



RESPOND → PLAN → RETURN STRONGER



Arizona Restaurant Association

Restaurant Revitalization Fund (RRF)

PRESENTED BY

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Concept → Bill → Compromise → Reality

The *American Rescue Plan* establishes a **\$28.6 billion** “Restaurant Revitalization” program within the Small Business Administration (SBA).

Who’s In?

A restaurant, food stand, food truck, food cart, caterer, saloon, inn, tavern, bar, lounge, brewpub, tasting room, taproom, licensed facility or premise of a beverage alcohol producer where the public may taste, sample, or purchase products, and other similar places where the public or patrons assemble for the primary purpose of being served food or drink.

Who’s Out?

Publicly-traded companies, restaurants with over 20 locations (together with affiliated businesses) regardless of multiple or different operating names, companies who have applied for a *Shuttered Venue Operator* grant, or a State or local government-operated business.

Pandemic-Related Revenue Losses Targeted

Grant Equals Gross Receipts Difference from 2019 to 2020 (Deduct PPP, Not EIDL)

Example: *Frazier's Flapjacks* (FF) earned \$1.2M in 2019 with a \$400K annual payroll. FF received \$83,333 for PPP1 & \$116,667 for PPP2, receiving \$200,000 in PPP loans.

<i>Scenario in 2020:</i> Down 50% and lost \$600,000	$600,000 - 200,000 = 400,000$	FF is eligible for a <u>\$400,000</u> RRF grant
<i>Scenario in 2020:</i> Down 40% and lost \$480,000	$480,000 - 200,000 = 280,000$	FF is eligible for a <u>\$280,000</u> RRF grant
<i>Scenario in 2020:</i> Down 30% and lost \$360,000	$360,000 - 200,000 = 160,000$	FF is eligible for a <u>\$160,000</u> RRF grant
<i>Scenario in 2020:</i> Down 20% and lost \$240,000	$240,000 - 200,000 = 40,000$	FF is eligible for a <u>\$40,000</u> RRF grant
<i>Scenario in 2020:</i> Down 15% and lost \$180,000	$180,000 - 200,000 = -20,000$	FF is not eligible for a RRF grant

Disclaimer: Federal legislation is subject to change and this slide should not be used for or taken as for legal, financial, and/or business planning advice

Strings Attached to Dollars

RRF Eligible Expenses Are Similar to Second Draw PPP with Regulations to Come

RRF

Examples: Debt obligations to suppliers incurred before the covered period; normal food and beverage inventory.

BOTH

Examples: Payroll, rent, mortgage interest, broad operational expenses, various supply purchases including perishable Goods, protective equipment for workers, some previous debt obligations.

2nd Draw*

Examples: Interest payments on any other debt obligations incurred before February 15, 2020; refinancing an EIDL; property damage costs related to public disturbances during 2020.

*Second Draw PPP expenses refer to *forgivable* expenses under SBA regulations. These expenses must adhere to a 60/40 payroll-to-nonpayroll expense formula during the covered period in order to be eligible for loan forgiveness. RRF regulations on expenses may be developed.

Association Working to Speed Grant Timeline

Lawmakers, SRAs, and Restaurants Encourage SBA to Build an Efficient Structure

ARP Signed
into Law by
White House
March 11, 2021

SBA Releases
Rules and
Applications
April 2021

21-Day Priority
for Women,
Veterans,
Disadvantaged
May/June 2021

Grants Open
for Eligible
Restaurants
May/June 2021

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Let's Remember - The Ink Is Still Drying

Processes Are Not Guarantees and There Will Likely Be New Oversight

- 1) Pause before signing up with any vendor who pledges they know how to shepherd a business through this process – it's a **new** based on rules **no one** has seen.
- 2) To protect both local restaurants and the taxpayer, the grant program will have **major regulatory, legislative, and media scrutiny**.
- 3) Resources are available at www.RestaurantsAct.com/RRF