



Restaurant Revitalization Fund Becomes Law

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March 15, 2021



Agenda

01. State of Play
02. Restaurant Revitalization Fund
03. Preparing for RRF
04. Balancing PPP and ERTC
05. Previewing New Resources and Q&A





State of Play

A Local Structure for a Local Industry – 50 State Restaurant Associations



A Year of Action for Restaurants

Restaurant Revitalization Fund Comes After Series of Industry Wins

- Securing access to \$70+B in PPP loans for restaurants and hotels, with higher loan amounts
- \$21.5M Restaurant Employee Relief Fund
- Ordering up cocktails to-go in 32 states and Washington, DC
- Saving restaurants/hotels \$15.7B with PPP deductibility from federal taxes
- Expanding Employee Retention Tax Credit to support employment
- Engaging local leaders for reasonable reopening plans
- Keeping Business Interruption Insurance litigation active at the federal/state level

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2021 PUBLIC AFFAIRS CONFERENCE

Restaurants Act

NATIONAL RESTAURANT ASSOCIATION



Restaurant Revitalization Fund (RRF)

Sad Anniversary Commemorated with RRF

Since March 2020, Association & SRAs Have Called for Restaurant-Specific Relief



March 18, 2020

The Honorable Donald J. Trump
President
The White House
1600 Pennsylvania Ave, NW
Washington, DC 20500

The Honorable Nancy Pelosi
Speaker of the House of Representatives
United States Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

Dear Mr. President, Speaker Pelosi, and Majority Leader McConnell:

The National Restaurant Association represents one of the cornerstones of every community – a restaurant that Americans call their own. From nationally-known chains, to favorite local independents, to corner diners, we are an industry that is the first stop for individuals looking to nourish themselves and their families. We are proud to be the country's second-largest private sector employer, and our commitment to bringing everyone together at our tables will never waver.

Direct/Targeted Financial Relief

- **Authorize the Department of Treasury to create a \$145 billion Restaurant and Foodservice Industry Recovery Fund.** The restaurant and foodservice industry needs immediate liquidity to compensate for reduced revenue attributed to coronavirus-related declines in order to pay employees, maintain service operations, meet transactional and financial obligations. In order to maintain solvency, direct Treasury to create the program within 15 days of enactment and provide grants with minimal procedural delay. According to internal analysis by our economists, a three-month shutdown of the restaurant industry would result in:
 - an immediate sales decrease of \$225 billion (25% of the estimated \$899 billion 2020 annual sales);
 - an immediate economic impact of \$675 billion (since every dollar spent in restaurants generates an additional \$2 elsewhere in the national economy);
 - a minimum loss of 5-7 million jobs.



BLUEPRINT for RESTAURANT REVIVAL

With almost one million foodservice locations nationwide and an employee base of 15.6 million, the restaurant industry is the nation's **second-largest private sector employer**. Our record of advancement for people of color, for women, and for minority groups is unmatched by any other industry.

The industry remains a critical part of the food supply chain – a hard-charging engine for the nation's economy. But an industry that provides the average owner with only 16 days of cash on hand has fought through months-long closures and capacity restrictions to stay open and serve communities. Restaurant industry **losses are on track to top \$240 billion by the end of 2020 – more than any other industry.**

The National Restaurant Association offers this **Blueprint for Restaurant Revival** to guide Congress and the Administration as officials work to craft next-round recovery programs:



SHORT-TERM RELIEF TO RESTART THE RESTAURANT INDUSTRY

Create a Restaurant Recovery Fund for structured relief to help restaurants get the liquidity they need, adapt, rehire and eventually reopen. This includes passage of the **RESTAURANTS Act** proposed by the Senate.



Step by Step

Step 1

**Introduce a
Bipartisan, Unified
Bill in Congress**

Step 2

**Create the
Restaurant
Revitalization Fund
(RRF) with \$28.6B**

- ✓ Education on RRF Grants
- ✓ Administrative Rules
- ✓ Implementation

Step 3

**Pursue More
Appropriations
When Needed**

Concept → Bill → Compromise → Reality

RRF Targets Restaurants with Less than 20 Locations that Lost Money in 2020

The *American Rescue Plan Act* establishes a **\$28.6 billion** “Restaurant Revitalization Fund” (RRF) within the Small Business Administration (SBA).

