

February 26, 2015

Senator John Thune  
511 Dirksen Senate Office Building  
Washington, D.C. 20510

Senator Ben Cardin  
509 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senators Thune and Cardin:

As co-chairs of the Senate Finance Committee's Tax Reform Working Group on Business Income Tax, I write to you on behalf of the Professional Beauty Association and our members across the country (which include salon owners and manufacturers and distributors of salon products) to request your consideration of bipartisan, bicameral legislation introduced over the past decade that would provide tax fairness for small businesses within the salon industry.

Specifically, the Small Business Tax Equalization and Compliance Act, which we hope will be introduced in the Senate later this year, would allow the salon industry to utilize the 45(B) FICA tip tax credit that currently applies to the restaurant industry, thereby allowing salon owners to reinvest in their businesses and employees, granting new economic opportunities in their respective communities.

Additionally, this legislation would help address the "tax gap" by bolstering tax compliance throughout the salon industry through enhanced education and reporting requirements for self-employed cosmetologists who "rent" chairs in salons, ensuring that those individuals are also complying with tipped-income requirements—a critical issue for both the salon industry and the government.

As you well know, small businesses are the backbone of America's economy, and the salon industry is an industry of small businesses. While job growth in the salon industry has outpaced the overall economy in eleven of the past fifteen years, our industry has not been immune to waves of economic uncertainty. The Small Business Tax Equalization and Compliance Act is the professional beauty industry's opportunity to gain tax fairness and ensure a strong, continued presence in our local communities and throughout the many other industries we contribute to.

As the Finance Committee—and your respective Working Group—moves forward on comprehensive tax reform that will spur economic growth and job creation, we hope that you consider including these provisions in the Working Group's recommendation to the full Committee. These efforts will promote tax fairness, help small businesses, and support a vital and growing sector of America's economy.

Please be in touch if we can provide you with additional information. We appreciate your consideration and look forward to continuing to work with you and your excellent staff.

Sincerely,



Steve Sleeper  
Executive Director  
Professional Beauty Association