



AMERICAN RESCUE PLAN RESTAURANT GRANT PROGRAM FREQUENTLY ASKED QUESTIONS

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

- We expect the legislation to become law around March 15th. We believe it will take at least 2-3 weeks for the SBA to develop the necessary guidance to applicants and the application for restaurant owners to apply for a grant.

Who is eligible to receive a grant through this program?

- All food service or drinking establishments, including restaurants, caterers, brewpubs, food stands, food trucks, taprooms, and tasting rooms, that are not part of an affiliated group with more than 20 locations.

Who is NOT eligible?

- Businesses are not eligible if they are part of an affiliated group with more than 20 locations, regardless of whether those locations do business under the same or multiple names.
- Participating businesses cannot be publicly traded.
- Participating businesses cannot have a pending application under the Save our Stages program.
- 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?

- Businesses in operation before 2019 are eligible to receive the difference between 2019 and 2020 gross revenue, after deducting any PPP loans received (First and Second, if applicable) from that amount.
- Businesses that opened in 2019 average their 2019 monthly gross revenues and multiply that average by 12. Then, subtract 2020 revenues from that amount to determine losses, and then and deduct any PPP loans received (First and Second, if applicable) from that amount.
- Businesses that opened in 2020 are eligible to receive funding equal to eligible expenses incurred during 2020.



In determining our maximum grant, are we calculating the revenue difference from 2020 and 2019 using gross or net revenue?

- Businesses will use gross revenue to make their calculation.

Does the 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 businesses use the ERTC and/or EIDL program with this grant program?

- Yes, businesses can use both ERTC and EDIL and neither are deducted from their maximum total grant.

What is the maximum grant amount?

- The maximum grant amount is \$5 million per individual restaurant and \$10 million per restaurant 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 Second Draw 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 31st, 2021, unless the SBA Administrator or Congress extends the date.

What if a business cannot use its full grant on eligible expenses?

- Any funds not used must be returned to the government.



What happens if the \$25 billion runs out?

- It is our hope that Congress will refund the grant pool when it is empty but there is no guarantee that they will.

When the SBA starts accepting applications, how do they determine who gets a grant?

- \$5 billion of the \$25 billion total is reserved for businesses 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 to determine priority. The first 21 days of funds will only be made available to women or veteran-owned, or socially and economically disadvantaged businesses.

How does the small operator set-aside for businesses with under \$500,000 in annual revenue work?

- The Administrator of the SBA will determine the final regulations for how this will work. The \$5 billion set aside for businesses with gross revenue receipts below \$500,000 in 2019 was created to ensure that small operators have an opportunity to secure the grant. This **DOES NOT** mean that businesses exceeding \$500,000 in annual revenue in 2019 will have to wait until that \$5 billion is exhausted, all eligible entities should have the opportunity to apply as soon as the grant application allows.

Should businesses take the Second Draw PPP or wait for the Restaurant Relief Fund?

- Due to demand, there is no guarantee that any business will be able to receive a grant, so it is our recommendation that businesses exhaust all federal programs that are available to restaurants while they are eligible.