

# NFIB UPDATE

## COVID-19 Webinar Series for Small Business

with Beth Milito and Holly Wade, NFIB



April 28, 2021

**Special Guest – Dianna Seaborn and Ginger Allen, Small Business Administration**

**Topic – Restaurant Revitalization Fund**



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# SAVE THE DATE!

## 2021 NFIB Virtual Fly-In

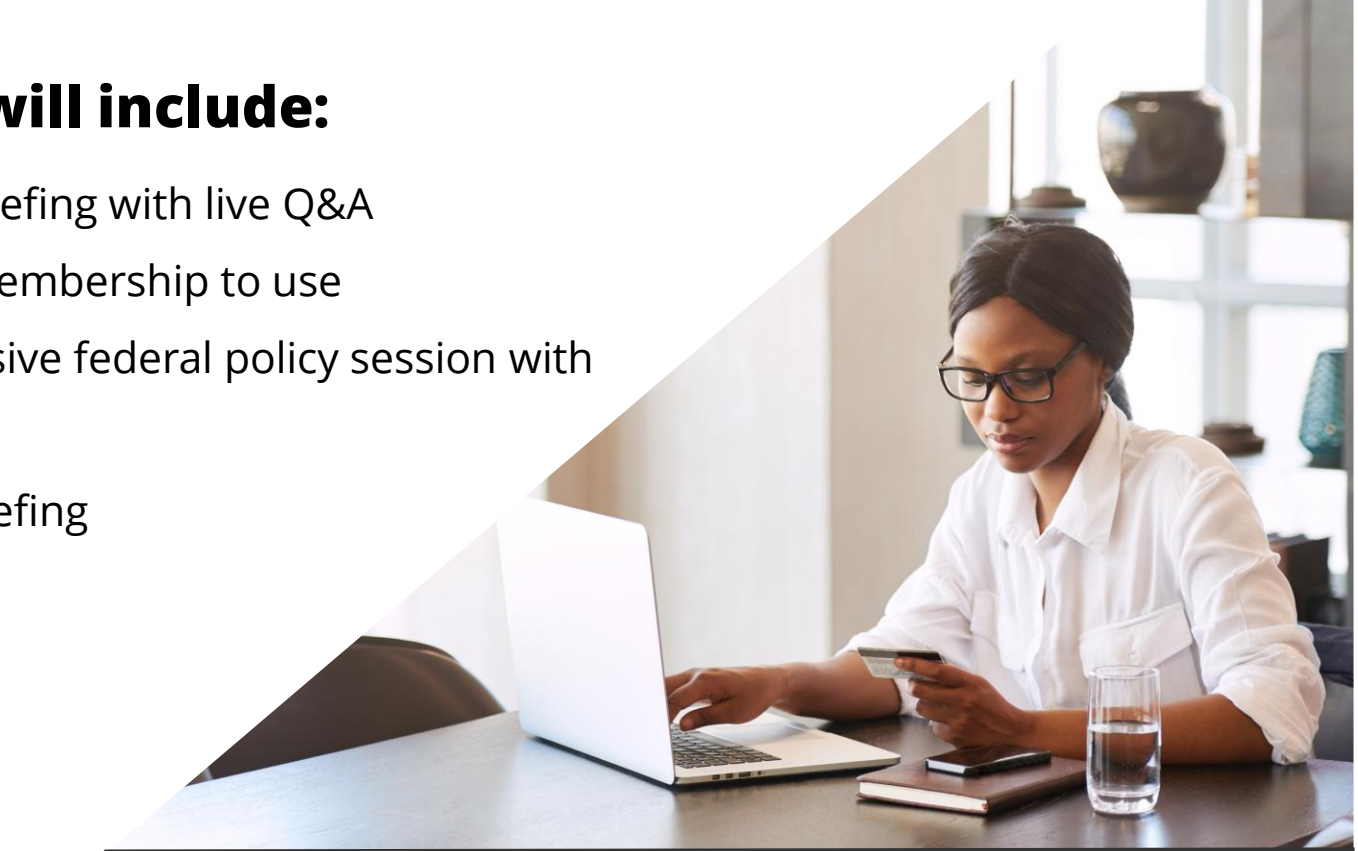
JUNE 22-23

### **Session topics will include:**

- Legislative issues briefing with live Q&A
- Putting your NFIB membership to use
- NFIB member-exclusive federal policy session with special guest(s)
- Insider's political briefing
- ... and more!



