

MSF CLIENT ALERT

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President Biden Signs Legislation Creating the Restaurant Revitalization Fund

On March 11, 2021, a day earlier than anticipated, the President signed the \$1.9 trillion American Rescue Plan, providing sweeping economic relief to the country in the face of the ongoing COVID-19 pandemic, including much needed grants to the restaurant industry

Updated April 16, 2021

To the relief of restaurants across the country, President Biden signed the American Rescue Plan (“ARP”) on March 11, 2021 providing the country with \$1.9 trillion in COVID-19 relief. Included in the ARP is the Restaurant Revitalization Fund (the “Fund”), which was established to provide restaurants with more than \$20 billion in grants to assist them to overcome pandemic-related losses.

The Fund permits **grants**, *not loans*, of up to \$5,000,000 for individual restaurants up to an aggregate of \$10,000,000 for restaurant groups. However, publicly traded companies and restaurants who own or operate, together with affiliates, more than 20 locations are not eligible for the grants. During the first 21 days of the Fund issuing grants, priority will be given to small businesses owned and controlled by women, veterans, and minorities. However, all restaurants can apply for the grant during that 21-day window. Additionally, \$5 billion of the Fund are specifically earmarked for small businesses, those who had less than \$500,000 in gross receipts in 2019.

The grants can be used for the following **Eligible Expenses** incurred as a direct result of the COVID-19 pandemic:

- Payroll costs, as defined within the CARES Act
- Mortgage and rent payments (*prepayment not permitted*)
- Utilities
- Maintenance expenses
- Food and beverage expenses within the scope of normal business practices
- Supplies
- Operational expenses
- Paid sick leave

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The grant a restaurant is eligible to receive from the Fund is determined based upon the following formulas that vary based upon when the restaurant commenced operations:

Year Restaurant Commenced Operations	Formula to Calculate Grant
Prior to 2019	2019 Revenue less 2020 Revenue less amount of PPP loan(s)
2019	(average 2019 monthly gross receipts X 12) less (average 2020 monthly gross receipts X 12) less amount of PPP loan(s)
2020 or 2021	Eligible Expenses incurred less amount of PPP loan(s)
Not Yet Opened	Eligible Expenses incurred

Significantly, restaurants cannot return unused PPP funds in an effort to increase the amount of the grant. Additionally, if the calculation of the grant results in eligibility for a grant in an amount less than \$1,000, the restaurant will not be provided a grant.

If the entire grant is not used prior to March 11, 2023, or the restaurant closes before expending the entirety of the grant, the remaining funds must be returned.

Please contact an attorney in MSF's Hotel & Hospitality Group if you need assistance with respect to this information.



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