Who's In?

- A restaurant, food stand, food truck, food cart, caterer, saloon, inn, tavern, bar, lounge, brewpub, tasting room, taproom, licensed facility or premise of a beverage alcohol producer where the public may taste, sample, or purchase products, and other similar places where the public or patrons assemble for the primary purpose of being served food or drink.

Who's Out?

- Publicly-traded companies, restaurants with over 20 locations (together with affiliated businesses) regardless of multiple or different operating names, companies who have applied for a *Shuttered Venue Operator* grant, or a State or local government-operated business.

Disclaimer: Federal legislation is subject to change and this slide should not be used for or taken as for legal, financial, and/or business planning advice

Messaging Matters: How It's Being Talked About

Priority Is on Delivering Equitable Relief to Hard-Hit Small Businesses



 Administration

Chris

For the last year, Chris' restaurant has been struggling to keep its doors open. They have been left out of previous PPP loans parameters and are now at risk of closing permanently without immediate support.

IMPACT OF THE ARP

- **Two stimulus checks totaling \$2,800**
- **Access to new grant program for restaurants**

Chris
Occupation: Small Restaurant Owner
Income: \$65,000
Filing Status: Married
Dependents: 0

 Administration

Senate Majority Leader Schumer's Summary Cites National Restaurant Association Data:

“Restaurants: The bill will provide \$28.6 billion in direct relief for the restaurant industry through the creation of a grant program as envisioned in the *RESTAURANTS Act*. Over 110,000 restaurants and bars – more than one in six across the country – have closed permanently or long-term, causing the loss of over 2.4 million jobs. It is estimated that independent restaurants – small, mom-and-pop restaurants – lost over \$135 billion in sales last year, while the broader industry lost \$240 billion. While PPP has offered some vital assistance to the nation's restaurants, a significant need still exists, especially for smaller restaurants.

Graphic retrieved from www.WhiteHouse.gov on March 11, 2021; Leader Schumer summary included within *Dear Colleague* letter sent on March 9, 2021.

Pandemic-Related Revenue Losses Targeted

Grant Equals Gross Receipts Difference from 2019 to 2020 (Deduct PPP, Not EIDL)

Example: Frazier's Flapjacks (FF) earned \$1.2M in 2019 with a \$400K annual payroll. FF received \$83,333 for PPP1 & \$116,667 for PPP2, receiving \$200,000 in PPP loans.

