



PUBLIC AFFAIRS
POLICY
BRIEF SERIES

**REAL
ECONOMIC
SUPPORT
THAT
ACKNOWLEDGES
UNIQUE
RESTAURANT
ASSISTANCE
NEEDED
TO
SURVIVE
ACT OF 2021**

✓ This bill builds on a concept first proposed to Congress by the National Restaurant Association in March 2020—a **dedicated industry fund to help restaurants which have suffered more losses in jobs and revenue than any other sector** because of the COVID-19 pandemic.

LEARN MORE

Vsit
RestaurantsAct.com



POLICY BRIEF

UNDERSTANDING THE RESTAURANTS ACT OF 2021

THIS BIPARTISAN LEGISLATION INCLUDES THE FOLLOWING PROVISIONS:

✓ **Establishes a \$120 billion** “Restaurant Revitalization Fund” managed by the U.S. Department of Treasury to provide direct grants to eligible entities.

✓ **Covered Period:** Begins February 15, 2021 and ends 8 months after enactment of the program. If funds are not spent within 8 months of enactment, the entity’s funds convert to a loan with an interest rate of 1% with a maturity date of 10 years.

✓ **Eligible Entity:** Owns or operates—as of March 13, 2020—20 or fewer establishments (together with any affiliated business), regardless of the type of ownership of the locations and whether those locations do business under the same or multiple names.

- **Entity is** a restaurant, food stand, food truck, food cart, caterer, saloon, inn, tavern, bar, lounge, brewpub, tasting room, taproom, licensed facility or premises 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.
- Entities **must use their employer identification number** when registering to receive a grant.
- Entities **must submit a good faith certification** that:
 - Uncertainty of current economic conditions makes necessary the grant request to support ongoing operations.
 - Funds are not for any other purposes other than expenses related to retain workers and maintain payroll; principal or interest on mortgage obligations; rent; utilities; maintenance; supplies required by the public health department; normal food and beverage inventory; debt obligations to suppliers incurred before the covered period; operational expenses; paid sick leave; and any other expenses that Treasury determines to be essential to maintaining operations.

✓ Grants

- **Amount:** The grant is calculated by subtracting the 2020 revenues of the entity from the 2019 revenues of the entity.
 - For those not in operation for the entirety of 2019, the entity can receive the difference between 12x the average monthly revenue for 2019 and revenues of the eligible entity in 2020 or a formula determined by Treasury.

UNDERSTANDING THE RESTAURANTS ACT OF 2021

- For those not in operation until 2020, the entity can receive a grant equal to the amount of expenses incurred by the entity (which would be covered expenses by the grant) minus any revenues received.
 - For entities that did not open as of the application date for a grant but have incurred verified expenses as of that date (which would be covered expenses by the grant), the grant amount would be made to the entity equal to those expenses.
 - Additional amounts can be requested to pay for 10 days of paid sick leave per employee, for
 1. the illness of the individual employee;
 2. care during the illness of the employee's immediate family; or
 3. child care due to COVID-19-related school closures.
- **Cap:** An eligible entity may not receive more than one grant, and the aggregate amount of grant funds made to an eligible entity and any affiliate businesses of the eligible entity must not exceed \$10 million.
- **Prioritization:** Prioritizes the first tranche of grants (during the initial 14-day period) to marginalized and underrepresented communities, with a focus on women, veterans, and minority-owned and operated eligible entities with annual revenues of less than \$1.5 million.
- \$60 million is allocated for outreach to traditionally marginalized and underrepresented communities, including the creation of a resource center targeted toward these communities.
- ✓ **Transparency:** Each month, Treasury must submit a report to relevant Congressional Committees and establish a publicly available website providing the number and dollar amount of grants approved for or disbursed to all eligible entities, which includes:
- A list of eligible entities with the grant amount received by each, and;
 - The number of grants by state, congressional district, demographic (race, ethnicity, gender, and veteran status), and business type.
- ✓ **No Duplication of Benefits with SBA Loan Programs:** If a food service or drinking establishment has already received a grant or loan under the Paycheck Protection Program (PPP) or an Economic Injury Disaster Loan (EIDL) program, the maximum value of the Restaurant Revitalization Grant would be reduced by the amount of PPP or EIDL funds spent.
- ✓ **Coordination with ERTC:** Employee retention tax credits (ERTC) cannot be used for the same payroll that is paid with grant funds.
- ✓ **Tax Treatment:** Grants are excluded from gross income and no deduction can be denied or reduced, no tax attribute reduced, and no basis increase denied.
- ✓ **Regulations:** Treasury to implement rules 15 days after enactment, receiving \$300 million for staffing and administrative expenses to create the program.