manufacturing	Breakfast cereal manufacturing
Toilet preparation manufacturing	Lime and gypsum product manufacturing
Telephone apparatus manufacturing	Construction machinery manufacturing
Semiconductor machinery manufacturing	Vending, commercial, industrial, and office machinery manufacturing
Specialized design services	Electronic capacitor, resistor, coil, transformer, and other inductor manufacturing
Animal (except poultry) slaughtering, rendering, and processing	Metal tank (heavy gauge) manufacturing

Equipment Investment Sectors	
Ornamental and architectural metal products manufacturing	Miscellaneous nonmetallic mineral product manufacturing
Iron and steel mills and ferroalloy manufacturing	Storage battery manufacturing
Surgical appliance and supplies manufacturing	Concrete pipe, brick, and block manufacturing
Frozen food manufacturing	Other engine equipment manufacturing
Valve and fittings other than plumbing manufacturing	Animal production, except cattle and poultry and eggs
Transit and ground passenger transportation	Musical instrument manufacturing
Plastics material and resin manufacturing	Custom roll forming
Computer storage device manufacturing	Railroad rolling stock manufacturing
Breweries	Curtain and linen mills
Other electronic component manufacturing	Secondary smelting and alloying of aluminum
Other animal food manufacturing	Household cooking appliance manufacturing
Analytical laboratory instrument manufacturing	Hand-tool manufacturing
Poultry processing	Air purification and ventilation equipment manufacturing
Greenhouse, nursery, and floriculture production	Distilleries
Transport by rail	Seafood product preparation and packaging
Coating, engraving, heat treating and allied activities	Other cut and sew apparel manufacturing
Audio and video equipment manufacturing	Metal and other household furniture (except wood) manufacturing
In-vitro diagnostic substance manufacturing	Carpet and rug mills
All other chemical product and preparation manufacturing	Plastics and rubber industry machinery manufacturing
Cattle ranching and farming	Automatic environmental control manufacturing
All other food manufacturing	Military armored vehicle, tank, and tank component manufacturing
Fats and oils refining and blending	Other leather and allied product manufacturing
Transport by water	Totalizing fluid meters and counting devices manufacturing
Turbine and turbine generator set units manufacturing	Commercial Fishing
Turned product and screw, nut, and bolt manufacturing	Fabricated pipe and pipe fitting manufacturing
Other amusement and recreation industries	Commercial logging
Industrial process variable instruments manufacturing	Gasket, packing, and sealing device manufacturing
Plastics packaging materials and unlaminated film and sheet manufacturing	Travel trailer and camper manufacturing
Drilling oil and gas wells	Industrial mold manufacturing
Flour milling and malt manufacturing	All other transportation equipment manufacturing
Fitness and recreational sports centers	Engineered wood member and truss manufacturing
Automobile manufacturing	Textile bag and canvas mills
Other basic organic chemical manufacturing	Ball and roller bearing manufacturing
Seasoning and dressing manufacturing	All other converted paper product manufacturing
Magnetic and optical recording media manufacturing	Printing ink manufacturing
Fertilizer manufacturing	Heating equipment (except warm air furnaces) manufacturing
Printed circuit assembly (electronic assembly) manufacturing	Apparel accessories and other apparel manufacturing
Bare printed circuit board manufacturing	Truck trailer manufacturing
Plate work and fabricated structural product manufacturing	Brick, tile, and other structural clay product manufacturing