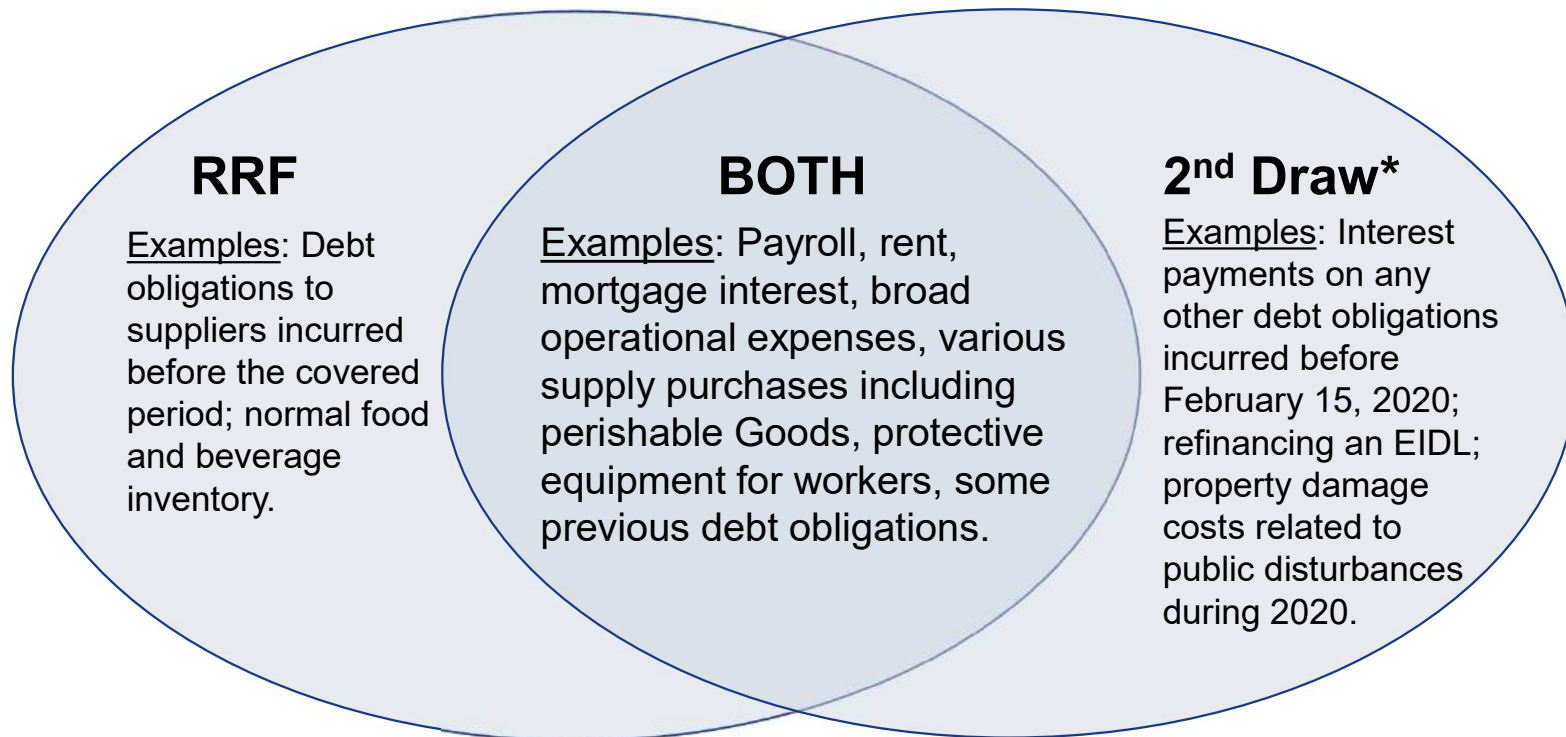
Scenario in 2020: Down 50% and lost \$600,000	$600,000 - 200,000 = 400,000$	FF is eligible for a <u>\$400,000</u> RRF grant
Scenario in 2020: Down 40% and lost \$480,000	$480,000 - 200,000 = 280,000$	FF is eligible for a <u>\$280,000</u> RRF grant
Scenario in 2020: Down 30% and lost \$360,000	$360,000 - 200,000 = 160,000$	FF is eligible for a <u>\$160,000</u> RRF grant
Scenario in 2020: Down 20% and lost \$240,000	$240,000 - 200,000 = 40,000$	FF is eligible for a <u>\$40,000</u> RRF grant
Scenario in 2020: Down 15% and lost \$180,000	$180,000 - 200,000 = -20,000$	FF is not eligible for a RRF grant

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Strings Attached to Dollars May Feel Familiar

RRF Eligible Expenses Are Similar to Second Draw PPP with Regulations to Come



*Second Draw PPP expenses refer to *forgivable* expenses under SBA regulations. These expenses must adhere to a 60/40 payroll-to-nonpayroll expense formula during the covered period in order to be eligible for loan forgiveness. RRF regulations on expenses may be developed.

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Association Working to Speed RRF Timeline

Lawmakers, SRAs, and Restaurants Encourage SBA to Build an Efficient Structure

**RRF Signed
into Law by
White House**

March 11, 2021

**SBA
Releases
Rules and
Applications**

April 2021

**21-Day Priority
for Women,
Veterans,
Disadvantaged**

May/June 2021

**RRF Open for
All Eligible
Restaurants**

May/June 2021

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Preparing for RRF

Trailblazers Get Burned But Settlers Prosper

The RRF Playbook May Not Be PPP – It's the Shuttered Venues Operator Grant

Shuttered Venues Operator (SVO) program is for theaters, venues, and other businesses, with grants equal to 45% of their 2019 gross earned revenue with a \$10 million maximum

ISSUE	SVO	RRF
Federal Agency	SBA	SBA
Funding	\$16 Billion	\$28.6 Billion
Formation	Became Law Dec. 27, 2020	Became Law March 11, 2021
Dollars Received by Eligible Businesses by March 15, 2021	\$0	N/A
Application Process	Not Open Yet	N/A
How Do Entities Prepare?	Register for a "DUNS number" and register in the System for Award Management (SAM.gov). Gather documents to show the extent of gross earned revenue loss experienced between 2019 and 2020.	

