

GUIDE TO RESTAURANT REVITALIZATION FUND

Senator Schumer would like to update you on critical relief he has secured to assist restaurants, bars, and other eligible entities that have been hard hit by the COVID-19 pandemic. This newly created restaurant revitalization fund at the U.S. Small Business Administration (SBA) is based on the bipartisan RESTAURANTS Act.

As a result of Senator Schumer's efforts, the American Rescue Plan Act (ARP) was signed into law in March 2021. ARP included $28.6 billion for a restaurant revitalization fund at the SBA to provide direct grant support for restaurants hit hardest by the pandemic. Grants may be used in tandem with the SBA's Paycheck Protection Program (PPP), Economic Injury Disaster Loan (EIDL) Program, and the Employee Retention Tax Credit (ERTC) to help vulnerable businesses survive the remainder of this crisis and get on a path to recovery as we emerge from the pandemic.

Included in this guide are details on the restaurant revitalization fund. Senator Schumer is working closely with the SBA to launch this program as soon as possible so that eligible entities can submit an application for relief.

PLEASE NOTE: The SBA will be releasing further guidance in the days and weeks ahead, so this information is subject to change. This guide will be updated as new information becomes available.

Please do not hesitate to contact Senator Schumer's office if you encounter any challenges with these programs or otherwise. Contact information for each of Senator Schumer's offices can be found here.

Program Details

Funding Level – $28.6 billion, can be refilled

Program Administrator – The Small Business Administration (SBA)

Grant Amount Calculation

A. Established Restaurants – 2019 revenue minus 2020 revenue minus PPP loans

B. Restaurants opened in 2019 – Average of 2019 monthly revenues times 12 minus 2020 revenues

C. Restaurants opened in 2020 – Eligible to receive funding. SBA will be providing further guidance on the calculation

Grant Maximum – $10 million per restaurant group, $5 million per individual restaurant

Eligible Applicants – Food service or drinking establishments, including caterers, brewpubs, taprooms, and tasting rooms, that are not part of an affiliated group with more than 20 locations. An entity cannot be publicly traded or have a pending application under the Save our Stages program and there are limits on the participation of private equity funds.

Eligible expenses – Payroll and benefits (not including employee compensation exceeding $100,000/year), mortgage (no prepayment), rent (no prepayment), utilities, maintenance, supplies (including protective equipment and cleaning materials), food, operational expenses, covered supplier costs as defined by the SBA under the PPP program, sick leave, and any other expenses deemed essential by the Administrator.

Covered Period – Grants can be spent on eligible expenses from 2/15/20 through 12/31/21 and the Administrator may extend the period through two years from enactment if conditions warrant.

Certification

Recipients must certify that current economic conditions make the grant request necessary, that the funds will be used to retain workers, maintain payroll, and make other payments (as specified above), and that the recipient is only applying for and would only receive one grant.

Set Asides

$5 billion of the $28.6 billion total is reserved for restaurants with less than $500,000 in gross receipts in 2019 for the first 60 days of the program. The SBA Administrator can create other tiers. During the initial 21-day period, the administrator will prioritize awarding grants to eligible entities that are owned or controlled by women or Veterans or are socially and economically disadvantaged businesses, as defined by existing SBA codes.

Frequently Asked Questions

When do you think the grant program will begin accepting applications?

We expect it to take weeks from the bill being signed into law for the SBA to develop the necessary guidance to applicants and the application for restaurant owners to apply for a grant.

Who is eligible to receive a grant through this program?

All food service or drinking establishments, including restaurants, caterers, brewpubs, food stands, food trucks, taprooms, and tasting rooms, that are not part of an affiliated group with more than 20 locations.

Who is NOT eligible?

Per above, you are not eligible if you are part of an affiliated group with more than 20 locations, regardless of whether those locations do business under the same or multiple names.

You also cannot be publicly traded.

You cannot have a pending application under the Save our Stages program and there are limits on the participation of private equity funds.

State or local government-operated businesses are not eligible.

How do I calculate the amount of grant funding I can expect to receive from the SBA?

For restaurants in operation before 2019: You take your 2019 gross revenue minus 2020 gross revenue and subtract the total amount of your PPP loans (First and Second, if applicable) you received.

For restaurants that opened in 2019: Take the average of your 2019 monthly gross revenues and multiple that average by 12. Subtract your 2020 revenues from that total, and then and subtract the total amount of your PPP loans (First and Second, if applicable) you received.

For restaurants that opened in 2020: You are eligible to receive funding equal to eligible expenses incurred in 2020.

In determining our maximum grant, are we calculating the revenue difference from 2020 and 2019 using gross or net revenue?

You will be using gross revenue within your calculation.

Does my Employee Retention Tax Credit (ERTC) or EIDL Loan get deducted from the total amount of the grant?

No, only PPP funds are deducted from the total.

Can I use the ERTC and/or EIDL program with this grant program?

Yes, you can use both ERTC and EDIL and neither are deducted from your maximum total grant.

What is the maximum grant amount?

The maximum grant amount is $5 million per individual restaurant and $10 million per restaurant group.

Are the grants treated as taxable income by the IRS?

No.

What are the expenses that are eligible for the grant?

Payroll and benefits (not including employee compensation exceeding $100,000/year), mortgage (no prepayment), rent (no prepayment), utilities, maintenance, supplies (including protective equipment and cleaning materials), food, operational expenses, covered supplier costs as defined by the SBA under the Second Draw PPP program, sick leave, and any other expenses deemed essential by the Administrator.

When does the grant program expire?

The program's covered period ends on December 31st, 2021, unless the SBA Administrator or Congress extends the date.

What if I cannot use my full grant on eligible expenses?

Any funds not used (or not used on eligible expenses) must be returned to the government.

When the SBA starts accepting applications, how do they determine who gets a grant?

$5 billion of the $28.6 billion total is reserved for restaurants with less than $500,000 in gross receipts in 2019 for the first 60 days of the program. The SBA Administrator can create other tiers. The first 21 days of funds will only be made available to restaurants women or veteran-owned, or socially and economically disadvantaged businesses.

How does the small operator set-aside for restaurants with under $500,000 in annual revenue work?

The Administrator of the SBA will have to determine the final regulations for how this will work, but we do know that the set aside of $5 Billion for restaurants with gross revenue receipts in 2019 of not more than $500,000 was created to ensure the small operators have an opportunity to secure the grant. This **DOES NOT** mean that if you have over $500,000 annual revenue in 2019 that you will have to wait until that $5 Billion is exhausted, all eligible entities should have the opportunity to apply as soon as the grant application allows.

Should I take the Second Draw PPP or wait for the RESTAURANTS Grant?

Due to demand, there is no guarantee that you will be able to receive a grant, so it is our recommendation that you exhaust all federal programs that are available to restaurants while you are eligible.