Equipment Investment Sectors	
Cut and sew apparel contractors	Alkalies and chlorine manufacturing
Other commercial and service industry machinery manufacturing	Laminated plastics plate, sheet (except packaging), and shape manufacturing
Aluminum product manufacturing from purchased aluminum	Rubber and plastics hoses and belting manufacturing
Lighting fixture manufacturing	Paperboard Mills
All other miscellaneous manufacturing	Plumbing fixture fitting and trim manufacturing
Steel product manufacturing from purchased steel	All other petroleum and coal products manufacturing
Cookie, cracker, and pasta manufacturing	Air and gas compressor manufacturing
Sporting and athletic goods manufacturing	Blind and shade manufacturing
Ready-mix concrete manufacturing	Office furniture and custom architectural woodwork and millwork manufacturing
Other communications equipment manufacturing	All other paper bag and coated and treated paper manufacturing
Other industrial machinery manufacturing	Cutting tool and machine tool accessory manufacturing
Flavoring syrup and concentrate manufacturing	Apparel knitting mills
Biological product (except diagnostic) manufacturing	Office supplies (except paper) manufacturing
Metal can, box, and other metal container (light gauge) manufacturing	Carbon and graphite product manufacturing
Paint and coating manufacturing	Industrial process furnace and oven manufacturing
Support activities for oil and gas operations	Boat building
Car washes	Primary battery manufacturing
Other fabricated metal manufacturing	Alumina refining and primary aluminum production
All other miscellaneous electrical equipment and component manufacturing	Primary smelting and refining of nonferrous metal (except copper and aluminum)
Farm machinery and equipment manufacturing	Flat glass manufacturing
Petroleum lubricating oil and grease manufacturing	Ground or treated mineral and earth manufacturing
Asphalt shingle and coating materials manufacturing	Mechanical power transmission equipment manufacturing
Adhesive manufacturing	Nonwoven fabric mills
Crown and closure manufacturing and metal stamping	Tire manufacturing
Doll, toy, and game manufacturing	Fiber, yarn, and thread mills
All other forging, stamping, and sintering	Pottery, ceramics, and plumbing fixture manufacturing
Ship building and repairing	All other miscellaneous wood product manufacturing
Other general purpose machinery manufacturing	Other pressed and blown glass and glassware manufacturing
Transport by pipeline	Broom, brush, and mop manufacturing
Medicinal and botanical manufacturing	Footwear manufacturing
Nonferrous metal (except copper and aluminum) rolling, drawing, extruding and alloying	Cut stone and stone product manufacturing
Optical instrument and lens manufacturing	Synthetic dye and pigment manufacturing
Fluid power process machinery manufacturing	Speed changer, industrial high-speed drive, and gear manufacturing
Dental equipment and supplies manufacturing	Manufactured home (mobile home) manufacturing
Ophthalmic goods manufacturing	Ammunition manufacturing
Textile and fabric finishing mills	Knit fabric mills
Coffee and tea manufacturing	Power-driven hand-tool manufacturing

Equipment Investment Sectors	
Poultry and egg production	Power boiler and heat exchanger manufacturing
Tortilla manufacturing	Broad-woven fabric mills
Watch, clock, and other measuring and controlling device manufacturing	Abrasive product manufacturing
Plastics bottle manufacturing	Veneer and plywood manufacturing
Plastics pipe and pipe fitting manufacturing	Household refrigerator and home freezer manufacturing
Light truck and utility vehicle manufacturing	Fabric coating mills
Metal cutting and forming machine tool manufacturing	Electric lamp bulb and part manufacturing
Water, sewage and other treatment and delivery systems	Rolling mill and other metalworking machinery manufacturing
Aircraft engine and engine parts manufacturing	Petrochemical manufacturing
Other rubber product manufacturing	Beet sugar manufacturing
Wood windows and doors and millwork manufacturing	Prefabricated wood building manufacturing
Wiring device manufacturing	Artificial and synthetic fibers and filaments manufacturing
Wood kitchen cabinet and countertop manufacturing	Small electrical appliance manufacturing
Sawmills and wood preservation	Sugarcane and sugar beet farming
Dog and cat food manufacturing	Clay and non-clay refractory manufacturing
All other basic inorganic chemical manufacturing	Narrow fabric mills and schiffli machine embroidery
Grain farming	Cutlery, utensil, pot, and pan manufacturing
Motorcycle, bicycle, and parts manufacturing	Tobacco product manufacturing
Copper rolling, drawing, extruding and alloying	Support activities for other mining
Industrial gas manufacturing	Reconstituted wood product manufacturing
Electronic connector manufacturing	Household laundry equipment manufacturing
Soybean and other oilseed processing	Lawn and garden equipment manufacturing
Communication and energy wire and cable manufacturing	Pulp mills
Urethane and other foam product (except polystyrene) manufacturing	Oilseed farming
Upholstered household furniture manufacturing	Motor home manufacturing
Heavy duty truck manufacturing	Other major household appliance manufacturing
Cotton farming	Photographic and photocopying equipment manufacturing

Appendix IV.

