



The RESTAURANTS Act in Budget Reconciliation

This program is direct grant support for restaurants hit hardest by the pandemic. It can be used alongside the two rounds of PPP, EIDL, and the Employee Retention Tax Credit to help vulnerable businesses survive the remainder of this crisis.

Funding Level – \$25 billion, can be refilled

Program Administrator – The Small Business Administration (SBA)

Grant Amount Calculation

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

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

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 and the Administrator may extend the period through two years from enactment if conditions warrant.

Who is eligible?

Food service or drinking establishments, including caterers, brewpubs, taprooms, and tasting rooms, that are not part of an affiliated group with more than 20 locations. An entity cannot be publicly traded or have a pending application under the Save our Stages program and there are limits on the participation of private equity funds.

What if I cannot use my full grant on eligible expenses?

It must be returned to the government.

Certification

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

Set Asides

\$5 billion of the \$25 billion total 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.

Timing

After budget reconciliation is passed by the House and Senate, the SBA will take some time to set up rules for the program, after which applications will begin to be made available.