

Restaurant Revitalization Fund Grant Program

[The American Rescue Plan Act of 2021](#) (“ARP”) is a \$1.9 trillion economic stimulus bill passed by Congress and signed into law by President Biden on March 11, 2021, to speed up the United States' recovery from the economic and health effects of the COVID-19 pandemic and the ongoing recession. This plan appropriates \$28.6 billion for a new Restaurant Revitalization Fund grant program. Based on past programs, we do not expect the RRF to launch quickly but the administration is certainly saying all the right things. Many of the program details are unknown at this time and will be developed and announced by the Administrator of the Small Business Administration (SBA). Following are the basic statutory terms:

ELIGIBILITY: An eligible business must be a “restaurant, food stand, food truck, food cart, caterer, saloon, inn, tavern, bar, lounge, brewpub, tasting room, taproom, licensed facility or premise of a beverage alcohol producer where the public may taste, sample, or purchase products, or other similar place of business in which the public or patrons assemble for the primary purpose of being served food or drink.”

The following types of businesses are ineligible:

- a. State and local government operated restaurants;
- b. Restaurant businesses that own or operate more than 20 locations as of March 13, 2020;
- c. Restaurants that have a pending application for or received a grant under Shuttered Venue Operators Grant program; and
- d. Publicly traded companies.

More specific eligibility details will likely follow from the SBA in the coming weeks.

AMOUNT: The grant amount will be determined based on revenue loss reduced by the amount of any PPP loan. The maximum RRF grant amount is \$10 million per eligible entity and any affiliated businesses, and \$5 million per physical location of the eligible entity.

APPLICATION

TIMING: Once the RRF program opens, there will be a 21-day period to prioritize grants to eligible entities that are small businesses owned and controlled by women, small businesses owned and controlled by veterans, or socially and economically disadvantaged small business concerns.

FUND USE: Grants *must* be used for expenses between February 15, 2020 and the later of (i) December 31, 2021; (ii) a date set by the SBA Administrator. Any funds not used by the end date (or if the business ceases operations before the end date) must be returned. The funds *must* be used for:

- a. Payroll costs (excluding employee compensation exceeding \$100,000/year);
- b. Paid sick leave;
- c. Mortgage (principal and interests, but not prepayment), rent and utilities;
- d. Maintenance (including outdoor seating construction);
- e. Supplies, including protective equipment and cleaning materials;
- f. Food and beverage expenses within the scope of the normal business practice of the entity;
- g. Operational expenses; and
- h. Covered supplier costs (as defined for PPP purposes).
(The SBA Administrator may modify this list).

NECESSITY: RRF applicants must certify that “the uncertainty of current economic conditions makes necessary the grant request to support the ongoing operations” of the restaurant.

TAXABILITY: The ARP provides that grant amounts “shall not be included in the gross income of the person that receives such amounts.”

We hope you found this information helpful. Please contact us if you have any questions.

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