

Prepare for the Restaurant Revitalization Fund

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On April 22nd, the U.S. Small Business Administration released guidelines for the Restaurant Revitalization Fund (RFF), a fund that is part of the American Rescue Plan Act of 2021. The Act appropriated \$28.6 billion dollars for restaurant industry focused funds. Recipients do not need to repay the awarded funds as long as the monies are used for eligible expenses by March 11, 2023.

Full grant information and application can be found at <http://restaurants.sba.gov>. The RFF application portal opened on May 3rd. According to the SBA, “For the first 21 days that the program is open, the SBA will prioritize funding applications from businesses owned and controlled by women, veterans, and socially and economically disadvantaged individuals. All eligible applicants are encouraged to submit applications as soon as the portal opens.”

Application may also be made through an SBA recognized Restaurant Partner that provides point-of-sale services. SBA encourages application through the Restaurant Partners for a faster preparation and application process. These point of sale providers include: Clover, Toast, NCR Corporation, Square and Oracle. Work with your accountant or the Nebraska Small Business Development Center to help with documentation requirements.

Program Highlights

RFF funds have been set aside for three levels based on applicant gross receipts. For applicants with not more than \$50,000 in 2019 gross receipts, there is a pool of \$500 million; for applicants with not more than \$500,000 in 2019 gross receipts, there is a pool of \$5 billion set aside from the full appropriated dollars. Minimum awards are \$1,000 and maximum awards are up to \$5 million per physical location and \$10 million for all locations owned by a single entity. Any funding received from the Paycheck Protection Program First and Second draw will be deducted from the RFF fund award.

Eligible businesses are ones that primarily serve food or drink and are not permanently closed. Types include: “restaurant, food stand, food truck, food cart, caterer, saloon, tavern, bar, lounge, and other businesses with primary purpose of served food or drink. Bakeries, brewpubs, taprooms, tasting rooms, breweries and/or microbreweries, wineries, distilleries, and Inns are eligible but must provide documentation that on-site sales to the public comprised at least 33 percent of gross 2019 receipts. If the business opened in 2020, or is not yet open but has incurred expenses as of March 11, 2021, the original business model paperwork can be used for documentation and should indicate at least 33 percent of gross receipts for on-site sales to the public.

Eligible expenses, incurred between February 15, 2020 and March 11, 2023 will include, but not limited to payroll, paid sick leave, mortgage principal and interest, rent, utilities, maintenance, construction cost for outdoor seating, personal protective equipment, inventory, and operational expenses.

Documentation

All applicants must provide SBA Form 3172, completed, initialed, and signed. IRS Form 4506-T, completed and signed. Gross receipts documentation for 2019 and 2020 if opened in 2019. Other options available for businesses partially open in 2019 or later. Gross receipts can be documented through IRS Form 1120 or 1120-S; IRS Form 1040 Schedule C or Schedule F; IRS Form 1065; bank statements, externally or internally prepared financial statements; point of sale reports, including IRS Form 1099-K.

Applicants with multiple owners must list all owners of 20 percent or more of the business. Documentation must include the owner's Employer Identification Number (EIN), Social Security Number or Individual Taxpayer Identification Number. If this is not supplied, the business is not eligible for the fund.

These funds are limited and will probably be used up very quickly once the application period begins. They will be given out on a first come first served basis. Be ready to apply as soon as the application opens to everyone, so that your business has the best chance at getting funded.

This information is provided by the Department of Agricultural Economics and Rural Prosperity Nebraska. Contact Jason Tuller, Nebraska Extension, jason.tuller@unl.edu or Marilyn Schlake, mschlake1@unl.edu.

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