

Congress approves \$28.6 billion Restaurant Revitalization Fund



Scott N. Opincar | Thursday, March 11, 2021

Following the U.S. Senate's passage of the \$1.9 trillion American Rescue Plan on March 6, the U.S. House of Representatives approved the final version of the new stimulus package on March 10. President Biden signed the stimulus package into law on Thursday, March 11, 2021.

As part of the American Rescue Plan, Congress approved a \$28.6 billion Restaurant Revitalization Fund (RRF), which will provide federal grants to eligible foodservice and drinking establishments like restaurants, bars, caterers, breweries, taprooms, and tasting rooms. The RRF will be administered by the U.S. Small Business Administration (SBA). Senate Majority Leader Chuck Schumer held a press conference with members of the Independent Restaurant Coalition and high-profile restaurant owners on March 10, in which the Democratic senator from New York stated he will "urge the SBA to stand up for relief and set up the program as soon as the bill is signed into law," and that first they have to confirm President Biden's nominee for Deputy Administrator of the SBA, Dilawar Syed.

Contrary to the SBA's Paycheck Protection Program (PPP), the RRF will provide federal grants to eligible recipients, not loans. Below are certain provisions of the RRF:

- Over \$5 billion will be set aside for smaller venues whose annual gross receipts were below \$500,000, leaving \$23.6 billion for everyone else.
- Grants will be capped at \$10 million for restaurant groups and \$5 million for individual venues.
- Publicly traded companies or restaurants with more than 20 locations as of March 13, 2020, will not be

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eligible for grants under the RRF.

- Participants also cannot currently be an applicant for the Shuttered Venues Operators grant program.
- Grants can be spent on the following types of expenses that your business incurred between February 15, 2020, and December 31, 2021:
 - Payroll expenses
 - Mortgage payments, including principal and interest
 - Rent
 - Utilities
 - Construction of an outdoor seating area
 - Maintenance of walls, floors, fixtures, furniture, deck surfaces and equipment
 - Supplies — including personal protective equipment and cleaning supplies
 - Food and beverage expenses you would have incurred under normal circumstances
 - Paid sick leave
 - Operating expenses
 - Supplier costs
- If an eligible recipient received a RRF grant and there is any money left over after covering eligible expenses, the recipient is required to return the remaining funds.
- For the first 21 days, establishments owned by women, veterans, or economically and socially disadvantaged groups will be prioritized.
- Grants are calculated differently based on how long a restaurant has been open and the PPP loans they might have already received. For example, for established restaurants that opened in 2018 or earlier, grants are calculated by subtracting a business' 2020 revenue from their 2019 revenue, and also subtracting first and second draw PPP loans received in 2020.
- For restaurants that opened in 2019, the average of 2019 monthly revenues is multiplied by 12 minus the average of 2020 monthly revenues multiplied by 12, and also subtracting first and second draw PPP loans received in 2020.
- Restaurants that opened in 2020 are eligible to receive funding equal to the “eligible expenses incurred” minus first and second draw PPP loans received in 2020.
- Restaurants that have not yet opened are also eligible and can receive “funding equal to eligible expenses incurred before the date of enactment.”
- Funds must be used by December 31, 2021.

The SBA will set up a Restaurant Revitalization Fund portal and publish an application. I expect the SBA to issue certain guidance and frequently asked questions and answers as it did with the PPP.



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