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- This is based on information available by 04/28/21.

# Agenda



- Covid-19 Small Business Resources
- Updates on federal programs
- Restaurant Revitalization Fund
- Q&A
- Send questions to [info@nfib.org](mailto:info@nfib.org)

# Upcoming Webinar



**Wednesday, May 12th @ 12pm EST**

Topic – Overview and updates on the PPP, EIDL, ERTC and other federal small business programs

# COVID-19 Resources

- 
- [Paycheck Protection Program](#)
  - [Economic Injury Disaster Loan](#)
  - [Employee Retention Tax Credit](#)
  - [Restaurant Revitalization Fund](#)
  - [Shuttered Venue Grant](#)
  - [NFIB Coronavirus Resources](#) (including past webinars)

# Paycheck Protection Program EXTENSION

- New PPP loan application deadline is **May 31, 2021.**
- Eligible small business owners (employers and non-employers) can apply for a **first and/or second PPP loan** through May 31<sup>st</sup>.
- Eligible small business owners can receive both a first and second PPP loan in 2021 if borrower uses all of their first PPP loan funds within the 8-to-24-week covered period before May 31<sup>st</sup>.
- On March 3, 2021, SBA announced PPP changes for Schedule C Filers (borrowers that file IRS Form 1040 Schedule C)
  - Income now encompasses borrower's net income and gross income to account for fixed and other business expenses.
  - The revised definition of income allows revisions to the loan amount calculation. More information on new loan calculation [HERE](#)





# Economic Injury Disaster Loan

- Starting the week of April 6, 2021, the SBA is raising the loan limit for the COVID-19 EIDL program from 6-months of economic injury with a maximum loan amount of \$150,000 to up to 24-months of economic injury with a maximum loan amount of \$500,000.
- SBA will reach out directly via email closer to the April 6, 2021 implementation date to provide more details about how businesses can request an increase.
- If an applicant accepted a loan for less than the full amount originally offered, the applicant will have up to two years after the date of the loan promissory note to request to request additional funds. Applicants may continue to request additional funds even after the application deadline of December 31, 2021.
- SBA is extending deferment periods for all disaster loans, including COVID-19 EIDLs, until 2022 to offer more time for businesses to build back. SBA will extend the first payment due date for disaster loans made in 2020 to 24-months from the date of the note and to 18-months from the date of the note for all loans made in the calendar year 2021.



# Shuttered Venue Operators Grant

- Fund will be operated by the **Small Business Administration** (SBA).
- Eligible entities must have been in operation by February 29, 2020.
- Grant amounts:
  - For an eligible entity in operation on January 1, 2019, grants will be for an amount equal to 45% of their 2019 gross earned revenue OR \$10 million, whichever is less.
  - For an eligible entity that began operation after January 1, 2019, grants will be for the average monthly gross earned revenue for each full month you were in operation during 2019 multiplied by six (6) OR \$10 million, whichever is less.

