2022 Economic Census
Instructions
Construction Sector

All Construction Paths:

The Construction Sector of the 2022 Economic Census covers domestic operations of establishments primarily engaged in these broad types of activities:

- **BUILDING CONSTRUCTION** by general contractors, specialty trade contractors, design-builders, developers, or construction managers.
- **HEAVY CONSTRUCTION** includes work on non-building structures, such as highways, utility related structures, and water projects by general contractors, specialty trade contractors, design-builders, developers, or construction managers.
- **LAND SUBDIVISION** represents subdividing and servicing of raw land into lots for sale by a landowner to a builder.
- **SPECIALTY TRADE CONTRACTORS** represent specialty trade activities, such as plumbing, electrical, masonry, carpentry, painting, excavation, flooring, glass, metal, or concrete work, and other construction activities performed on building and non-building structures.

CONSTRUCTION INCLUDES:

- New or original construction.
- Additions, alterations, rehabilitation, remodeling, or reconstruction.
- Maintenance, repair, or service work.

REPORT DATA AT THE ESTABLISHMENT LEVEL

A construction establishment is a relatively permanent office, or other place of business, where the usual business activities related to construction are conducted. Generally, a relatively permanent office is one which has been established for the management of more than one project or job and which is expected to be maintained on a continuing basis. Establishment activities include, but are not limited to estimating, bidding, scheduling, purchasing, and supervising of the actual construction work being done at one or more construction sites.

Examples of construction establishments are:

- The office or branch office of a construction contractor or builder, even if the office is in your home.
- The office or shop of a special trade contractor who specializes in activities such as plumbing, painting, carpentry, etc.
- A construction division or subsidiary of a manufacturing, mining, or other business company, which undertakes construction for the parent company or others.
- A separate legal entity which has been established to carry out a given project, part of a project, or to undertake a construction project as a joint venture.

FOR MULTI-ESTABLISHMENT COMPANIES AND SUBSIDIARIES

If any of the items requested are maintained in records at a divisional or parent company level, allocate the cost to each construction establishment for which you received a questionnaire. For example, value of inventories (**Item 9**) and value of building and equipment assets (**Item 13**) owned by the parent

company should be assigned to each establishment that the establishment is responsible for as if it owned them. In the case of building and equipment, if the establishment is a tenant or lessee, rental costs in **Item 14** should be adjusted accordingly. Expenses in **Items 16C1**-**16C11,** incurred by the parent on behalf of the establishment should be allocated to each establishment on an appropriated basis (e.g. the ratio of the payroll of each construction establishment to the total company payroll or revenues). The costs should not be duplicated on any establishment reports. Separate reports are required for each establishment.

ITEM 5: SALES, SHIPMENTS, RECEIPTS, OR REVENUE

Sales, shipments, billings, receipts, or revenue from business operations in foreign countries or outside the 50 states and the District of Columbia do **NOT** report in **Item 5.**

Include:

- Work on new construction, additions, alterations, reconstruction, maintenance, repairs, and service work.
- Receipts or billings for construction work under any type of contract – general, special trade, design-build, construction management, engineer-construct, turnkey, etc.
- Cost of labor, materials, overhead, and normal profit.
- Sales of houses and other buildings you built which were sold during 2022.
- Report the receipts for all other non-construction business activities done by this establishment.

Exclude:

- The cost of land other than site preparation.
- The purchase cost or estimated value of raw land from the value of construction work.
- Non-operating income such as interest, dividends, or the sale of fixed assets.

ITEM 7A and 7C: EMPLOYMENT AND PAYROLL

Report the number of employees on the payroll of this establishment during four specific pay periods including the 12th of March, June, September, and December 2022. Payroll should equal the taxable Medicare wages and tips reported on the Internal Revenue Service (IRS) Form 941, Employer's quarterly Tax Return, and definitions as described in Circular E, Employer's Tax Guide. If legal form of organization for this business is corporation, reporting **"other payroll"** is required. If payroll and employment for this EIN are zero, please indicate if EIN is a joint venture in **Item 31**, Remarks.

Include:

- All permanent, full-time, or part-time employees.
- Salaried officers and executives of a corporation.
- Employees on paid sick leave, paid holidays, and paid vacations.
- The spread on stock options that are taxable to employee wages.

Exclude:

- Subcontractors and their employees.
- Full- or part-time leased employees whose payroll was filed under a Professional Employer Organization's Employer Identification Number.
- Temporary staffing obtained from a staffing service.
- Proprietors or partners of an unincorporated company.

ITEM 7B: HOURS WORKED
Report hours worked only for the construction workers reported in **Item 7A1**.

Include:

- Hours worked during four specific pay periods including the 12th of March, June, September, and December 2022.
- Overtime hours as actual hours worked not as straight-time equivalent hours.

Exclude:

- Hours paid for vacations, holidays (unless actually worked) or sick leave.

