

American Rescue Plan Act

Summary of certain Key Provisions

As of March 11, 2021

EDENS is providing this for informational purposes only, in an effort to let you know about resources that may be available during these unprecedented circumstances. This information is not intended to be all-inclusive, as things are changing rapidly, and we do not know if a certain business will meet the requirements of any of these programs or if these programs are suitable for your business. Prior to relying on any of the information contained herein, please consult your business, financial and legal advisors for recommendations and information applicable to your particular needs.

American Rescue Plan Act

Overview

Key Updates

- Restaurant Revitalization Fund: \$28.6 billion of grant funds for restaurants, bars, and other eligible providers of food and drink for up to the difference of 2020 revenues from 2019 revenues (see *pg. 3*)
- Additional \$7.25 billion for Paycheck Protection Program (PPP) forgivable loans ([deadline to apply and receive PPP remains March 31, 2021](#))
- Additional \$15 billion for targeted Economic Injury Disaster Loan (EIDL) advance payments (see *pg. 4*)
- Additional \$1.25 billion for **Shuttered Venue Operator Grants**. The new version of the bill makes it possible for eligible entities that receive a first- or second-draw Paycheck Protection Program (PPP) loan after Dec. 27, 2020, to also receive a Shuttered Venue Operators Grant (SVOG). Receiving or even having open applications for both programs had been prohibited, but a Senate amendment makes it possible for venue operators to receive both, though the amount of the SVOG will be reduced by the amount of PPP funds approved. (see *pg. 6*)
- Provides additional \$300 a week in **federal unemployment benefits** through Sept. 6 and makes the first \$10,200 in unemployment benefits tax-free in 2020 for households making less than \$150,000 per year

Sources:

- [Journal of Accountancy, "House passes \\$1.9 trillion stimulus bill with a variety of small business relief"](#)
- [Journal of Accountancy, "House gives final approval to \\$1.9 trillion pandemic aid bill"](#)
- [Small Business Administration, "Second Draw PPP Loans"](#)
- [Small Business Administration: Paycheck Protection Program Frequently Asked Questions](#)

American Rescue Plan Act

Restaurant Revitalization Fund

Key Items

- The \$28.6 billion Restaurant Revitalization Fund (RRF) is a grant program intended to help businesses in the food services sector.
- Eligible entities include restaurants, bars, food stands, food trucks, food carts, caterers, saloons, inns, taverns, lounges, brewpubs, tasting rooms, taprooms, and any licensed facility or premise of a beverage alcohol producer where the public may taste, sample, or purchase products, or other similar place of business in which the public or patrons assemble for the primary purpose of being served food or drink.
- The act allows for grants equal to the pandemic-related revenue loss of the eligible entity, up to \$10 million per entity, or \$5 million per physical location.
- The grants are calculated by subtracting 2020 revenue from 2019 revenue.
- Entities are limited to 20 locations.
- Administered by the SBA (additional guidance to be issued soon regarding application)
- During the first 21 days of the grants, the SBA will prioritize applications from restaurants owned and operated or controlled by women, veterans, or socially and economically disadvantaged individuals.

Eligible Expenses

- Payroll costs;
- Principal and interest payments on a mortgage, not including any prepayments on principal.
- Rent payments, not including prepayments;
- Utilities;
- Maintenance expenses including construction to accommodate outdoor seating and walls, floods, deck surfaces, furniture, fixtures, and equipment;
- Supplies including personal protective equipment and cleaning materials;
- Food and beverage expenses within the eligible entity's scope of normal business practice before the covered period, which runs from Feb. 15, 2020, through Dec. 31, 2021, or another date as determined by the SBA;
- Covered supplier costs;
- Operational expenses;
- Paid sick leave; and
- Any other expenses the SBA determines to be essential to maintaining the eligible entity.

Next Steps

- The SBA will announce when applications will open – we recommend preparing any materials in advance and keep a close eye out for any updates on the program's timeline

EIDL – Economic Injury Disaster Loans

Updates per *Economic Aid Act* passed on December 27, 2020

OVERVIEW

- The EIDL loan program is a long-term, direct, low-interest loan from the SBA to meet financial obligations and operating expenses that could have been met had the disaster not occurred.
- For more information on the \$10,000 Targeted EIDL Advance, please see page 2.