# Shuttered Venue Operators Fund (cont.)

- Eligible entities:
  - Live venue operators or promoters
  - Theatrical producers
  - Live performing arts organization and motion picture theater operators
  - Relevant museum operators, zoos and aquariums who meet specific criteria
  - Talent representatives
  - Up to five business entities owned by an eligible entity that also meet the eligibility requirements
  
- [Applications open April 8.](#)
  
- Will need [SAM.gov registration to apply](#)





U.S. Small Business  
Administration

# Restaurant Revitalization Fund (RRF)

## What Is It?

- The American Rescue Plan Act (ARPA) became public law on March 11, 2021 and established the RRF
- ARPA appropriated \$28.6 billion for RRF, authorizing SBA to award funds
- The appropriations remain available until expended
- Fund must be used for eligible uses no later than March 11, 2023

# Restaurant Revitalization Fund (RRF)

## Who Is Eligible?

- Eligible entities are businesses that are not permanently closed and include businesses where the public or patrons assemble for the primary purpose of being served food or drink
- **Includes:**
  - Restaurants
  - Food stands, food trucks, food carts
  - Caterers
  - Bars, saloons, lounges, taverns
  - Snack and nonalcoholic beverage bars (e.g., coffee shops, ice cream shops)
  - Bakeries (onsite sales to the public comprise at least 33% of gross receipts)
  - Brewpubs, tasting rooms, taprooms\* (onsite sales to the public comprise at least 33% of gross receipts)
  - Breweries and/or microbreweries\* (onsite sales to the public comprise at least 33% of gross receipts)
  - Wineries and distilleries\* (onsite sales to the public comprise at least 33% of gross receipts)
  - Inns\* (onsite sales of food and beverage to the public comprise at least 33% of gross receipts)
  - Licensed facilities or premises of a beverage alcohol producer where the public may taste, sample, or purchase products
  - Other similar places of business in which the public or patrons assemble for the primary purpose of being served food or drink

*All entities listed above that do not have an asterisk are presumed to have greater than 33% onsite in 2019 food and beverage sales*

# Restaurant Revitalization Fund (RRF)

## Who Is Ineligible?

- Entities are ineligible if any of the following apply:
- The Entity:
  - Is a State or local government-operated business;
  - **As of March 13, 2020, owns or operates** (together with any affiliated business) **more than 20 locations**, regardless of whether those locations do business under the same or different names or are in different industries;
  - Has a pending application for or has received a Shuttered Venue Operators Grant;
  - Is a Publicly-Traded Company;
  - Is permanently closed;
  - Is a Nonprofit organization;
  - Is not eligible for funding of at least \$1,000;

# Restaurant Revitalization Fund (RRF)

## How Much Am I Eligible For?

- SBA may provide funding up to \$5 million per location, not to exceed \$10 million total for the applicant and any affiliated businesses
- Minimum award is \$1,000



# Restaurant Revitalization Fund (RRF)

## How Is This Program Different From Other SBA Programs?

- Applicants do **not** need to be registered in SAM.gov, and SBA will **not** require a DUNS or CAGE identifier
- Valid unexpired ITINs are acceptable
- [Individual Taxpayer Identification Number | Internal Revenue Service \(irs.gov\)](#)
- [ITIN expiration FAQs | Internal Revenue Service \(irs.gov\)](#)

# Restaurant Revitalization Fund (RRF)

## Who Is Eligible? – Form Of Organization

- Eligible Applicants must be one of the following forms of organization:
  - C-Corporations\*
  - S-Corporations\*
  - Partnerships
  - Limited Liability Companies
  - Sole Proprietors
  - Self-Employed Individuals\*
  - Independent Contractors
  - Tribal Businesses
  - LLC taxed as S-Corporations, or Sole Proprietors

\*B-Corporations are eligible, but they will select either C-Corp or S-Corp on the application, depending on how they are taxed

\* Refer to your tax return to see self-employed vs. sole proprietor distinction

# Restaurant Revitalization Fund (RRF)

## Who Is Eligible? – Franchises

- Any business concern operating as a franchise and meeting all other program requirements is eligible. The franchise must be listed on the SBA Franchise Directory.
- In the application portal, Applicants will be able to look up their entity on the SBA Franchise Directory.

For brands not listed on the Directory (including brands that have previously been denied listing on the Directory because of affiliation issues), the franchisor must submit the Franchise Disclosure Document (or other agreement) and all other documents a franchisee is required to sign to [franchise@sba.gov](mailto:franchise@sba.gov) for review of SBA's other eligibility criteria (e.g., 13 CFR § 120.110).