ITEM 9: INVENTORIES OF THIS ESTABLISHMENT AT END OF YEAR
Report the value of all inventories of materials and supplies that are owned by this establishment or assigned to it at the end of 2022 and 2021 regardless of where the inventories are held. If this establishment is part of a multi-establishment company, the parent company should assign to each establishment those inventories that the establishment is responsible for as if it owned them and this establishment should include the value of inventories in this report. Inventories should not be duplicated on any establishment reports. Report inventories using current cost (if using LIFO method of evaluation, adjust to obtain FIFO or current cost).

ITEM 13: ASSETS, CAPITAL EXPENDITURES, RETIREMENTS, AND DEPRECIATION
Item 13A: Depreciable assets are the buildings, structures, machinery, and equipment owned by this establishment or its parent for which depreciation accounts are ordinarily maintained. If this establishment is part of a multi-establishment company, the parent company should assign to each establishment building and equipment that the establishment is responsible for as if it owned them. This establishment should include these as part of its beginning balances, additions, and disposals as appropriate as well as the allocation of related depreciation expenses. For example, if this establishment maintained a tenant relationship with the parent company or a "subsidiary" and paid "rent" for the use of either buildings or equipment, do not report the value of this "rent". Instead, in **Item 13A** report the gross value of the assets made available to this establishment as a result of this "rental" agreement as if the establishment owned them.

Include:

- Assets acquired through capital leases. If any building or equipment has been acquired under a capital leasing arrangement that meets the criteria set down by the Financial Accounting Standards Board (FASB), please report the original cost or market value as a fixed asset and as a capital expenditure if acquired in 2022. If the lease qualifies as an operating lease, do not include the value of the building and equipment as a fixed asset or capital expenditure.
- Assets acquired or produced to be leased to others as the lessor under an operating lease.
- Capital expenditures for construction in progress incurred in prior periods. Report current capital expenditures in **Item 13B** even if not completed and operational.

Exclude:

- The cost of land, also **INCLUDE** the value of land development.
- Assets leased to others under capital lease arrangements.

Item 13B: Capital expenditures include current expenditures for property, equipment, and capital improvements that were or will be chargeable to the fixed asset accounts and for which depreciation accounts are ordinarily maintained. Additions to construction-in-progress for company owned projects lasting more than one year that will be added, as depreciable assets should be reported currently rather than once the project has been completed and is in use. Include the cost of capital improvements that were made during 2022 which increased the value of property or adapted it for another use. Capital expenditures for leasehold improvements (made to property leased from others) are also included. Include the value of depreciable assets acquired through mergers and acquisitions.

Item 13C: Gross value of depreciable assets sold, retired, lost, or otherwise disposed of should also include acquisition cost of transfers or depreciable assets to assets held for sale and reductions in value due to impairment.

ITEM 14: RENTAL PAYMENTS

If this establishment is part of a multi-establishment company or a subsidiary rented property for the use of this establishment and paid the rent, the rent should be reported in **Item 14** as if the establishment paid it. However, if this establishment rented buildings or equipment from the parent or affiliate as a tenant, then the value of assets should be reported in **Item 13**. Exclude capital leases (leases with a contract to own at the end of the lease) as well as rentals of assets owned by parent reported in **Item 13**.

ITEM 16: SELECTED EXPENSES

This section is intended to complete a comprehensive reporting of operating costs and expenses incurred by this establishment not already identified for collection on the instrument. Certain costs of construction and expenses were already collected in **Item 7**, **Item 13**, and **Item 14** on the instrument.

ITEM 16A, LINE 1: COST OF MATERIALS, PARTS, AND SUPPLIES

Report job-site, general office, and all other material, part, and supply costs relating to the construction and other business activities of this establishment.

Include:

- Equipment purchased by this establishment that was installed in a building as an integral part of its structure, such as elevators, heating and air conditioning equipment, etc.
- Costs after discounts for the materials, parts, and supplies that were purchased by this establishment or obtained from other establishments of your company.
- Freight and other direct charges for the materials, parts, and supplies used in 2022.
- Expendable tools that were charged to current accounts in 2022.

ITEM 16A, LINE 2: COST OF CONSTRUCTION WORK SUBCONTRACTED OUT

Include your payments to subcontractors for construction work.
Exclude the cost of non-construction work subcontracted out unless it is incidental to the primary construction activities of the subcontractor. Services such as abatement, refuse removal, design work or surveying should be reported in **Item 16C**.

ITEM 16B: DEPRECIATION/AMORTIZATION
Normal depreciation charges for the year relating to the assets allocated to the reporting establishment by a parent or affiliate.

ITEM 16C: OTHER OPERATING EXPENSES
Include costs for each of these goods and services purchased from other companies that are paid directly or incurred by a parent or affiliate for this establishment and have not been reported elsewhere in the form.

Exclude:

- Salaries paid to employees of this establishment for any professional and/or technical services. These should be reported in **Item 7**.
- Materials, parts, and supplies used for repairs and maintenance performed by this company's employees.
- Lease and rental payments for equipment, building, other structure, or land by this establishment and reported **Item 14**, Rental Payments.
- Cost of construction activities subcontracted to others and reported in **Item 16A**, line 2.
- Cost of any utility payments if payments are included in a lease or rental payment and reported in **Item 14** or energy reported in **Item 16A**, line 3.
- Income taxes, purchases of merchandise for resale, bad debts, impairment charges, interest and other non-operating expenses.

