



# Restaurant Revitalization Fund (RRF) Program Guidelines

April 21, 2021

On Saturday, April 17, 2021, the Small Business Association (SBA) released the Restaurant Revitalization Fund's highly-awaited program guidelines. The Restaurant Revitalization Fund (RRF) is part of the \$1.9 trillion American Rescue Plan Act (ARPA) which became law on March 11, 2021 and appropriated \$28.6 billion for the SBA to award to eligible restaurants, bars and similar businesses who suffered revenue losses due to COVID-19. Eligible entities can receive grant monies of up to \$10 million per business and no more than \$5 million per location. The grant funds must be spent by March 11, 2023.

## **Eligible Entities**

Eligible entities (EE) cannot be permanently closed at the time of application and are a "place of business in which the public or patrons assemble for the primary purpose of being served food or drink". The SBA listed the following as eligible entities who can apply:

- Restaurants
- Food stands, food trucks, food carts
- Caterers
- Bars, saloons, lounges, taverns
- Snack and nonalcoholic beverage bars
- Bakeries (onsite sales to the public comprise at least 33% of gross receipts)
- Brewpubs, tasting rooms, taprooms (onsite sales to the public comprise at least 33% of gross receipts)
- Breweries and/or microbreweries (onsite sales to the public comprise at least 33% of gross receipts)
- Wineries and distilleries (onsite sales to the public comprise at least 33% of gross receipts)
- Inns (onsite sales of food and beverage to the public comprise at least 33% of gross receipts)
- Licensed facilities or premises of a beverage alcohol producer where the public may taste, sample, or purchase products

Applicants that have a pending PPP loan application at the time of applying for RRF funding, must withdraw the PPP application (more on the implication of PPP loans below).

All applicants must make a certification that they are eligible under the rules in effect at the time of application submission, including a certification that current economic uncertainty necessitates the application for these funds. This certification is nearly identical to the one required for PPP loan applications.

The SBA has provided a [sample RRF application](#) on their website.

### **Eligible Uses of Funds**

RRF funds may be used for expenses paid or incurred during the covered period, which is defined as the period from February 15, 2020 through March 11, 2023. However, for businesses that permanently close after receiving the grant, the covered period ends upon their business closure or March 11, 2023, whichever comes first.

The SBA program guide identifies eligible uses of funds, which include most operating costs including payroll and food and beverage expenses, as well as mortgage and other debt service.

Payments of past-due expenses incurred from February 15, 2020 through March 11, 2023 are considered eligible.

Unused RRF funds must be returned to the U.S. Treasury.

### **Priority In Awarding Funds**

The SBA will accept applications from all applicants during the first 21 days of the program. However, during this period it will only process and distribute funds to those approved as priority applicants. Priority applicants are small business concerns that are at least 51% owned by one or more individuals who are women, veterans, or socially and economically disadvantaged.

The SBA has also set aside additional funds for 3 grant categories, which are:

1. \$5 billion for recipients with 2019 gross receipts not more than \$500,000
2. \$4 billion for recipients with 2019 gross receipts from \$500,001 to \$1,500,000
3. \$500 million for recipients with 2019 gross receipts no more than \$50,000

### **Calculating Grant Amount**

The SBA has provided three methods for determining the amount of the grant based on whether the entity was in operation before January 1, 2019. The program guideline specifies that 'in operation' means "the day the entity started making sales."

Generally, the amount of the grant will be the decline in annual gross receipts (defined below) minus PPP loan funds received (1<sup>st</sup> and 2<sup>nd</sup> draw).

1. For eligible entities in operation on or before January 1, 2019, the grant will be 2019 gross receipts, minus 2020 gross receipts, minus PPP loan amounts.

2. For eligible entities that began operations in 2019, the grant will be the average 2019 monthly gross receipts multiplied by 12, minus 2020 gross receipts, minus PPP loan amounts.
3. For applicants that began operations on or between January 1, 2020 and March 10, 2021; and those who have not yet begun operations as of March 11, 2021, but have incurred eligible expenses, the grant will be the total amount spent on eligible expenses between February 15, 2020 and March 11, 2021, minus PPP loan amounts.

Gross receipts generally consist of all sources of income (sales less returns and allowances, fees, rents, etc.) based on the company's accounting method used on its income tax returns. Gross receipts should not include PPP loans, income from SBA loan payments made by the SBA under the CARES Act, Economic Injury Disaster Loans (EIDL) or EIDL advances, or state and local grants.

The minimum grant size is \$1,000.

### **How To Apply**

While applications are not being accepted yet, the two most efficient ways to apply are directly on the SBA's [dedicated website](#) or through an SBA-recognized Restaurant Partner.

For those applying through the SBA's website portal, once the application is completed, an email will be sent to the applicant with a DocuSign package. It is important to execute the DocuSign package immediately to enter the SBA's application review.

For those applying through the SBA's Restaurant Partners, the SBA will be forthcoming with further information. SBA Restaurant Partners are technology companies that provide software, hardware and payment services to the restaurant industry and have a partnership with the SBA.

Currently, both the SBA and its yet-to-be-named Restaurant Partners have customized, secure portals that are open to receive applications. The RRF program guidelines did not identify an opening date for applications but did state that the SBA will undergo a 7-day application testing period before officially accepting applications.

### **Required Documentation**

All applicants must provide:

1. Completed, initialed, signed Restaurant Revitalization Funding Application (SBA Form 3172)
2. Completed & signed Verification of Tax Information (Form 4506-T); this can be completed digitally on the SBA portal.
3. Gross receipts documentation may be any of the items below:
4. Business tax returns (IRS Form 1120 or IRS Form 1120-S)
5. IRS Form 1040 Schedule C; IRS Form 1040 Schedule F
6. For a partnership: Partnership's IRS Form 1065 (including K-1s)
7. Bank statements

8. Externally or internally prepared financial statements, such as Income Statements or Profit and Loss Statements
9. Point of sale report(s), including IRS Form 1099-K
10. Businesses with only part of their sales qualifying, such as brewpubs, tasting rooms, wineries, inns, and bakeries, must provide additional documents evidencing onsite sales to the public comprised of at least 33% of gross receipts for 2019.

Additional rules and eligibility restrictions apply, so businesses considering this program should carefully review all SBA guidance and seek counsel from their advisors.