# Restaurant Revitalization Fund (RRF)

## Who Is Eligible? – Bankruptcy

### Bankruptcy

- Applicants that are operating under an approved plan of reorganization, under either a Chapter 11, Chapter 12 or Chapter 13 bankruptcy and meet all program requirements are eligible for funding
- An Applicant is not eligible if it has:
  - Permanently closed;
  - Filed a Chapter 7 liquidation bankruptcy; or
  - Filed for either a Chapter 7 or Chapter 11, 12, and 13 bankruptcy but is not under an approved plan of reorganization.
- Permanently closed does not include businesses who temporarily closed their doors due to state or local restrictions or other pandemic causes but are still in operation or have reopened

# Restaurant Revitalization Fund (RRF)

## Who Is Eligible? – Affiliation

**You must count all locations owned or operating under your Applicant business's EIN and your Applicant business's affiliates, even those that are not eligible for RRF.**

### **COUNTING LOCATIONS:**

- Any entity that together with its affiliates owns or operates more than 20 locations, regardless whether the businesses operate under different names or are different types of business, is not eligible for RRF.
- For example, if your business and its affiliates own 16 dry cleaners and 5 restaurants, your business has 21 locations, which means your business is not eligible for RRF.
- Each place where the Applicant or affiliates conduct sales from a permanent structure is counted as a location. If the Applicant or affiliates conduct sales from multiple permanent locations, each address is a separate location. For a caterer or a single business with multiple food stands, trucks, or carts, the physical location is where the business is headquartered (i.e., a business with one permanent structure and five food trucks will have one location; a caterer will have one location).

# Restaurant Revitalization Fund (RRF)

## Who Is Eligible? – Affiliation - Continued

### **CORPORATE GROUPS:**

- Locations owned or operated by a single corporate group will count toward the 20 location maximum limit for eligibility and the \$10 million aggregate limit on RRF funding.
- Businesses that are part of a single corporate group that in the aggregate own or operate more than 20 locations are not eligible for RRF funds.
- When individuals or entities directly or indirectly own or control multiple locations, all locations must be counted toward the 20-location maximum limit for eligibility and the \$10 million aggregate limit on RRF funding.
- This includes any locations that operate under separate tax identification numbers or names, and applies whether or not ownership or control is through an individual, management or holding companies or other entities.
- For example: An individual owns or controls 16 restaurants, each with separate tax identification numbers (e.g. EIN/SSN/ITIN) and 5 gas stations. Since all of these businesses (restaurants and gas stations) must be counted, none of the restaurants are eligible for RRF funds.

# Restaurant Revitalization Fund (RRF)

## Who Is Eligible? – Affiliation – Continued 2

**When you are filing out your RRF application, you will be asked if the Applicant has affiliates.**

You must select “yes,” if the RRF eligible applicant entity has an equity interest or right to profit distributions of 50% or greater of one (or more) other business entity; and/or

You must select “yes,” if any owner of 20% or greater equity interest of the RRF eligible applicant entity has an equity interest or right to profit distributions of 50% or greater of one (or more) other business entity; and/or

You must select “yes,” if the Applicant business is a holding company or management company that owns or manages a business other than the Applicant business, or if the Applicant business is held or managed by a company that owns or manages other businesses you must count these entities as separate affiliates and locations.

# Restaurant Revitalization Fund (RRF)

## How Do Other SBA Relief Programs Impact RRF?

### Paycheck Protection Program (PPP) loan

- Any funds already received through the Paycheck Protection Program will be subtracted from the Applicant's final funding amount – Applicant is verified using the EIN, ITIN, or SSN associated with its PPP loans
- If the Applicant received a PPP loan, the Applicant must use the same EIN number for its RRF application as it used in its PPP application.
- If an Applicant applied for a First Draw PPP loan for multiple locations under one EIN and subsequently applied for Second Draw PPP loans under different EINS, the Applicant must provide the EINs for each entities that received Second Draw PPP loans.
- Upon applying for RRF, Applicant must withdraw any outstanding PPP application

The Applicant must not have a pending application for or have received a Shuttered Venue Operator grant from SBA.