ITEM 22: DETAILS OF SALES, SHIPMENTS, RECEIPTS, OR REVENUE
Include all sales, shipments, receipts, revenue, or value of business done reported in **Item 5**, Sales, Shipments, Receipts, or Revenue broken out in details. Show dollars received by types of buildings, structures, or facilities constructed or worked on by construction establishments in the reporting year in which establishments received construction and non-construction receipts for activities, products, services only. This question requests that the amount reported in **Item 5**, be broken down by type of construction and non-construction activities for the dollar value reported in **Item 5**. Pick the appropriate construction projects and non-construction activities and report the specific dollar amount for each applicable type of construction and non-construction activities done by the establishment for the reporting period of 2022.

For example:
If establishment has amount of $125,000 total receipts for **Item 5**, Sales, Shipments, Receipts, or Revenue, where total amount is broken out as construction activities of $75,000 receipts for new detached single-family houses, $20,000 receipts for additions, alterations, and reconstruction for attached single-family houses, and $5,000 receipts for maintenance and repair work for attached single-family houses, with the remaining non-construction activity of $25,000 receipts for snow plowing service, report dollar values by the various receipt details. You would allocate each dollar you reported for construction receipts into the appropriate product category according to the categories: new constructions; construction services for new building or structures; construction service for additions, alterations, and reconstruction; and construction services for maintenance and repair work. You would also report the non-construction activity of snow plowing into the appropriate non-construction product category.

For the example explained above, you would report the $75,000 as constructions for new detached single-family houses, the $20,000 as construction services for additions, alterations, and reconstruction, and the $5,000 as construction services for maintenance and repair work. Then report the remaining $25,000 as snow plowing service, a non-construction activity.

If you worked on more than one type of building or structure in a multipurpose complex, report separately for each building or type of structure. However, if you worked on a building that had more than one purpose, i.e., office, residential, or commercial, classify this building by its major purpose. If you worked on combined sewer-water-storm drain projects, report each separately if estimates can be made. If not, report the entire project under the major purpose. If you were involved in concrete work, excavating or earthmoving work, report separately the type of buildings or structures for which the work was done.

New Constructions and Construction Services

- **New Constructions –** Include all components of the entire original building or structure. Land development work on the site and demolition of existing structures are included with new constructions.
- **Construction services for new building or structures –** Include separate components of the original building or structure, such as electric work, painting, plumbing, etc.
- **Construction services for additions, renovations, and alterations to buildings or structures –** Include construction work which adds to the value of useful life of an existing building or structure, or which adapts a building or structure to a new or different use. Included are "major replacements" of building systems such as the installation of a new roof or heating system, and the resurfacing of streets or highways. Exclude activities such as the repair of a hole in a roof or the routine patching of highways and streets, which are classified as "maintenance and repair work".
- **Construction services for maintenance and repair of buildings or structures –** Include incidental construction work that keeps a property in ordinary working condition. Exclude trash and snow removal, lawn maintenance, and janitorial services.

ITEM 23: KIND OF BUSINESS ACTIVITIES

Kind of business activities reported in **Item 23** should be consistent with **Item 5** and also **Item 22** data reported. The sum of the all the percentages reported in **Item 23** should sum to 100%, and the details dollar amounts allocated for construction activities in **Item 22**, should equal the percentage amount obtained for **Item 23A**, when the total dollar value of construction activities in **Item 5** and **Item 22** is divided by the total amount reported in **Item 5**.

For example:

If you reported $75,000 in **Item 22** for construction activities dollar value and $100,000 in **Item 5** total dollar value, then the sum of the percentages reported in **Item 23A** should equal 75%. Then sum of the percentages reported in **Item 23B** for other business activities should equal the percent obtained when the dollar value $25,000 for non-construction activities in **Item 22** is divided by that of **Item 5** total dollar value, then the sum of the entries in **Item 23B** should equal 25%.

ITEM 23A: CONSTRUCTION WORK ACTIVITIES

Report only the main activities for which you were contracted. Work which was incidental to the primary activities of jobs should not be reported separately.

For example:

- If you were contracted to design and build, do not separate out the design part from the construction work.
- If you were contracted to shingle a roof, do not separate out incidental gutter and downspout installation.
- If you were working as a general contractor, do not separate out carpentry work, excavation work, etc.
- If this establishment engaged in construction activities that are not listed on the form, please enter a description of the construction activity in the "Other kinds of construction" write-in box, along with a percentage of the total value of business for that specified activity.

ITEM 23B: OTHER BUSINESS ACTIVITIES

Report any non-construction activities. If the activity is not listed on the form, please enter a description of the non-construction activity in the "Other business activities" write-in box, along with a percentage of the value of total business for that specified activity.

ITEM 28A SPECIAL ITEMS: OWNERSHIP OF CONSTRUCTION PROJECTS

Work on interstate highways should be reported as state-owned construction.