



## ABL Policy Brief

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### **Restaurant Revitalization Fund**

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Congress has approved the [American Rescue Plan](#), which President Joe Biden signed into law on March 11. Included in the bill is the “Restaurant Revitalization Fund” (RRF), which creates a \$28.6 billion grant program for restaurants, bars and other on-premise businesses through the U.S. Small Business Administration (SBA). The following is a summary of the grant program as of today, with further modifications expected as the SBA implements the program.

**What is it?** The Restaurant Revitalization Fund grant program provides \$28.6 billion in cash grants to qualifying businesses that experienced revenue losses in 2020. The U.S. Department of the Treasury will allocate funds so that the SBA can administer the program. There are no details yet available from the SBA on the program.

**Who is eligible?** "Eligible entities" are businesses that can demonstrate that "the uncertainty of current economic conditions makes necessary the grant request to support the ongoing operations of the eligible entity" and "in which the public or patrons assemble for the primary purpose of being served food or drink" that were open on February 15, 2020 and include:

- Restaurants
- Food stands, food trucks and food carts
- Caterers
- Saloons, inns, taverns, bars and lounges,
- Brewpubs, tasting rooms and taprooms

**Who is ineligible?** State or local government-owned businesses; as of March 13, 2020, any business owned or operated (together or with an affiliate business) with more than 20 locations—regardless of whether those locations do business under the same name or different names are not eligible; any business that has a pending grant application or has received a grant under section 324 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, Venues Act; publicly-traded companies.

**How much can an eligible business receive?** Grants will equal the amount by which the recipient's gross receipts decreased in 2020 as compared to 2019, less the amount of first and second draw PPP loans received by the business. Businesses that were established during 2019 can receive a grant equal to the difference between:

- Average monthly 2019 gross receipts, multiplied by 12
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Businesses that were established on or after January 1, 2020, can receive a grant equal to eligible payroll expenses, less gross receipts from that year. The grant is limited at \$10 million for each recipient, or \$5 million per location. While a business that received a loan through the Paycheck Protection Program (PPP) loan or the Economic Injury Disaster Loan (EIDL) can still qualify for this grant, previous loan money awarded will reduce how much a business is eligible to receive.



**What can Restaurant Revitalization Funds be used for?** Funds can be used to cover any of the following types of expenses that an eligible business incurred between February 15, 2020, and December 31, 2021:

- Payroll costs
- Payments of principal or interest on any mortgage obligation (not to be used for prepayment of principal on a mortgage obligation)
- Rent payments, including rent under a lease agreement (not any prepayment of rent)
- Utilities
- Maintenance expenses that could include construction to accommodate outdoor seating, walls, floors, deck surfaces, furniture, fixtures, and equipment
- Supplies, including protective equipment and cleaning materials
- Food and beverage expenses that are within the scope of normal business practice before the covered period
- Operational expenses
- Paid sick leave
- Any other expenses that the SBA Administrator determines to be essential to maintaining the eligible business

**How will these funds be taxed?** The grant is excluded from gross income, and the business will be able to deduct expenses paid with grant funds from its gross income.

**What if a grant recipient can't or doesn't use all funds it received?** Those funds will be returned to the Treasury.

**When will the grant be accessible?** The SBA is working to develop guidance for applicants and how to implement the program.

**How do I apply?** So far, the SBA has not released an application or guidance, or set up an online portal for applications. It is also worth remembering that applications for the first 21 days will be limited to women-owned businesses; veteran-owned businesses; and socially or economically disadvantaged businesses. During the first 60 days after the Act becomes law, \$5 billion of the RRF is reserved for grants to eligible entities with gross receipts in 2019 of not more than \$500,000. All eligible businesses have until December 31st to apply.