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Gimme Three Steps – Preparing for RRF

Likely Following the Footsteps of SVO, Restaurants Can:

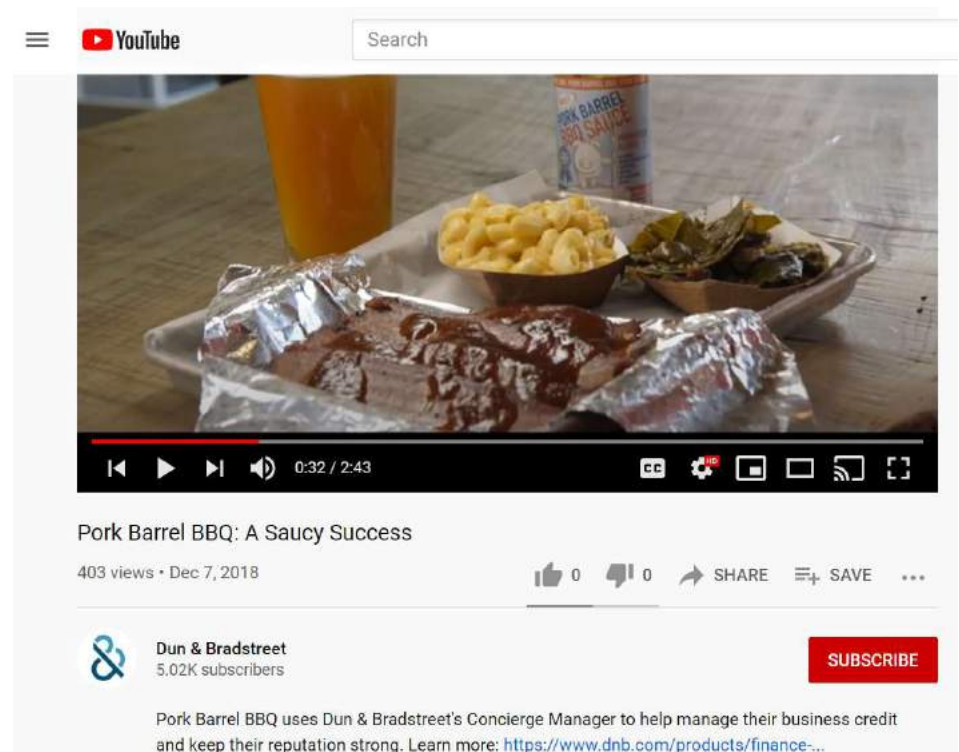
- 1) Sign up for a Data Universal Numbering System (DUNS) number, which is free and can take up to two business days to process, from Dun & Bradstreet (D&B).
- 2) Register with the U.S. Federal Government's System for Award Management (SAM), which is free and can take up to two weeks to process.
- 3) Send a SAM notarized letter to the Federal Service Desk (FSD) – this is a relatively new security procedure.

Step One: Get It DUNS

What Is a D-U-N-S ® Number?

- A nine digit unique identifier number for businesses
- DUNS is a standard way to interact with government, trade, and industry organizations
- Permits an entity to separate business credit from personal credit
- Learn more the easy way: YouTube

<https://www.youtube.com/channel/UCewzkXPu7E1-tXEG8a1c0gQ>



The image shows a YouTube video player interface. At the top, there is a search bar and the YouTube logo. The video title is "Pork Barrel BBQ: A Saucy Success" with 403 views and a date of Dec 7, 2018. The video player shows a still image of a meal with ribs, macaroni, and a drink. Below the player, there is a channel card for "Dun & Bradstreet" with 5.02K subscribers and a red "SUBSCRIBE" button. A short description below the channel card states: "Pork Barrel BBQ uses Dun & Bradstreet's Concierge Manager to help manage their business credit and keep their reputation strong. Learn more: <https://www.dnb.com/products/finance-...>"