Construction Investment Sectors	
Construction of new nonresidential commercial and health care structures	Construction of other new nonresidential structures
Construction of new nonresidential manufacturing structures	Maintenance and repair construction of nonresidential maintenance and repair

Appendix V.

Personal Consumption Sectors	
Real estate establishments	Other personal services
Imputed rental activity for owner-occupied dwellings	Retail Stores - Miscellaneous
Food services and drinking places	Other private educational services
Monetary authorities and depository credit intermediation activities	Couriers and messengers
Offices of physicians, dentists, and other health practitioners	Private elementary and secondary schools
Securities, commodity contracts, investments, and related activities	Radio and television broadcasting
Private hospitals	Individual and family services
Telecommunications	Personal care services
Management of companies and enterprises	Commercial and industrial machinery and equipment rental and leasing
Motion picture and video industries	Investigation and security services
Scientific research and development services	Retail Stores - Gasoline stations
Custom computer programming services	Warehousing and storage
Legal services	Other support services
Medical and diagnostic labs and outpatient and other ambulatory care services	Automotive equipment rental and leasing
Software publishers	Electronic and precision equipment repair and maintenance
Insurance carriers	Retail Stores - Furniture and home furnishings
Architectural, engineering, and related services	Business support services
Lessors of nonfinancial intangible assets	Home health care services
Transport by truck	Promoters of performing arts and sports and agents for public figures
Retail Stores - Food and beverage	Commercial and industrial machinery and equipment repair and maintenance
Employment services	Travel arrangement and reservation services
Advertising and related services	Retail Stores - Sporting goods, hobby, book and music
Accounting, tax preparation, bookkeeping, and payroll services	Child day care services
Funds, trusts, and other financial vehicles	Specialized design services
Computer systems design services	Spectator sports companies
Retail Stores - General merchandise	Community food, housing, and other relief services, including rehabilitation services
Data processing, hosting, ISP, web search portals and related services	Transit and ground passenger transportation
Retail Nonstores - Direct and electronic sales	Sound recording industries
Retail Stores - Motor vehicle and parts	Transport by rail
Insurance agencies, brokerages, and related activities	Dry-cleaning and laundry services
Management, scientific, and technical consulting services	Periodical publishers
Services to buildings and dwellings	Transport by water
Nursing and residential care facilities	Performing arts companies
Retail Stores - Clothing and clothing accessories	Other amusement and recreation industries

Personal Consumption Sectors	
Non-depository credit intermediation and related activities	Veterinary services
Private junior colleges, colleges, universities, and professional schools	Fitness and recreational sports centers
Independent artists, writers, and performers	Personal and household goods repair and maintenance
Hotels and motels, including casino hotels	Book publishers
Transport by air	Newspaper publishers
Environmental and other technical consulting services	Facilities support services
Internet publishing and broadcasting	General and consumer goods rental except video tapes and discs
Automotive repair and maintenance, except car washes	Museums, historical sites, zoos, and parks
Scenic and sightseeing transportation and support activities for transportation	Death care services
Office administrative services	Other accommodations
Retail Stores - Electronics and appliances	Car washes
Retail Stores - Building material and garden supply	Transport by pipeline
Cable and other subscription programming	Directory, mailing list, and other publishers
All other miscellaneous professional, scientific, and technical services	Photographic services
Retail Stores - Health and personal care	Other information services
Amusement parks, arcades, and gambling industries	Video tape and disc rental
Waste management and remediation services	Bowling centers
Other computer related services, including facilities management	