



International SalonSpa Business Network
22287 Mulholland Hwy #600, Calabasas, CA 91302 | phone: 877-242-1241 | fax: 562-453-3995 | www.salonspanetwork.org

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April 21, 2020

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Charles E.
Schumer
Minority Leader
United States Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Kevin McCarthy
Minority Leader
United States House of
Representatives
Washington, D.C. 20515

Dear Speaker Pelosi and Leaders McConnell, McCarthy and Schumer:

On behalf of the largest multi-location employers in the professional beauty industry, we acknowledge and appreciate the unprecedented speed in which Congress enacted the economic programs included in the Coronavirus Aid, Relief and Economic Security (CARES) Act. As the largest employers in an industry that carries an extremely high employee requirement, we were disappointed that the programs excluded organizations with over 500 employees. All salon employers, regardless of size, generate approximately \$70,000 in revenue per full time equivalent. This puts all employers in this main street industry in the same precarious position, jeopardizing the livelihoods of thousands of licensed professionals. The entire industry, from individual employees to the manufacturers and distributors of personal care products, hinge on the health of all salon employers.

The financial relief offered to small businesses, employees, and sole proprietors alike will help other professional beauty companies industry navigate this emergency, which remain important regardless of our benefit. Presently, virtually all locations across the country are completely shut down due to the COVID-19. We urge continued speed and flexibility to these programs to ensure that relief can be extended broadly to immediately meet the needs of all participants.

While the assistance provided in CARES is helpful and appreciated, more relief will assuredly be needed for our salons, spas and barbershops to survive and reopen once the crisis has subsided. For more than two decades, we have been asking Congress to extend the **Section 45B FICA tax tip credit to the beauty industry**. The proposal is included in bipartisan,

bicameral legislation (**H.R. 1349/S. 2634**). Our proposal was originally intended to provide parity with the restaurant industry and improve overall tax compliance across all entities who accept tips as income. While those are still our goals, we are now respectfully requesting to modify the effective date, so the proposal can also be used to efficiently provide an immediate cash infusion for our salon, spa and barbershop employers.

Specifically, by extending the tax credit and making it effective for taxable years beginning after December 31, 2017, this would reduce an employer's tax liability for prior years **and increase liquidity** this year to help keep our businesses afloat and able to meet payroll. This would allow for greater reemployment and recovery as we move to follow government orders during the reopen process. It would also allow employers to meet expenses, including their employees' health care premiums. This is a credit that already exists in the tax code and has been administered by the IRS for decades. Extending the credit to the salon industry is a simple, common-sense way to ensure that small business salons make it through this unprecedented emergency.

We strongly urge you to extend the 45B tax credit to the beauty industry in any further legislation considered in response to the pandemic, and to make it retroactive in order to provide immediate liquidity to beauty employers whose entire workforce is not only sidelined, but faces a challenging re-entry.

Sincerely,

A handwritten signature in black ink, appearing to read 'SM', is positioned above the typed name.

Scott Missad
President / International SalonSpa Business Network
CEO / Gene Juarez Salons and Spas, Seattle, Washington