UPDATES TO EIDL PROGRAM

- The Economic Injury Disaster Loan program has been extended through Dec. 31, 2021.
- PPP + EIDL
 - You may hold a PPP and EIDL simultaneously, but the EIDL and PPP cannot be used for the same costs.
 - If you previously received an \$10,000 EIDL advance grant, **this amount does NOT need to be subtracted from your PPP loan forgiveness.** (This is different than previous guidance).
- Businesses with an existing EIDL loan may request an increase of their loan amount up to maximum loan size (per below) by email: pdcrecons@sba.gov with the word INCREASE in the subject line.
- If you previously received an EIDL advance grant (up to \$10,000) you do not need to include it in your taxable income when filing your taxes.

KEY POINTS

- Loan size = 6 months of working capital, up to \$150,000
 - Can be used to pay all recurring operating expenses including regular payments for loans, insurance payments, maintenance, rent, license fees, payroll, utilities, office cleaning, etc.
 - Loan size is typically determined by reviewing the 2019 Gross Profits of the business.
- Loan payments can be deferred for 12 months.
 - Interest accrues during deferral period.
 - No penalties for pre-payments.
- Terms
 - 3.75% for businesses (fixed), 2.75% for nonprofits (fixed), 30 years

ELIGIBILITY

- Any business with less than 500 employees, including businesses operating under a sole proprietorship or as an independent contractor, and any cooperative, ESOP and tribal small business concern (affiliates included in all cases) that was in business on January 31, 2020.

APPLY NOW

- Applications are [available here](#)
- For more information, view the [SBA EIDL FAQ here](#).

Sources:

<https://perma.cc/2HFS-5SAR>

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/covid-19-economic-injury-disaster-loans>

Targeted EIDL Advance

Updates per *Economic Aid Act* passed on December 27, 2020

OVERVIEW

- An emergency grant of up to \$10,000 that provides working capital to businesses and non-profits.

UPDATES TO EIDL PROGRAM

- First priority will be given to businesses located in [low-income communities](#) that suffered a reduction in revenue of greater than 30% *and* have 300 or fewer employees.
- Second priority will be given to businesses and non-profits that applied for EIDL assistance prior to December 27, 2020 but did not receive an EIDL Advance grant or did not receive the full \$10,000 amount because available funding was exhausted in mid-July 2020.
- If neither of the above criteria applies to you, you are not eligible for a Targeted EIDL Advance at this time.

ELIGIBILITY

- **First Priority:**
 - Businesses that are located in a low-income community (business is located in a Census Tract where 20% or more of the population lives in poverty OR the Median Family Income is 80% or less of the State-Wide or Metro Area Median Family Income - verify [here](#)) *and*
 - Can demonstrate more than 30% reduction in revenue during an 8-week period beginning on March 2, 2020 or later *and*
 - Employ 300 employees or less.
- **Second Priority:**
 - Businesses who previously received an EIDL Advance (prior to December 27, 2020) for less than \$10,000 or those who applied but received no funds due to lack of available program funding.

HOW TO APPLY

- The SBA is currently reviewing all applicants from before December 27, 2020 who meet the above criteria and received less than \$10,000.
- The SBA has advised that applicants do not need to take any action at this time. SBA will reach out directly to those who qualify. **However, if you believe you are a candidate, we suggest that you reach out to the SBA directly at TargetedAdvance@sba.gov to improve your chances of being considered for the additional grant funds.**
- Click [here](#) for more information.

Sources:

<https://perma.cc/2HFS-5SAR>

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SBA Shuttered Venue Operator (SVO) Grants

