



RESTAURANT RELIEF FUND

On March 11, 2021, President Biden signed the latest \$1.9 trillion COVID-19 relief bill (the “American Rescue Plan Act of 2021,” or ARPA) into law. Included within this stimulus package is a much-needed \$28.6 billion Restaurant Revitalization Fund that is modeled after the RESTAURANTS Act. The Restaurant Revitalization Fund is designed to specifically support the recovery of small and medium-sized food and beverage businesses.

Funding will take the form of grants that will be awarded by the United States Small Business Administration (SBA). Individual businesses are eligible to receive up to \$5 million in grants, while businesses with up to 20 locations are eligible to receive a maximum of \$5 million per physical location with up to \$10 million in aggregate across its affiliates (typically, a restaurant group).

What is a grant?

Generally, a grant from the government is free money that is intended for a specific purpose; unlike a loan, the grant amount does not need to be repaid. Restaurant Revitalization Fund grants are not treated as taxable gross income by the IRS.

Business eligibility criteria

Any restaurant is eligible for a Restaurant Revitalization Fund grant if it’s considered a place where public or patrons can gather for the primary purpose of being served food or drink, including:

- Food: restaurants, food stands, food trucks, food carts, caterers
- Drink: saloons, inns, taverns, bars, lounges, brewpubs, tasting rooms, taprooms, or licensed facilities or premises of a beverage alcohol producer where people can sample, taste, or purchase products
- Businesses in the above categories that are located in an airport terminal or that are Tribally-owned

Businesses that aren’t eligible include the following:

- State or local government-operated businesses
- Businesses that own or operate (together with any affiliated businesses) more than 20 locations, whether under the same name or not
- Publicly-traded companies
- Businesses with a pending application for or have received a grant as part of the “Save our Stages Act”

Prioritizing Grants

For the first 60 days after the enactment of the bill, until May 10, 2021, \$5 billion of the \$28.6 billion fund will be dedicated to businesses that had a maximum of \$500,000 in gross receipts during 2019. The end date for this prioritization period may be changed by the SBA at its discretion.

For the first 21-day period beginning on the day that the SBA begins to award stimulus grants through the Restaurant Revitalization Fund, grants will be prioritized for socially and economically disadvantaged small businesses as well as small businesses owned and controlled by women or veterans. Applicants must submit a self-certification of eligibility for priority with the grant application during this period.

Grants will be awarded to eligible businesses on a first-come first-served basis as received by the SBA. This applies to both prioritization periods above as well as for general applications after those periods end.

Grant Size

Stimulus grants will be determined primarily based on whether a business experienced a pandemic-related loss, by comparing its revenue from 2020 with its pre-pandemic revenue in 2019. Additional factors include the length of time a business has been operating and whether it has received any Paycheck Protection Program (“PPP”) loans. Grant amounts can potentially change later on depending on additional formulas as set by the SBA as well as any adjustments to ensure grants are dispersed in an equitable and fair manner. Grant amounts will also be reduced by the amount of prior first draw and second draw PPP loans received by a business in 2020 or 2021. The estimated grant amounts calculated with formulas below must yield a value greater than \$0 to be eligible.

Here’s how to estimate the grant size your business is eligible for:

| For businesses that: | Estimated grant amount |
|---|--|
| Were in operation for the entirety of 2019 | $\begin{array}{r} 2019 \text{ gross receipts} \\ - 2020 \text{ gross receipts} \\ - \text{PPP loans received} \\ \hline = \text{Estimated grant amount} \end{array}$ |
| Were not in operation for the entirety of 2019 | $\begin{array}{r} \text{Average monthly 2019 gross receipts} \times 12 \\ - \text{average monthly 2020 gross receipts} \times 12 \\ - \text{PPP loans received} \\ \hline = \text{Estimated grant amount} \end{array}$ |
| Opened between January 1, 2020 and March 10, 2021 | $\begin{array}{r} \text{Amount of eligible expenses that were incurred} \\ - \text{any gross receipts received} \\ - \text{PPP loans received} \\ \hline = \text{Estimated grant amount} \end{array}$ |
| Have not opened as of the date of application for a grant, but have incurred expenses | $\begin{array}{r} \text{Amount of eligible expenses incurred on or prior to} \\ \text{March 11, 2021} \\ - \text{PPP loans received} \\ \hline = \text{Estimated grant amount} \end{array}$ |

If a business is unable to use their full grant amount by December 31, 2021 or permanently closes before December 31, 2021, all remaining funds must be returned to the government.

Eligible expenses

Grants from the Restaurant Revitalization Fund must be used on the following eligible expenses:

- Eligible payroll costs (excluding employee compensation in excess of \$100k per year and qualified wages), employee benefits, and paid sick leave
 - Mortgage and rent payments (no prepayment for either), utilities, outdoor seating construction, and maintenance (on walls, floors, decks, furniture, fixtures, and equipment)
- Supplies, including protective equipment and cleaning materials
 - Food and beverage expenses within the scope of normal business practice
 - Covered supplier costs and covered operational expenditures (as defined by the SBA under the PPP program), which include business software and cloud services
 - Any other expenses deemed essential by the SBA

Grants can be spent on eligible expenses incurred from February 15, 2020 through December 31, 2021, though the SBA may extend the end date of this period to March 11, 2023 at the latest.

Grant Application Process

Details on how to apply for a grant have not yet been made available by the SBA. We'll provide you with updated information as it becomes available.

To apply for a grant, businesses must make a "good faith certification" that the uncertainty of current economic conditions makes it necessary for them to request a grant to support their ongoing operations and that they have not applied for or received any grants that are part of the Save our Stages Act.

The SBA will prioritize the ability of each applicant to use their existing business identifiers over requiring other forms of registration or identification that may not be common to their industry and imposing additional burdens on applicants.

Which stimulus package program is right for me?

To make sure your restaurant gets every dollar of funding it needs during this challenging time, it will be important to apply for grants and loans as soon as possible. You can take advantage of Employee Retention Tax Credits, Economic Injury Disaster Loans, PPP loans and also receive a grant – just note your grant funding may be reduced by the PPP loan amount you receive.

There's still an estimated \$110 billion remaining in PPP funding available for distribution as of March 17, 2021 ([\\$165 billion in 2021 loans approved](#) with a total [third-round PPP fund size of \\$284 billion](#)). You can read more about how to apply for a PPP loan [here](#); however, the SBA is only offering PPP loans until March 31, 2021. Separately, the ARPA approved an additional \$7.25 billion in funding for fiscal year 2021 that will remain available until expended. You can read about President Biden's program changes [here](#); to ensure equity, PPP loans were made more accessible to businesses and nonprofits with fewer than 20 employees alongside sole proprietors, independent contractors, and self-employed individuals.

Since the Restaurant Revitalization Fund is a brand new program, it will be important to get an application into the SBA's system first before the funds are fully drawn down. The steps we outlined in the above section – getting a DUNS number and a SAM record – take some time to complete, so it's best to get started soon. And you can check out this article for more [information on COVID-19 restaurant relief](#) around the country.

