



Restaurant Revitalization Fund Grants

Attorneys in Evans Petree's Food & Beverage Group are available to assist you as restaurant owners plan, respond to, and address this fast-moving situation.

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BACKGROUND

On March 11, 2021, the American Rescue Plan Act of 2021 created the \$28.6 billion Restaurant Revitalization Fund to provide grants for restaurants sustaining financial losses due to the COVID-19 pandemic.

The U.S. Small Business Administration ("SBA") is administering the program and will be issuing the necessary federal rules, regulations and applications before grant funds are distributed.

An eligible business may receive a tax-free federal grant equal to the amount of its pandemic-related revenue loss, calculated by subtracting its 2020 gross receipts from its 2019 gross receipts.

ELIGIBILITY

1. Who is an "eligible entity" for Restaurant Revitalization Fund Grants ("RRF")?

Entities that own a place of business where the public or patrons assemble for the primary purpose of being served food or beverage, including the following: (i) restaurants, food stands, food trucks, and food carts; (ii) snack and nonalcoholic beverage bars; (iii) caterers; (iv) bars, lounges, saloons, and taverns; (v) inns*; (vi) breweries, brewpubs, microbreweries, taprooms and tasting rooms*; (vii) bakeries*; (viii) wineries*; (ix) distilleries*; (x) a licensed facility or premise of a beverage alcohol producer where the public may taste, sample or purchase products; and (xi) other similar place of business in which the public or patrons assemble for the primary purpose of being served food or beverage.

**Eligibility may be limited for inns, breweries, brewpubs, microbreweries, taprooms, tasting rooms, bakeries, wineries and distilleries that have onsite sales of food and/or beverage to the public of at least 33% of gross receipts.*

2. What disqualifies an entity from RRF eligibility?

The following circumstances would preclude an otherwise eligible entity from receiving an RRF:

- As of March 13, 2020, the entity owns or operates (together with an affiliated business) more than 20 locations, regardless of whether those locations do business under the same or multiple names.
- The entity has received a Shuttered Venues Operations Grant ("SVOG") or has a pending SVOG application.
- The entity is a state- or local government-owned or operated business.
- The entity is a publicly traded corporation or is majority owned and controlled by a publicly traded corporation.
- The entity does not have a place of business located in the U.S., does not operate primarily within the U.S., and does not make a significant contribution to the U.S. economy through payment of taxes or use of American products, materials or labor.
- The entity is permanently closed.
- The entity filed for bankruptcy under Chapter 7 or is liquidating under Chapter 11.
- The entity has filed for bankruptcy under Chapter 11, 12 or 13 but does not have an approved plan for reorganization.

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GRANTS

1. What is the minimum and/or maximum amount an entity can receive?

The SBA might create a minimum grant amount of \$1,000 for eligible entities. The maximum grant amount is \$5 million per location and \$10 million total for the eligible entity.

2. How much can an eligible entity receive?

An entity can receive a tax-free federal grant equal to the amount of its pandemic-related revenue loss, subtracted by the total amount it received in all Paycheck Protection Program (“PPP”) loans.

- **For entities opened before 2019:**

[Gross receipts of 2019] – [Gross receipts of 2020] –
[Total amount received in PPP loans (1st and 2nd Draw)]
= Restaurant Revitalization Fund Grant

- **For entities opened during 2019:**

[Average monthly gross receipts of 2019 multiplied by 12] –
[Average monthly gross receipts of 2020 multiplied by 12]
– [Total amount received in PPP loans (1st and 2nd Draw)]
= Restaurant Revitalization Fund Grant

- **For entities opened during 2020-2021:**

[Eligible expenses] – [Gross receipts received] –
[Total amount received in PPP loans (1st and 2nd Draw)]
= Restaurant Revitalization Fund Grant

PRIORITIZATION; COVERED PERIOD; ELIGIBLE EXPENSES

For an initial 21-day period, the SBA will prioritize awarding grants for small business concerns owned and controlled by women, veterans, or socially and economically disadvantaged small business concerns.

Eligible expenses are those incurred from February 15, 2020 to December 31, 2022, or a date determined by the SBA. If all grant funds are not spent by the business, or the business permanently closes before the end of the covered period, then the business must return unused funds to the Treasury.

Funds must be spent on payroll; principal or interest on mortgage obligations; rent; utilities; maintenance, including construction to accommodate outdoor seating; supplies such as protective equipment and cleaning materials; normal food and beverage inventory; certain covered supplier costs; operational expenses; paid sick leave; and any other expenses that the SBA determines to be essential to maintaining operations.

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