# **Restaurant Revitalization Fund (RRF)**

## **Other Attestations By The Applicant**

All applicants must certify that current economic uncertainty makes the funding request necessary to support ongoing or anticipated operations.

# Restaurant Revitalization Fund (RRF)

## What Are The Eligible Uses Of Funds?

### Business Expenses

- Business payroll costs (including sick leave)
- Business utility payments
- Business maintenance expenses
- Business supplies (including protective equipment and cleaning materials)
- Business food and beverage expenses (including raw materials)
- Covered supplier costs
- Business operating expenses (insurance, marketing, fees, licenses, legal, POS equipment, etc.)

### Construction Expenses

- Construction of outdoor seating
- Expansion costs are **ineligible**

### Business Debt

- Payments on any business mortgage obligation (both principal and interest)
  - This does not include any prepayment of principal or interest
- Business debt service (both principal and interest)
  - This does not include any prepayment of principal or interest

# Restaurant Revitalization Fund (RRF)

## When Do I Have To Use The Funds?

- The funds must be spent on expenses that were/are incurred between February 15, 2020 and March 11, 2023.
- If the business permanently closes after receiving funds, the covered period will end when the business permanently closes or on March 11, 2023, whichever occurs sooner.
- Any funds not spent on eligible expenses by the time the covered period ends must be returned to the government.

# Restaurant Revitalization Fund (RRF)

## When Do I Have To Use The Funds? – Continued

- **Use of Funds Assessment** - After the total awarded funds have been exhausted, entities must provide a **detailed expenditure report and certification** for the required period.
- **Until Applicant completes the Use of Funds Assessment**, beginning December 2021 Applicants are required to **provide self-reported unaudited data detailing use of distributed funds each year** through 2023.
- SBA will provide additional guidance that outlines the detailed reporting requirements and procedures in the coming weeks.

# Restaurant Revitalization Fund (RRF)

## How Do I Calculate My Potential Fund Amount?

**Calculation 1:** Applicants in operation prior to or on January 1, 2019

2019 Gross Receipts minus 2020 gross receipts minus PPP loan amounts

# Restaurant Revitalization Fund (RRF)

## How Do I Calculate My Potential Fund Amount? – Continued

**Calculation 2:** Applicants that began operations partially through 2019\*

Average 2019 monthly gross receipts x 12 minus 2020 gross receipts minus PPP loan amounts

\*Applicants that began operations partially in 2019 may choose to use calculation 2 OR calculation 3. However, calculation 3 could require longer processing times

# Restaurant Revitalization Fund (RRF)

## How Do I Calculate My Potential Fund Amount? – Continued 2

**Calculation 3:** Applicants that began operations on or between January 1, 2020 and March 10, 2021 and Applicants not yet opened but have incurred eligible expenses as of March 11, 2021\*

Total amount spent on eligible expenses between February 15, 2020 and March 11, 2021 minus 2020 and 2021 gross receipts (through March 11, 2021) minus PPP loan amounts.

\*Applicants that began operations partially in 2019 may choose to use calculation 2 OR calculation 3. However, calculation 3 could require longer processing times

# Restaurant Revitalization Fund (RRF)

## How Do I Calculate My Potential Fund Amount? – Continued 3

**Calculation 4:** For Applicants that operate multiple locations using different Calculations

Applicants that operate multiple locations may calculate funding amounts for their locations using separate Calculation methods and then aggregate the amounts together. The aggregated funding amount is limited to \$5 million per location and \$10 million for the Applicant and its Affiliates.



