

As part of the American Rescue Plan Act, Congress included targeted assistance for small and independent restaurants. This specific part of the legislation, known as the Restaurant Revitalization Fund, provides \$28.6 billion dollars in direct grants for restaurants and bars. The Small Business Administration is the administrator of this Fund. Of the total amount funded, \$25 billion is appropriated for 2021. Of that amount, \$5 billion is set aside for eligible entities with gross receipts during 2019 of \$500K or less. The remaining \$20 billion will be awarded through SBA grants. Further details are listed below:

(1) Eligibility:

- Restaurants, Food Stands, Food Trucks, Caterers, Bars where *primary purpose is serving food or drink*.
- **Excludes** entities that as of March 13, 2020, owns or operates (together with any affiliated businesses) more than 20 locations, received section 324 grants, or is publicly traded.
- Affiliated Business are defined as including equity or profits interest of 50% or more.
- Entities not in business all of 2019 or those that opened in 2020 have other specific criteria for how they may be eligible for grants.

(2) Grant Applications:

- Must make good faith certification that the uncertainty of current economic conditions makes it necessary the grant request to support the ongoing operations of the eligible entity **AND**
- The eligible entity has NOT applied for or received a grant under the section 324 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act

(3) Grant Priority:

- Initial 21 days priority to small businesses concerns owned and controlled by:
 - Women, Veterans, socially and economically disadvantaged small business concerns
- SBA will determine priority of equitable distribution based on demand and relative local costs for first 60 days of distributions before opening to all other eligible entities.

(4) Grant amounts determined:

- Eligible Grants of \$10M cap with \$5M per physical location limitations.
- Pandemic Related Revenue Loss= 2019 Gross Receipts – 2020 Gross receipts
 - REDUCED by PPP first and second draw loans
- Must return grants in excess of actual gross receipts over estimated gross receipts.

(5) Use of funds:

- Covered Period = Feb 15, 2020 to Dec 31, 2021
- Grants use during covered period: payroll costs, mortgage payments (P&I), Rent, Utilities, Maintenance (including some construction costs), supplies, food and beverage expenses, covered supplier costs, operational expenses, paid sick leave, anything else the SBA wants to deem eligible.

(6) Taxation

- Amounts received are NOT included in gross income
- Deductions allowed, no tax attributes should be reduced, no basis increase denied