Key Points

- **The SVO Grant program was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, signed into law on December 27, 2020.**
 - The program includes \$16.25 billion (including additional \$1.25B from ARPA) in grants to shuttered venues, to be administered by the SBA's Office of Disaster Assistance.
 - \$2 billion of the \$16.25 billion is reserved for eligible applications with up to 50 full-time employees.
- **Grants are up to \$10M, with below sizing criteria:**
 - An entity that was in operation on Jan. 1, 2019 is eligible for the lesser of an amount equal to 45% of their 2019 gross earned revenue OR \$10 Million.
 - An entity that began operation after Jan. 1, 2019 is eligible for the lesser of the average monthly gross revenue for each full month in operation during 2019 multiplied by 6 OR \$10 Million.
- Eligible entities that receive a first- or second-draw Paycheck Protection Program (PPP) loan (including after Dec. 27, 2020), may also receive a Shuttered Venue Operators Grant (previously receiving or even having open applications for both programs had been prohibited, which has been revised).
- **Second, supplemental grants are available to eligible entities:**
 - Entities that receive an initial SVO grant may receive a supplemental SVO grant if, as of April 1, 2021, such person's revenue for the first quarter of 2021 is not more than 30% of the revenue for the first quarter of 2019. A supplemental grant will be equal to 50% of an initial grant (subject to the total \$10 million cap on all SVO Grants received by the recipient). Supplemental grants cannot be administered until all applications for initial grants submitted within the program's first 60 days have been processed.
- **Grant funds can be used for a variety of purposes including:**
 - Payroll costs, rent payments, utility payments, scheduled mortgage payments (not including prepayment of principal), scheduled debt payments (not including prepayment of principal) on any indebtedness incurred in the ordinary course of business prior to February 15, 2020), worker protection expenditures, payments to independent contractors (not to exceed \$100K in annual compensation per contractor), other ordinary and necessary business expenses, including maintenance costs, administrative costs (incl. fees and licensing), state and local taxes and fees, operating leases in effect as of February 15, 2020, insurance payments, advertising, production transportation, and capital expenditures related to producing a theatrical or live performing arts production. (May not be primary use of funds.)
 - Initial grants may be used for costs incurred between March 1, 2020 and December 31, 2021, and supplemental grants may be used for costs through June 30, 2022.
- **Eligible entities must have been in operation as of Feb. 29, 2020**
- **Applications are filed directly with the [SBA](#)**

SBA Shuttered Venue Operator (SVO) Grants

Priority Disbursement Plan

- Grants are to be allocated in an order of priority laid out in the Hard Hit Act. Up to 80% (\$12 billion) of the funds appropriated for the program may be allocated to initial grants made to applicants eligible to receive grants in the 28-day priority period described below.
 - **First Priority** - During the first 14 days of the program, the SBA may only award grants to (otherwise eligible) applicants with revenue for the period from 4/1/2020 through 12/31/2020 that suffered a 90% or greater revenue loss during the same period of 2019 due to the COVID-19 pandemic.
 - **Second Priority** - During the next 14 days of the program, the SBA may only award grants to (otherwise eligible) applicants with revenue for the period from 4/1/2020 through 12/31/2020 that suffered a 70% or greater revenue loss during the same period of 2019 due to the COVID-19 pandemic.
 - **Third Priority** - Beginning after the end of the 2nd priority period, the SBA may only award grants to (otherwise eligible) applicants with revenue for the period from 4/1/2020 through 12/31/2020 that suffered greater than 25% or greater revenue loss during the same period of 2019 due to the COVID-19 pandemic.
 - Thereafter, initial grants of any remaining funds can be made to all other eligible applicants.
 - **Supplemental Grants** - See previous page

Eligibility Requirements

- In general, eligible entities can include:
 - Motion picture theater operators; Live venue operators or promoters; Theatrical producers; Live performing arts organization operators; Relevant museum operators, zoos and aquariums who meet specific criteria; Talent representatives
- However, there are specific criteria that make certain entities above ineligible:
 - Large Operator - if it is owned or controlled by another entity with two or more of the following qualities:
 - owns or operates locations in more than one country;
 - owns or operates locations in more than ten States; and/or
 - employed more than 500 full-time employees as of February 29, 2020.
 - PPP Borrower - if it received a PPP loan after December 27, 2020 (whether under a standard or second draw PPP loan);
 - Public Issuer - if it is or is majority owned or controlled by another entity that is an issuer of securities, which are listed on a national securities exchange;
 - 10% of Gross Revenue from Federal Funding - if it received or is majority owned or controlled by another entity that received more than 10% of gross revenue from federal funding during 2019 (excluding certain disaster relief funding received under the Robert T. Stafford Disaster Relief and Emergency Assistance Act); or
 - Prurient Sexual Nature - if it presents live performances of a prurient sexual nature, or derives more than de minimis gross revenue through sale of products/services of a prurient sexual nature.