# Restaurant Revitalization Fund (RRF)

## What Can I Exclude From 2020 Gross Receipts?

Do not include any of the following in 2020 gross receipts:

- Paycheck Protection Program (PPP) loan
  - First Draw PPP Loan or Second Draw PPP Loan received in 2020 and/or 2021
- SBA Section 1112 payments;
- SBA Economic Injury Disaster Loan (EIDL) loan, EIDL Advance, Targeted EIDL Advance or any other grant funds received via CARES Act;
- Any state and local business grants;
- Randolph-Sheppard Act Financial Relief and Restoration Payments (FRRP) Appropriation

# Restaurant Revitalization Fund (RRF)

## How Do I Apply?

- Directly through the SBA Platform at **restaurants.sba.gov**
- Through a Point-of-Sale Vendor
  - SBA is actively looking to partner with more POS providers
- Through the telephone at **(844) 279-8898**
  - Telephonic applications will have longer processing times

# Restaurant Revitalization Fund (RRF)

## What Documents Do I Need In Order To Apply?

- **Application:** SBA Form 3172, completed, initialed, and signed. Completion of this form digitally on the SBA Grant Platform will satisfy this requirement.
- **Verification for Tax Information:** IRS Form 4506-T, completed and signed by Applicant. Completion of this form digitally on the SBA Grant Platform will satisfy this requirement.
- **Gross Receipts Documentation:** Any of the following documents demonstrating gross receipts and, if applicable, eligible expenses:
  - Business tax returns (IRS Form 1120 or IRS Form 1120-S);
  - IRS Form 1040 Schedule C; IRS Form 1040 Schedule F;
  - For a partnership: partnership's IRS Form 1065 (including K-1s);
  - Bank statements;
  - Externally or internally prepared financial statements such as Income Statements or Profit and Loss Statements;
  - Point of sale report(s), including IRS Form 1099-K.

# Restaurant Revitalization Fund (RRF)

## What Documents Do I Need In Order To Apply? – Continued 2

### Calculation 1 & 2

- **Required:**
  - Application - SBA Form 3172
  - Tax Verification - IRS Form 4506-T
  - 2019 Gross Receipts - Tax Returns
  - Most recent 3 months of bank statements
  - 2020 Gross Receipts (at least 1)
    - Preferred:
      - Federal Tax Returns filed
      - Point of Sale report
    - Accepted (may delay review past 14 days):
      - Externally or internally prepared financial statements such as Income Statements or Profit and Loss Statements, signed, dated & certified as to accuracy by Applicant

# Restaurant Revitalization Fund (RRF)

## What Documents Do I Need In Order To Apply? – Continued 3

### Calculation 3

- **Required:**

- Application - SBA Form 3172
- Tax Verification - IRS Form 4506-T
- Most recent 3 months of bank statements
- 2020 & 2021 Gross Receipts: (at least 1 for each year)
  - Preferred:
    - 2020 Federal Tax Returns filed or 2020 Federal Tax Returns (Prepared but not yet file)
    - 2020 Point of Sales Reports
    - 2021 Point of Sales Reports
  - Accepted:
    - Externally or Internally prepared financial statements such as Income Statements or Profit and Loss Statements, signed, dated, & certified as to accuracy by Applicant
- Eligible Expense Documentation for expenses between 2/15/20 and 3/11/21 (at least 1)
  - Preferred:
    - Qualified Third party Accountant, Bookkeeper or CPA Comfort Letter with associated Profit and Loss Statements and Balance Sheet documentation (provides fastest SBA Review)
  - Accepted (may delay review past 14 days):
    - Externally or internally prepared financial statements such as Income Statements or Profit and Loss Statements, signed, dated & certified as to accuracy by Applicant
    - All expense documentation, for example: Payroll documents (941s), Outdoor seating expenditures (invoices/payments), Business Debt (Lender Loan Statements)

