

Restaurant Revitalization Fund



NOTE: THIS FACT SHEET WILL BE UPDATED AS ADDITIONAL INFORMATION IS MADE AVAILABLE.

The Restaurant Revitalization Fund (RRF) is a new grant program for the hospitality industry. Congress provided \$28.6 billion for the creation of this program, and now the SBA is preparing to launch the RRF and to begin reviewing applications. Food service and drinking establishments – including restaurants, caterers, brewpubs, food stands, food trucks, taprooms, and distilleries with tasting rooms that depend on in-person sales – that are not part of an affiliated group with more than 20 locations are eligible to receive a grant through this program.

WHAT'S ON THE TABLE

Grant Amount Calculation

- Established Restaurants – 2019 revenue minus 2020 revenue minus PPP loans
- Restaurants opened in 2019 – Average of 2019 monthly revenues times 12 minus 2020 revenues minus PPP loans
- Restaurants opened in 2020 – Eligible to receive funding equal to eligible expenses incurred minus 2020 revenue

Grant Maximum – \$10 million per group, \$5 million per individual business location

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. The Administrator may extend the period up to two years after enactment if conditions warrant.

Certification

Recipients must certify that (1) current economic conditions make the grant request necessary, (2) the funds will be used to retain workers, maintain payroll, and make other payments (as specified above), and (3) the recipient is only applying for and would only receive one grant.

Set Asides

\$5 billion of the initial RRF funding 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.

FAQ

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

We expect the program to open for applications in April 2021.

Who is eligible to receive a grant through this program?

Food service or drinking establishments, including restaurants, caterers, brewpubs, food stands, food trucks, taprooms, distilleries with tasting rooms that depend on in-person sales, and similar establishments that are not part of an affiliated group with more than 20 locations.

How can I prepare to apply?

Filing your 2020 taxes as soon as possible is the best way to prepare to apply.

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 businesses 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 businesses 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 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 minus 2020 revenue.

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 EIDL. Neither are deducted from your maximum total grant.

What is the maximum grant amount?

The maximum grant amount is \$5 million per individual business location and \$10 million per 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 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 31, 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 fund 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 should wait until that \$5 Billion has been exhausted. All eligible entities should have the opportunity to apply as soon as the grant application allows.