

FEDERAL RELATIONS

March 2021

Restaurants, Small Businesses Receive Help from The American Rescue Plan

The American Rescue Plan Act of 2021 (Act), which was signed into law by President Biden on March 11, 2021, contains several funding opportunities designed to help restaurants, small businesses and local economies continuing to struggle due to the COVID-19 pandemic.

One component of this stimulus package is the Restaurant Revitalization Fund, which was allocated \$28.6 billion in Section 5001 of the Act. This Fund applies to a broad range of food and beverage providers during a “covered period” of February 15, 2020 through December 31, 2021. The SBA Administrator, who is charged with implementing the Fund, may extend the covered period to March 2023 if necessary. The Act excludes businesses and their affiliates having more than 20 locations as well as those receiving grants under the Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act. To qualify, food and beverage businesses must demonstrate pandemic-related losses in 2020 compared to 2019 revenues and expenses. A total of \$5 billion has been set aside for entities with gross receipts of \$500,000 or less. The remaining \$23.6 billion is to be distributed equitably to entities of varying sizes as determined by the SBA Administrator. While most applications will be considered on a first-come, first-served basis, the SBA Administrator has been directed to give priority to entities owned or controlled by women, veterans and for socially and economically disadvantaged small business concerns. Other limitations include a maximum grant amount of \$10 million, with no more than \$5 million per location. Funding uses may include payroll costs, payment of principle or interest on mortgage obligations, rent payments, utilities, maintenance expenses, supplies that include PPE, normal food and beverage supplies, operational expenses, paid sick leave, and any other expenses deemed appropriate by the SBA Administrator.

The Act also establishes a pilot program through the SBA for Community Navigator Pilot Program. Section 5004 of the Act provides funding to allow the SBA to enlist community-based entities as “navigators” to assist small businesses in working effectively with the SBA.

A supplemental \$1.25 billion was also added to the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act. This fund, which was established in prior stimulus legislation, is directed to venues, small businesses and nonprofits that have been particularly vulnerable to pandemic shutdowns and other economic losses. Grants available under this provision offset grant amounts that may have otherwise been available under the Paycheck Protection Program.

With respect to the Paycheck Protection Program, the Act added an additional \$7.25 billion available for initial or secondary draws. Some additional business types were added to the eligibility, including internet publishing and related industries. The latest funding for PPP

HIGHLIGHTS

The American Rescue Plan Act of 2021 provides several funding opportunities to help restaurants and small businesses struggling with effects of the COVID-19 pandemic.

The Restaurant Revitalization Fund was allocated \$28.6 billion to assist the food and beverage industry with losses and continued pandemic issues.

The Paycheck Protection Program, Economic Injury and Disaster program, unemployment benefit extensions and funding for K-12 schools were also included in the Act's assistance funding.

coordinates with the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act. An additional \$15 billion was also added to the Economic Injury Disaster Loan (EIDL) program. Known as the Targeted EIDL Advance program, \$10 billion was set aside for covered entities that have not received full payment of amounts that had been eligible for and an additional \$5 billion for payments under the CARES Act for entities with losses of 50% or greater, no more than 10 employees, and up to a maximum grant amount of \$5000.

The Act also extends unemployment benefits and includes a continued federal supplement of \$300/week for individuals making weekly claims. The extensions of unemployment compensation continue to September 6, 2021 with a total of 79 weeks of benefits possible under state and federal programs.

Finally, one area of local funding provided for in the Act addresses safe school re-opening. Considered essential for full economic recovery, the Act provides \$122.8 billion through September 30, 2023 to assist with services to homeless youth, additional grants to states to assist schools, and funding for schools to develop publicly available plans for safe return and re-opening strategies.

For more information, please contact the Barnes & Thornburg attorney with whom you work or Ron Miller at 202-408-6923 or ronnie.miller@btlaw.com.

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