# Restaurant Revitalization Fund (RRF)

## What Documents Do I Need In Order To Apply? – Continued 4

- In addition to the documents on the prior slide:
  - For Applicants that are a brewpub, tasting room, taproom, brewery, winery, distillery, or bakery
    - Documents evidencing that onsite sales to the public comprise at least 33% of gross receipts for 2019, which may include Tax and Trade Bureau forms, state or local forms filed, or internally created reports from inventory management, sales reporting, or accounting software . For businesses that opened in 2020, the Applicant’s original business model should have contemplated at least 33% of gross receipts in onsite sales to the public.
  - For Applicants that are an Inn
    - Documents evidencing that onsite sales of food and beverage to the public comprise at least 33% of gross receipts for 2019. For businesses that opened in 2020, the Applicant’s original business model should have contemplated at least 33% of gross receipts in onsite sales of food and beverage to the public.

# Restaurant Revitalization Fund (RRF)

## How Do I Get Help Applying?

- Call center hotline **1-844-279-8898**
- Local SBA District Office ([www.sba.gov/local-assistance](https://www.sba.gov/local-assistance))
- Help available in multiple languages

# Restaurant Revitalization Fund (RRF)

## Best Practices

- 1. Provide complete documentation** - Applications with incomplete documentation will be rejected. The review process will restart when complete documentation is provided. Delays could jeopardize the Applicant receiving the award.
- 2. Leverage your resources** - While not required, the use of CPAs and other accounting professionals may help ensure a complete and well documented application.
- 3. Application corrections** - SBA is not able to make corrections on behalf of Applicants. Applicants who require corrections will need to contact the call center hotline at (844) 279-8898.
- 4. Applicants who still intend to apply for PPP** - RRF applicants are advised to complete their PPP application in advance of the RRF application



# Restaurant Revitalization Fund (RRF)

## When Can I Apply?

- **Pilot Period:** Pilot Period participants will be randomly selected from existing PPP borrowers who self identified as members of RRF priority groups. Pilot participants will not receive funds until RRF is open to the public at application launch.
- **Priority Period: Days 1-21** - During the initial 21-day Priority Period, SBA will accept applications from all eligible Applicants. Only applications from small businesses owned by women, veterans, and socially and economically disadvantaged Applicants will be funded during this period.
- **Day 22:** All eligible applications will be processed and funded until program funds are exhausted.

# Restaurant Revitalization Fund (RRF)

## What Are The Priority Groups?

- A small business concern that is at least **51 percent owned and the management and daily business operations of the applicant are controlled** by one or more individuals who are:
  - **Women**
  - **Veterans**
  - **Socially and Economically Disadvantaged**
- Applicants must **self-certify** on the application that they meet eligibility requirements
- For example: An applicant has five owners who each own 20 percent of the applicant. Two owners are veterans, and one owner is a socially and economically disadvantaged individual. SBA will consider this applicant to meet the requirement that at least 51 percent of the applicant is owned by a priority group.

# Restaurant Revitalization Fund (RRF)

## Priority Group Definitions

- **Socially disadvantaged individuals** are those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities.
  - Individuals who are members of the following groups are presumed to be socially disadvantaged: Black Americans; Hispanic Americans; Native Americans (including Alaska Natives and Native Hawaiians); Asian Pacific Americans; or Subcontinent Asian Americans.
- **Economically disadvantaged individuals** are those socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same business area who are not socially disadvantaged.

# Restaurant Revitalization Fund (RRF) Eligibility As A Priority Group Applicant

**Entity re-organization for purposes of qualification for the priority period** will result in **automatic disqualification** of the award.

# Restaurant Revitalization Fund (RRF)

## Funding Set Asides

1. \$5 billion is set aside for Applicants with 2019 gross receipts of not more than \$500,000
2. An additional \$4 billion is set-aside for Applicants with 2019 gross receipts from \$500,001 to \$1,500,000
3. An additional \$500 million is set-aside for Applicants with 2019 gross receipts of not more than \$50,000

SBA reserves the right to reallocate these funds at the discretion of the Administrator.

**Thank you**

**Q&A**