Step One: Get It DUNS

This Process Should Take Up to Two Business Days

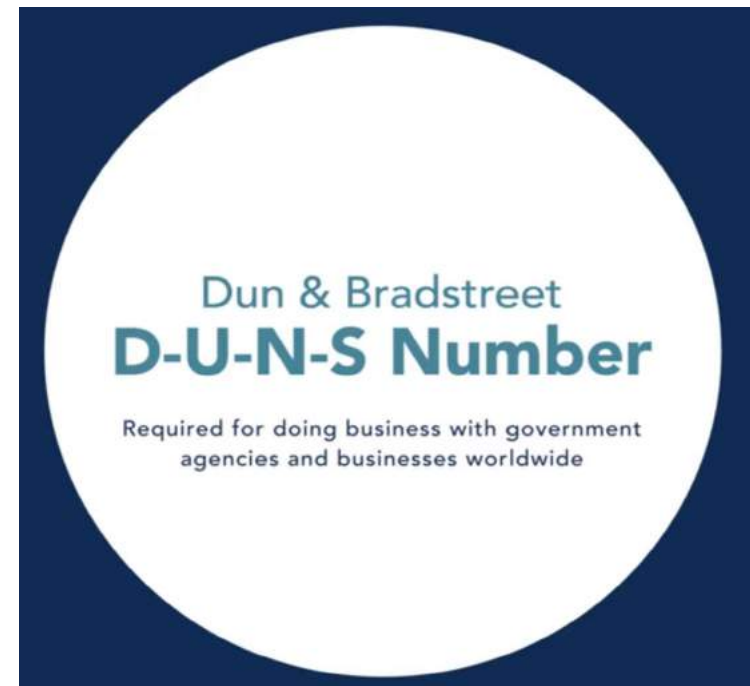
Get a Dun & Bradstreet D-U-N-S® Number

The D-U-N-S Number is used to establish your company's D&B® file, which can help potential partners and lenders learn more about your business, and may also help them make more informed decisions about whether or not to work with you as a client, supplier, or partner.

The first step in creating a new D-U-N-S Number is searching to see whether Dun & Bradstreet has already created one for you.

Primary Reason for
D-U-N-S Number
Registration

I'm a U.S. Government Contractor or Grantee



<https://www.dnb.com/duns-number/get-a-duns.html>

Step Two: Connect with Uncle SAM.gov

Restaurants Will Need Active System of Award Management (SAM) Accounts



Quick Start Guide for New Grantee Registration



- To sign up, entities must create a login.gov user account and to access/register for SAM.
- On the *My SAM* page, select Register New Entity and select your type of entity.
- If registering in SAM.gov strictly for RRF, select
 - “I only want to apply for federal assistance opportunities like grants, loans, and other financial assistance programs.” in response to the question:
 - “Why are you registering this entity to do business with the U.S. government?”

www.SAM.gov

Step Two: Connect with Uncle SAM.gov

Core Data Is Extensive, But Manageable Considering How a Grant Is Deposited



Quick Start Guide for New Grantee Registration



Completing the *Core Data* section:

- Validate DUNS information.
- Enter Business Information such as Tax Identification and create a Marketing Partner Identification Number (MPIN), which is used to apply in Grants.gov.
- Enter CAGE Code if you already have one (if not, one will be assigned after registration). CAGE codes are tied to DUNS Numbers and cannot be reused.
- Enter General Information (business types, organization structure).
- Provide Financial Information, such as U.S. bank Electronic Funds Transfer (EFT) Information for Federal government payment purposes.
- Answer the Executive Compensation questions.
- Answer the Proceedings Details questions.

www.SAM.gov

Step Two: Connect with Uncle SAM.gov

Be Diligent – This Information Plants the Seeds for Your RRF Eligibility



Quick Start Guide for New Grantee Registration



Complete the Points of Contact (POC) section:

- The Electronic Business POC is critical since the government systems, like the CAGE program, use it to contact the business regarding awards. List someone with direct knowledge of all registrations.

Complete Representations and Certifications section:

- Select Yes/No on the Financial Assistance Response page.

