

April 13, 2020

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

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

The Honorable Charles E. Schumer
Minority 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 beauty industry, we thank you for the economic programs included in the Coronavirus Aid, Relief and Economic Security (CARES) Act. The financial relief offered to small businesses, employees, and sole proprietors alike will help our businesses navigate this emergency. We would encourage urgency in setting up these programs to get funds in the hands of those who need it as soon as possible. And, we would ask that any guidance issued implementing these programs provide maximum flexibility to ensure that relief can be extended broadly to immediately meet the enormous needs. The entirety of the beauty industry, including manufacturers and distributors of personal care products, hinge on the livelihood of salons and their ability to weather this crisis.

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. Presently, virtually all locations across the country are completely shut down due to the COVID-19. 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. Those are still our goals. But today, by modifying the effective date, 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. 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 "Steve Sleeper". The signature is fluid and cursive, with a prominent initial "S".

Steve Sleeper
Executive Director
Professional Beauty Association