



## **FREQUENTLY ASKED QUESTIONS ABOUT THE INDEPENDENT RESTAURANT AND BAR GRANT PROGRAM**

### ***When do you think the grant program will begin accepting applications?***

It will take some time for the SBA to develop the necessary guidance to applicants and the actual application for restaurant owners to apply for a grant. We expect the program will begin accepting applications this spring.

### ***Which businesses are eligible to receive a grant through this program?***

All food service or drinking establishments, including restaurants, caterers, brewpubs, food stands, food trucks, taprooms, and tasting rooms, that are not part of an affiliated group with more than 20 locations. We expect the SBA's guidance documents to provide a finer point on who exactly is eligible, but we know their intent is to prioritize restaurants and bars.

### ***Which businesses are NOT eligible?***

- Businesses part of an affiliated group over 20 locations are not eligible, even if some businesses have different names.
- Businesses that have pending applications under the Save our Stages program are not eligible.
- Businesses that are publicly traded are not eligible
- State or local government-operated businesses are not eligible.

### ***How do businesses calculate the amount of grant funding they can expect to receive from the SBA?***

*For businesses in operation before 2019: Take your 2019 gross revenue minus 2020 gross revenue and subtract the total amount of all PPP loans you received.*

*For business that opened in 2019: Take the average of your 2019 monthly gross revenue and multiply that average by 12. Take the average of your 2020 monthly gross revenue and multiply that by 12 and subtract the 2020 amount from the 2019 amount, then subtract any PPP loans you received.*

*For businesses that opened in 2020 or in 2021 prior to March 11: You are eligible to receive funding equal to the eligible expenses incurred in 2020 minus gross revenue and any PPP funding you received.*



***Do businesses use gross or net revenue to calculator grant amounts?***

Businesses use gross revenue.

***Do my Employee Retention Tax Credit (ERTC) or EIDL Loan affect total grant amounts?***

No, only PPP funds are deducted from the total. Using EIDL loans and ERTC proceeds do not disqualify businesses from participating in the program.

***What is the maximum grant amount?***

The maximum grant amount is \$5 million per individual restaurant and \$10 million per restaurant group.

***Are the grants treated as taxable income by the IRS?***

No.

***What are the expenses that are eligible for the grant?***

Payroll and benefits (not including employee compensation exceeding \$100,000/year), mortgage (no prepayment), rent (no prepayment), utilities, maintenance, supplies (including protective equipment and cleaning materials), construction for outdoor eating space, food and beverage expenses, operational expenses, covered supplier costs as defined by the SBA under the Second Draw PPP program, sick leave, and any other expenses deemed essential by the Administrator.

***How long does the coverage period last for this program?***

Grants can be spent on eligible expenses incurred between 2/15/20 and 12/31/21 -- the Administrator may extend the period through two years from enactment if conditions warrant.

***What if I cannot use my full grant on eligible expenses?***

Any funds not used (or not used on eligible expenses) must be returned to the government.

***What happens if the \$28.6 Billion runs out?***

It is our hope that Congress will refill the grant pool when it is empty but there is no guarantee that they will.



***Which businesses will receive priority from the SBA?***

\$5 billion of the \$28.6 billion total is reserved for restaurants with less than \$500,000 in gross receipts in 2019 for the first 60 days of the program. The first 21 days of funds will prioritize women or veteran-owned restaurants, and socially and economically disadvantaged businesses.

***Should I take the Second Draw PPP or wait for the RESTAURANTS Grant?***

Due to demand, there is no guarantee that you will be able to receive a RESTAURANTS grant, so it is our recommendation that you exhaust all federal programs that are available to restaurants while you are eligible.

***What should I be doing to prepare before the SBA releases the application?***

We believe the SBA will require you to provide your 2019 federal tax returns for the business submitting the application in order to determine your baseline revenue for 2019. We are expecting the SBA to provide guidance by early to mid April. This forthcoming guidance will provide clarity on how you will demonstrate your 2020 revenues but getting an understanding of how you can provide those figures is a good idea. We also recommend that you inventory the expenses that you asked for PPP forgiveness as you cannot use the RESTAURANTS Grant funding for the same expenses in which you used PPP funds.

***My restaurant is owned equally between a male and female partner. Would I be able to qualify as a women-owned business?***

We have asked SBA this specific question and they have told us they will address this in their guidance. Our hope is that you will be able to submit, however current SBA guidelines require at least a 51% ownership state to qualify for women or veteran-owned business.