PUBLIC AFFAIRS POLICY BRIEF SERIES

NATIONAL RESTAURANT ASSOCIATION®

POLICY BRIEF

RESTAURANT REVITALIZATION FUND

THE AMERICAN RESCUE PLAN ACT ESTABLISHES A $28.6 BILLION "RESTAURANT REVITALIZATION FUND" (RRF) WITHIN THE U.S. SMALL BUSINESS ADMINISTRATION (SBA)

GRANTS

An eligible business may receive a tax-free federal grant equal to the amount of its **pandemic-related revenue loss**, calculated by subtracting its 2020 gross receipts from its 2019 gross receipts.

- If the business is not in operation for the entirety of 2019, the total is the difference between 12 times the average monthly gross receipts for 2019 and the average monthly gross receipts in 2020 (or a formula from SBA).
- If the business is not in operation until 2020, it can receive a grant equal to the amount of "eligible expenses" subtracted by its gross receipts received (or a formula from SBA).
- If the business is not yet in operation as of the application date, but it has made "eligible expenses," the grant would be made equal to those expenses (or a formula from SBA).

DEDUCTION OF 1ST AND 2ND DRAW PPP LOAN FUNDS

Pandemic-related revenue losses for business are **reduced by any amounts received** from Paycheck Protection Program (PPP) First Draw and Second Draw loans in 2020 and/or 2021.

DISTRIBUTION

The SBA can adjust awards based on demand and "relative local costs" in the markets where RRF businesses operate. Otherwise;

- **$23.6 billion** is available for the SBA to award in an equitable manner to businesses of different sizes based on annual gross receipts.
- **$5 billion** is available to businesses with gross receipts of $500,000 or less during 2019.
- **Maximum:** The total grant amount for an eligible business and any affiliated businesses is capped at $10 million and is limited to $5 million per physical location of the business.

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PRIORITIZATION

For an initial 21-day period, the SBA will prioritize awarding grants for small business concerns owned and controlled by women, veterans, or socially and economically disadvantaged small business concerns.

COVERED PERIOD

Eligible expenses are those incurred **from February 15, 2020 to December 31, 2021**, or a date determined by the SBA. If all grant funds are not spent by the business, or the business permanently closes before the end of the covered period, the business must return unused funds to the Treasury.

ELIGIBLE EXPENSES

Funds must be spent on payroll; principal or interest on mortgage obligations; rent; utilities; maintenance including construction to accommodate outdoor seating; supplies such as protective equipment and cleaning materials; normal food and beverage inventory; certain covered supplier costs; operational expenses; paid sick leave; and any other expenses that the SBA determines to be essential to maintaining operations.

ELIGIBLE ENTITY

Own or operate 20 or fewer establishments (together with any affiliated business), regardless of ownership type of the locations and whether those locations do business under the same or multiple names, as of March 13, 2020. An affiliated business has an equity or right to profit distribution of 50 percent or more, or has contractual authority to control the direction of the business, provided that such affiliation "shall be determined as of any arrangements or agreements in existence as of March 13, 2020."

- Eligible entities include a restaurant, food stand, food truck, food cart, caterer, saloon, inn, tavern, bar, lounge, brewpub, tasting room, taproom, licensed facility or premise of a beverage alcohol producer where the public may taste, sample, or purchase products, or other similar place of business in which the public or patrons assemble for the primary purpose of being served food or drink.

- Entities can apply using their existing business identifiers, as the SBA will avoid imposing additional burdens on applicants.

- Publicly-traded companies are ineligible.

- Entities must submit a good faith certification that:
  - Uncertainty of current economic conditions makes necessary the grant request to support the ongoing operations.
  - The entity has not applied for nor received a "Shuttered Venue Operators" grant (generally for performing arts, live venues, theaters, etc.).

TAX TREATMENT

Grants are not taxed like income and all normal federal tax deductions are protected.

- New Limitations on Private Funds and Anti-Evasion.