

## STEVE BREUNER'S October 5<sup>th</sup> Testimony to the House Professional Licensing Committee

Thank you for the privilege of addressing you folks this morning.

My name is Steve Breuner, I reside in Pittsburgh, Pennsylvania. I have been in the retail salon business for twenty years now in the great Commonwealth of Pennsylvania. Specifically, I have built and operated 48 SUPERCUTS salons across the state. In the process, I have recruited and employed over 2,500 cosmetologists in the state since 1992.

**The purpose of my testimony today is to provide rationale for the abolition of the prohibition of "booth Rental" in the state of Pennsylvania.**

As most know, in the U.S. there are two salon compensation models: COMMISSION and BOOTH RENTAL. A COMMISSION salon compensates its stylists by paying them a percentage of the revenue they are responsible for generating. For instance, if a stylist generates \$100 in revenue, and earns a 30% commission, they are paid \$30.

A BOOTH RENTAL salon charges a weekly rent for the chair with which the stylist generates revenue. In that model a stylist pays \$250 a week for a chair or booth and keeps most all of the revenue they generate.

In Pennsylvania, while the COMMISSION model is allowed, it is a violation to operate a salon on a BOOTH RENTAL basis and is not permitted. Pennsylvania is one of only two states where this compensation model is forbidden. New Jersey is the other state.

In my opinion, this antiquated provision is economically debilitating for the State, Counties, and local municipalities not to mention the Salon owner, the Stylist and the customer. And it puts Pennsylvania at a significant disadvantage in competing for private enterprise and in generating tax revenue.

Before I take you through a quick, bullet-point list of reasons the provision should be abolished, let me first establish the fact that thousands of Pennsylvania cosmetologists are doing hair out of their homes. And its not just hair.... skincare, manicures, pedicures, waxing and numerous other services are being performed in the same, unprofessional and unsafe environments as well. This is a dangerous and again, debilitating condition.

If the state were to allow the BOOTH RENTAL compensation model...

- State Income Tax revenue would increase
- Local Business Privilege and Borough tax revenue would increase
- Federal and State payroll tax revenue would increase
- Stylist-generated retail sales tax revenue would increase
- New salons & new businesses would be created
- Demand for real estate would increase as would property tax revenue
- Ancillary demand for contractors, HVAC, etc. would increase
- Consumer safety and healthy hygiene would be increased
- Cosmetology School enrollment would increase as would State licensing, testing and miscellaneous fee revenue
- Beauty professionals would be discouraged from crossing state borders
- Additional National Salon chains would find Pennsylvania more attractive
- Pennsylvania would attract more entrepreneurs

I could go on and on but I would just be repeating myself. Succinctly, it would be a win-win-win-win-win-win for the ban on BOOTH RENTAL to be repealed and abolished; the winners being the **Stylist**, the **Customer**, the **Salon Owner**, the **Borough**, the **County** and the **State**.

Thank you again for the opportunity to address you all this morning.

Steven C. Breuner