

July 23, 2025

The Honorable Scott Bessent
Secretary
Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Dear Secretary Bessent:

On behalf of America's pet grooming industry, including pet groomers, pet service businesses, and business organizations, we respectfully request that the Department of the Treasury clarify that pet grooming service businesses are eligible for the expanded Section 45B employer tax credit, a key component of President Trump's No Tax on Tips initiative in P.L. 119-21, the *One, Big, Beautiful Bill*.

As you know, P.L. 119-21 extends the Section 45B FICA tax credit for the purposes of cash tips to certain "beauty services" businesses where the tipping of employees is customary. The services provided by pet groomers fall squarely within any reasonable interpretation of "beauty services." Our groomers provide services that are fundamentally aesthetic in nature, including hair cutting, styling, and shampooing—services that are analogous to those provided in human salons. Furthermore, these services are essential to a pet's health and well-being, addressing issues like skin conditions, matted fur, and overgrown nails. This combination of aesthetic and wellness services is precisely what customers value, and like other beauty professionals, pet groomers receive tips from satisfied customers in recognition of their skilled, personalized service.

The economic significance of our industry underscores the importance of this clarification. Between 65% and 70% of American households own pets, and in 2025, it is estimated that pet grooming services will reach \$3.5 billion in sales, comprising 26% of the broader American pet services industry. Pet grooming is also a key driver of local economic activity and a major source of jobs, providing skilled, service-oriented careers to tens of thousands of Americans.

To help ensure the full economic potential of the No Tax on Tips language, we therefore request the Department of Treasury clarify that pet grooming service businesses may utilize the expanded Section 45B tip credit in P.L. 119-21. Doing so is not only consistent with the plain language of the statute but is also essential to realizing the full economic potential of the President's initiative. This credit will provide an immediate economic boost to the American pet grooming industry, allowing businesses to invest in new locations, hire more workers, and grow our shared passion for pets.

Thank you for your attention to this matter.

Sincerely,

Camp Bow Wow
Central Bark
Dappertails Mobile Pet Grooming
Happy Cat Hotels & Spas
Hounds Town USA
HydroDog
Petco
PetSmart
Pet Supplies Plus
Propelled Brands
Salty Dawg Pet Salon
Scenthound
The Dog Stop
The Dog Wizard
Vanity Fur Mobile Pet Salons
Wag n Wash

American Pet Products Association
International Franchise Association
National Retail Federation
Pet Advocacy Network
Retail Industry Leaders Association
World Pet Association

CC: Deputy Secretary of the Treasury Michael Faulkender
Assistant Secretary for Tax Policy Kenneth Kies
Deputy Assistant Secretary for Tax Policy Kevin Salinger