

STATEMENT FOR THE RECORD
U.S. HOUSE COMMITTEE ON SMALL BUSINESS
“SALUTING SERVICE: SUPPORTING VETERAN OWNED SMALL BUSINESSES”

Wednesday, May 24, 2023
Mr. Cheston Syma
Marine Corps Veteran and Small Business Owner

Dear Chairman Roger Williams, and Honorable Members of the Committee,

My name is Cheston Syma. I am a proud Marine Corps Veteran, an owner of 43 Sport Clips franchises across three states (Texas, Oklahoma, and Illinois), and a Texan. After learning of the House Committee on Small Business hearing, “Saluting Service: Supporting Veteran Owned Small Businesses,” I felt compelled to share my story and ask for your continued support.

Personal Military Background

As a U.S. Marine, I rose to become the Platoon Sergeant of my infantry platoon and served as a primary marksmanship instructor for my unit. After my time in the infantry, I was accepted into the Marine Security Guard program where I served as a Marine Guard at various U.S. Embassies, including London and Port-au-Prince where I held Top Secret clearance. I later became a security contractor during the peak of the Iraqi conflict and proudly served my country once again by providing close protection to U.S. Diplomats, Senators and Congressmen in Iraq and Afghanistan.

Becoming a Business Owner

While still overseas, with the money I saved while serving, I worked with Sport Clips corporate headquarters to buy my first two locations in Katy, Texas. I feel every aspect of my military past has helped me in achieving success in my business life. Learning leadership traits and leading by example were truly the best transferable skills that helped me grow my business. Franchising has helped me serve again – allowing me to serve my community by providing employment opportunities to my fellow Americans. My company and locations currently employ three hundred extraordinary people – all of whom have family and loved ones they support in one way or another. It is truly a wonderful feeling when I hire a young hair stylist and see them grow with the company, start a family, buy their first house and see their dreams come true.

Policy Solutions to Support Military Veteran Owned Small Businesses

As this hearing has outlined and discussed, military veterans welcome support to achieve business ownership. The conversation during the hearing included the lack of access to capital, and barriers to funding. It is so important I bring to your attention today a tax inequity hurting my business. This tax unfairness can be solved by utilizing an existing tax credit Congress passed thirty years ago. I appreciate the opportunity to provide the following history and proposed solution.

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History

- A tip is a monetary transaction between a client and their service provider. A tip is taxable income. The business owner who employs the service provider does not receive any profit from the tips, yet business owners are responsible for paying the employer portion of FICA taxes (Social Security and Medicare at 7.65%) on the tips.
- In 1993 Congress passed the 45b FICA Tax Credit on Tips for the restaurant industry. Restaurant owners receive a dollar-for-dollar tax credit on the restaurant employer's share of FICA taxes paid on employee tips. Access to this tax credit is limited to tips received for providing, serving, or delivering food or beverages in the restaurant industry.

Problem

- For three decades, professional beauty industry employers have been unfairly denied access to this existing dollar for dollar tax credit on tips which has created an issue of tax unfairness, inequity, and an unlevel playing field which denies the opportunity for my business to grow while navigating uncertain circumstances.

Solution

- I respectfully ask Chairman Williams and the Honorable Members of this Committee to support the passage of [H.R.45](#) | [S.45](#) to address this inequity and provide parity to beauty, and barber industry employers by granting access to the existing 45b tax credit on tips.

Benefits

- Employers will utilize the credit to reinvest in their business by providing additional employee benefits, expanding job opportunities, and conducting additional training
- Boost employee retirement security
- Business owners will be relieved of financial uncertainty caused by the need to set aside thousands of dollars each year to anticipate taxes on tips

A Small Business Industry

Not only will the 45b FICA Tax Credit on Tips help veteran business owners like me, I would like to share who else will benefit from this tax fairness.

- Beauty industry establishments are predominantly women and minority-owned small businesses, including both men and women who have proudly served in our United States military.

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- These small businesses, owned 60% by women and 34% by minorities, provide entry-level jobs and employ a workforce of 1.2 million professionals.
- Of the 1,179,000 professional beauty industry employees in the United States, 85% are women, 12% are African American, 20% are Asian, and 18% are Latino.

* Source: U.S. Census Bureau, and Bureau of Labor Statistics.

Conclusion

I am an example of the individual the Committee hearing is highlighting today, veterans like me can become a small business owner. As my fellow small business owners and I work our way out of a post COVID economy we face uncertainty with staffing, inflation, low margins, and increased rules and requirements, which is why I am seeking ways to reinvest in our small businesses and communities. I need additional options, outside of applying for more loans, to keep capital in our company. Utilizing what is already available, the 45b FICA Tax Credit would provide a lifeline for our small businesses allowing me to give back to my country again.

[H.R.45 | S.45](#), sponsored by Congressman Darin LaHood, Congresswoman Suzan DelBene, Senator Tim Scott, and Senator Ben Cardin, will allow professional beauty industry small business employers, like me, access to the existing 45b tax credit which is currently only available to restaurants. I passionately believe to help our economy, and to encourage small business growth we need access to this existing credit. I ask you to treat our industry fairly, allow our small businesses access to the 45b FICA Tax Credit for Tips. Please support the passage of [H.R.45 | S.45](#) which will create a small business environment for veteran owners like me to succeed.

About Mr. Cheston Syma:

Cheston C. Syma is a U.S. Marine veteran, a former security contractor for the U.S. State Department and the Central Intelligence Agency, a Cum Laude graduate of the University of Houston with a degree in Business Finance, and now an entrepreneur with the foresight to see opportunities and monetize them for financial return and equity value. Mr. Syma is now a multi-franchise and multi-unit franchisee of Sport Clips with locations throughout Houston, Denver and Chicago. Cheston is also a franchisee of Signarama with three strategically positioned locations throughout the Houston area.