



COVID-19 UPDATE | MARCH 23, 2021

RESTAURANT REVITALIZATION FUND & SHUTTERED VENUE OPERATORS GRANT PROGRAMS

The American Rescue Plan Act introduced several new relief programs for small businesses, including the Restaurant Revitalization Fund and the Shuttered Venue Operators Grant programs. Both programs will be run by the Small Business Administration (SBA) and are expected to open for applications within the next several weeks.

Restaurant Revitalization Fund Program

The SBA has been allocated \$28.6 billion for the Restaurant Revitalization Fund program, to be paid as tax-free grants to restaurants, bars, and associated food and beverage related businesses who experienced reduced revenues during 2020 as a result of the COVID-19 pandemic.

Eligible businesses may apply for a maximum grant of \$5 million per physical location, up to \$10 million per entity, to be used for continuing operating expenses. Grant amounts will be calculated by subtracting 2020 gross receipts from 2019 gross receipts, reduced by the amount of any Paycheck Protection Program (PPP) loan, if the entity has received one.

Eligibility Requirements

In order to qualify for a Restaurant Revitalization Fund grant, an entity must meet the following criteria:

- The entity must be a restaurant, food stand, food truck/cart, caterer, saloon, inn, tavern, bar, lounge, brew pub, tasting room, tap room, or similar place of business in which the public or patrons assemble for the primary purpose of being served food or drink.
- The entity must provide a good faith certification that the funds are necessary to support the ongoing operation of the business.

Allowable Use of Funds

Grant funds may be used for the covered period of February 15, 2020 through December 31, 2021, for the following allowable expenses:

- Payroll costs
- Mortgage payments
- Rent payments
- Utilities
- Maintenance expenses
- Supplies
- Food and beverage expenses
- Covered supplier costs
- Operational expenses
- Paid sick leave
- Other essential expenses

If funds are not used on allowable expenses, or the business permanently ceases operations before the end of the covered period, the funds not used for allowable expenses are required to be returned.

Shuttered Venue Operators Grant Program

The SBA has been allocated \$16 billion for the Shuttered Venue Operators Grant (SVOG) Program, to provide eligible applicants with grants equal to 45% of their gross earned revenue, up to a maximum of \$10 million.

Grants will be issued on a priority basis. First priority grants will be issued during the first 14 days of grant awards, to businesses that suffered a 90% or greater revenue loss; second priority grants will be issued during the second 14 days of grant awards, to entities that suffered a 70% or greater revenue loss; and third priority grants will be issued starting 28 days after first and second priority awards are made, to entities that suffered a 25% or greater revenue loss.

Eligibility Requirements

In order to qualify for the SVOG program, an entity must meet all of the following criteria:

- Entity must be a live venue operator or promoter, theatrical producer, live performing arts organization operator, museum operator, motion picture theatre operator, or talent representative.
- Entity was fully operational on February 29, 2020.
- Entity had gross earned revenue during any of the first, second, third or fourth quarter in 2020 that demonstrated a 25% or higher reduction from gross earned revenue during the corresponding quarter in 2019.
- Is not listed on a stock exchange, or majority owned and controlled by an entity that is listed on a stock exchange.
- Does not have, or is not majority owned and controlled by an entity with, all three of the following: 1) owns or operates venues, relevant museums, motion picture theatres, or talent agencies or talent management companies in more than one country; 2) owns or operates venues, relevant museums, motion picture theatres, or talent agencies or talent management companies in more than 10 states; and 3) employs more than 500 employees as of February 29, 2020, determined on a full-time equivalent basis.
- Is not majority owned or controlled by an entity that received more than 10% of gross revenue from federal funding during 2019, excluding amounts received by such business under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.
- Additional eligibility requirements by business type may apply.
- Certain prohibited activities may disqualify applicants from eligibility.

Entities that received a first or second draw PPP loan after December 27, 2020 ARE now eligible for an SVOG. If the PPP loan was received in 2021, the amount of the SVOG will be reduced by the amount of PPP funds received. If the PPP loan was received in 2020, the SVOG will not be reduced by the loan amount. Alternatively, if an entity receives an SVOG prior to obtaining a PPP loan, this will render the individual ineligible to receive a future PPP loan.

Allowable Use of Funds

Grant funds may be used for the following allowable expenses:

- Payroll costs
- Rent payments
- Utilities

- Scheduled mortgage payments (not including prepayment of principal)
- Scheduled debt payments (not including prepayment of principal on any indebtedness incurred in the ordinary course of business prior to February 15, 2020)
- Worker protection expenditures
- Payments to independent contractors (not to exceed \$100,000 in annual compensation per contractor)
- Other ordinary and necessary business expenses, including maintenance costs
- Administrative costs (including fees and licensing)
- State and local taxes and fees
- Operating leases in effect as of February 15, 2020
- Insurance payments
- Advertising, production transportation, and capital expenditures related to producing a theatrical or live performing arts production (may not be primary use of funds)

The SBA expects to open the application process for both programs in early April. CRR is closely following all guidance and updates relating to these and other relief programs in the American Rescue Plan Act in order to best assist our clients. Please don't hesitate to contact us at info@crrcpa.com with any questions you may have. You can also visit our [COVID-19 Resource Center](#) for all of the latest alerts, updates and impacts.