

Insights

Restaurant Revitalization Fund Provides Hope to the Food and Beverage Industry—But Applicants Will Need to Act Fast

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When the American Rescue Plan Act of 2021 (H.R. 1319, the “ARP”) became public law on March 11, 2021, it was the first time since the COVID-19 pandemic began that relief for the restaurant industry was specifically addressed. The ARP is a \$1.9 trillion coronavirus relief bill targeting struggling small businesses, providing funding in the form of loans and grants to help the American economy weather the pandemic through the end of 2021.

Aside from the restaurant-specific relief, the ARP provides a broad range of pandemic-related relief, including:

- Expanded federal unemployment insurance
- An additional stimulus payment to individuals making less than \$75,000/year
- \$350 billion for state and local governments
- \$75 billion for COVID-19 testing, vaccination production and distribution
- \$130 billion to assist K-12 public schools reopen under COVID-19 safe parameters
- A third round of Paycheck Protection Program (“PPP”) loans

Prior to the ARP, the PPP program provided an economic life vest for most private American companies, but the food and beverage sector was left wanting. State and local COVID-19 operating mandates forced most of the food and beverage industry to either close or resort to take-out only operations with limited staff, which made compliance with the PPP loan forgiveness program nearly impossible. Now, our favorite taverns, wineries, food trucks and restaurants have hope.

What is the Restaurant Revitalization Fund?

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A major component of the ARP is the Restaurant Revitalization Fund (the “RRF”), a \$28.6 billion grant to help local bars and restaurants that will be administered by the U.S. Small Business Association (the “SBA”). Although the SBA has not yet released specifics on the grant application, \$28.6 billion will go fast. It is imperative that those eligible entities wishing to participate in the RRF register with the federal government using the System of Award Management (SAM) as soon as possible. Registration instructions are included at the bottom of this article.

Who is eligible to receive an RRF grant?

The RRF will be available to “eligible entities” who can show gross revenue deficits between 2019 and 2020. The RRF defines “eligible entities” as restaurants, food stands, food trucks, food carts, caterers, saloons, inns, taverns, bars, lounges, brewpubs, tasting rooms, taprooms, and licensed facilities or premises of beverage alcohol producers where the public may taste, sample, or purchase products.

How much can an eligible entity receive?

The maximum RRF grant will be \$5 million per location and \$10 million per restaurant group. Restaurant groups with more than twenty (20) locations, as well as government-run or publicly traded companies, will be excluded from participating in the RRF program. For multi-brand operators, the twenty (20) location cap will still apply. You should contact your attorney or accountant if you have questions regarding your establishment’s eligibility to participate in the RRF.

An applicant’s grant amount will be calculated by subtracting 2020 revenues from those in 2019, and a modified formula will be used for those restaurants not open for the entire calendar year of 2019 or 2020. Amounts received under the PPP from either the first or second draw will be deducted from the grant amount.

What are eligible expenses under the RRF grant?

Unlike the PPP, the RRF grant does not have a percentage use requirement towards wages of employees, and the grant does not need to be paid back to the federal treasury if used in full for eligible expenses before December 31, 2021. It should be noted that such grants will need to be returned if a grant recipient permanently ceases operations on or before December 31, 2021.

The grant funds can be used for a variety of expenses including but not limited to:

- Payroll
- Paid sick leave
- Principal and interest payments on mortgages
- Rent
- Utilities
- Maintenance and supply expenses
- Other food and beverage expenses that are “within the scope of the normal business practice”

How will RRF grants be prioritized?

The first 21 days of the RRF will prioritize eligible entities owned by women, ethnic minorities and veterans. For the first 60 days, \$5 billion of the \$28.6 billion will be set aside for those eligible entities with gross revenues of \$500,000 or less in 2019. After the initial 60-day period, remaining funds will be opened up to higher-earning

establishments.

How do you apply for the RRF grant?

To register in the SAM system, entities should follow the following steps and obtain the following identifying information:

- Create a log-in user account at login.gov
- Sign up for a Dun and Bradstreet number ("DUNS number") (please note, this could take up to two (2) business days)
- Using your log-in information from login.gov, DUNS number, and Federal Tax ID number, you will now be able to register with SAM. Once registration with SAM is complete, you will be provided with a SAM number for use in your grant application. Please note, your SAM registration could take up to 2 weeks and it is unclear when the SBA will begin accepting grant applications.

As noted above, interested eligible entities should contact their accountant and attorney as soon as possible to maximize their chances of receiving grant funds.