

NEXT STEPS GUIDE

RESTAURANT REVITALIZATION FUND GRANTS

YOUR BUSINESS
SUCCESSFULLY
RECEIVED A
RESTAURANT
REVITALIZATION
FUND GRANT.

NOW
WHAT?

LEARN MORE

Visit
RestaurantsAct.com

Disclaimer: Federal regulations are subject to change and this information should not be used for or taken as for legal, financial, and/or business planning advice


1. Retain all records submitted with the application, including a copy of the completed application.


2. Retain all records supporting the application that were not submitted, including:

- Information supporting the date the business began making sales. SBA will be looking to establish the length of time the business has been open, so this documentation will be particularly important for any business opened in 2019 and later, due to RRF requirements.
- How the grant amount was calculated, including relevant amounts subtracted from 2020 gross receipts.
- Information demonstrating an assertion of priority for awarding the grant (certifying that the business is eligible for prioritization as a women-owned, veteran-owned, or owned by a socially and economically disadvantaged small business). The SBA can request documentation on your application or self-certifications, and plans to conduct random audits for some grant recipients. Retain all the records related to an eligible expense.
- Information regarding the determination of “affiliates” or “affiliated businesses.”
- Information supporting ownership shares for owners listed on the application as of the date of the application.

3. Protect your Small Business Administration (SBA) account information, including the email address, SBA web portal user name, and SBA web portal password in a location where it can be found at a later date.

4. Plan how all Restaurant Revitalization Fund (RRF) grant funds will be spent on eligible expenses. The RRF grant is NOT an economic stimulus payment. Any payments made with grant funds that are not authorized by RRF rules may require the recipient to repay the funds or become subject to a federal fraud investigation.

 **TIP:** Create a RRF budget that specifically pairs the RRF funds to eligible expenses to ensure each dollar is tracked to the expense category and date of transaction.

 **TIP:** The SBA is planning a “Use of Funds” validation assessment for recipients. This will be shared in the SBA RRF portal and requires recipients to report how they spent the grant funds by eligible expense category. The report is due by Dec. 31, 2021, and will be required each year until all grant funds are spent.

5. Map out the covered period timeline: Feb. 15, 2020 to March 11, 2023, to ensure all planned eligible expenses fit within this time period.

TIP: If using the RRF grant for business debt service, remember that it can only be used for principal and interest payments. It cannot be used to pay off an entire loan or to prepay principal or interest.

TIP: Past-due expenses are eligible if they were incurred between Feb. 15, 2020 and March 11, 2023.

TIP: If using the RRF grant for payroll, do not include any compensation for employees earning over \$100,000 per year. This is the same restriction that applies to Paycheck Protection Program (PPP) payroll expenses.

6. Learn how RRF funds may be treated in upcoming tax filings. For example, a business that chooses to use RRF money for payroll in 2021 should not plan to also apply for employee retention tax credits (ERTC) in the same calendar quarter.

TIP: While RRF grants are not subject to federal income tax and ordinary federal tax deductions are preserved, many states do not automatically conform to the federal tax code. In fact, [more than a dozen states](#) increased a business' tax liability due to federal PPP loans. Work with [your state restaurant association](#) to ensure state lawmakers adopt the federal treatment of RRF grants. In April 2021, the U.S. Department of Treasury said that such changes would be fully [permissible under the American Rescue Plan Act](#).

7. Prepare for public reporting by all grant recipients. It is a reasonable expectation that federal grants would be subject to transparency requirements, including the Freedom of Information Act. For example, some PPP loan recipients were originally released by company name and by category of funding in June 2020. Subsequently, a federal court ordered the disclosure of all PPP loan recipients by business names and loan amount.

8. Share questions with SBA regional offices and the National Restaurant Association—we are here to help. Recent questions include:

- Once RRF funds are received, can a recipient move the funds to an interest-bearing account? Yes.
- When a funding request is approved, is the grant award delivered in one lump sum? Yes, the SBA will directly disburse proceeds to the applicant's operating commercial business account. The SBA automatic linking service expedites this process.
 - For sole proprietors operating without a commercial account, the SBA will require supporting documentation to demonstrate the account is utilized for restaurant operations, and is owned by the sole proprietor. SBA will not allow funding accounts with limited (less than 3 months) history or unrelated ownership to the applicant.
- Can I sell my business after I receive the grant? Yes, but before the sale takes place, the seller 1) must demonstrate to SBA that all RRF funds have been used for eligible purposes prior to the sale; or 2) remit to the Treasury any RRF money that has not already been used on eligible expenses.
- What if my business permanently closes after receiving the RRF grant? The entity must return the unused funds to the Treasury.

9. We would like to hear your story. Share them with us at RRF@restaurant.org

ELIGIBLE EXPENSES

- ✓ **Business payroll costs**, including sick leave and costs related to the continuation of group health care, life, disability, vision, or dental benefits during periods of paid sick, medical, or family leave, and group health care, life, disability, vision, or dental insurance premiums.
- ✓ **Payments on any business mortgage obligation** (both principal and interest; note: this does not include any pre-payment of principal on a mortgage obligation).
- ✓ **Business rent payments**, including rent under a lease agreement (note: this does not include any pre-payment of rent).
- ✓ **Business debt service** (both principal and interest; note: this does not include any pre-payment of principal or interest).
- ✓ **Business utility payments** for the distribution of electricity, gas, water, telephone, or internet access, or any other utility that is used in the ordinary course of business for which service began before March 11, 2021.
- ✓ **Business maintenance expenses** including maintenance on walls, floors, deck surfaces, furniture, fixtures, and equipment.
- ✓ **Construction of outdoor seating.**
- ✓ **Business supplies**, including protective equipment and cleaning materials.
- ✓ **Business food and beverage expenses**, including raw materials for beer, wine, or spirits.
- ✓ **Covered supplier costs**, which are expenditures made by the eligible entity to a supplier for goods that:
 - Are essential to the operations of the entity at the time at which the expenditure is made; and
 - Is made pursuant to a contract, order, or purchase order in effect at any time before the receipt of Restaurant Revitalization Fund grant money; or
 - With respect to perishable goods, a contract, order, or purchase order in effect before or at any time during the covered period.
- ✓ **Business operating expenses**, defined as business expenses incurred through normal business operations that are necessary and mandatory for the business (e.g. rent, equipment, supplies, inventory, accounting, training, legal, marketing, insurance, licenses, fees). Business operating expenses do not include expenses that occur outside of a company's day-to-day activities.

LEARN MORE & GET UPDATES

Visit RestaurantsAct.com