Make sure to *Submit* after final review. A “Registration Submitted – Confirmation” message will flash on the screen. If this message does not appear, **the registration has not been successfully submitted.**

All registrations are reviewed and businesses will receive an email from SAM.gov when registration is active.

www.SAM.gov

Step Three: A SAM Notarized Letter Required

Within 60 Days of a New Account, A Signed Notary Letter Must Be Submitted

1) Download the Letter Template

- A Single entity uses Template 1: https://sam.gov/sam/transcript/fsd/notarized_templates/SAM_Entity_Administrator_Letter_Template1_Single_Entity.docx
- Multiple entities use Template 2: https://sam.gov/sam/transcript/fsd/notarized_templates/SAM_Entity_Administrator_Letter_Template2_Multiple_Domestic_Entities.docx

2) Complete Letter and Insert Business Letterhead

- If letterhead is not available, enter your entity's legal business name and physical address at the top of the letter before printing.

3) Signed Completed Letter in Presence of Notary

- Ensure signatory has business authority and can confirm identity in accordance with the local state's notary procedures.

4) Scan Completed/Signed Letter and Submit to Federal Service Desk by creating a service ticket and attaching the scanned letter. Enter in System of Award Management (SAM); Issue Type; Business Type; DUNS Number; and "Subject: Letter Designating Entity Administrator - New Registration," and "Question: Please review the attached letter designating our Entity Administrator."

www.SAM.gov

Let's Remember – The Ink Is Still Drying

These Processes Are Not Guarantees and Will Likely Be New Oversight

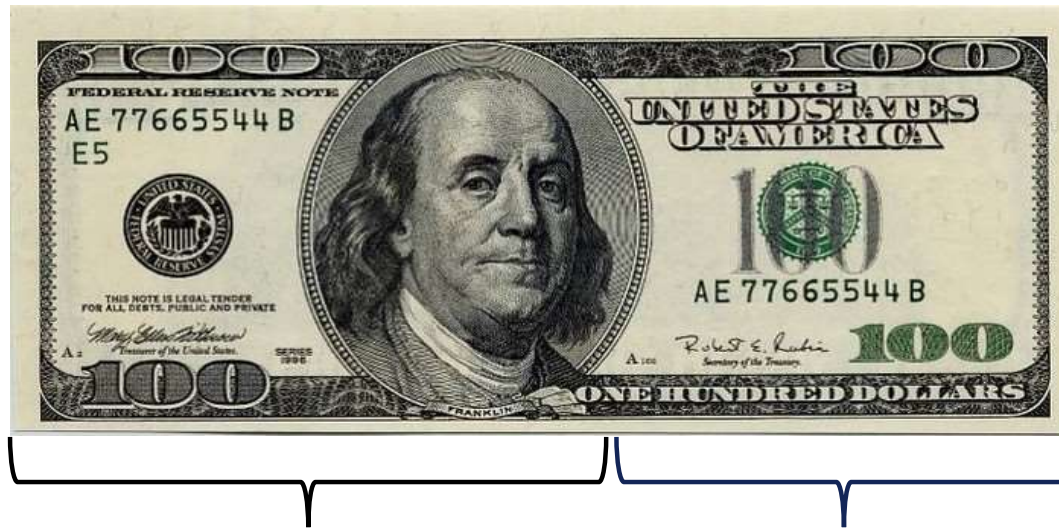
- 1) Pause before signing up with any vendor who pledges they know how to shepherd a business through this process – it's a **new** program led by an agency that has **never** done it based on similar rules **no one** has seen.
- 2) RRF will be a high-profile program with **major regulatory and legislative scrutiny**.
- 3) For **FREE** help registering in SAM, contact the supporting Federal Service Desk (FSD) at <https://www.fsd.gov/>.



Balancing PPP & ERTC

PPP Continues to Be a Record Program

\$72 Billion Received by Restaurant and Hotel Sector in Past 12 Months



**Restaurants, Hotels
Received \$42.5B in
PPP in 2020**

**Restaurants,
Hotels *Receiving*
\$29.4B in PPP in
2021 (as of 3/7/2021)**

For a Limited Time Only... PPP Expires March 31

\$137 Billion Still Remain Available for Second Draw PPP Loans

MARCH 2021						
SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14 Daylight Savings	15	16	17 St. Patrick's Day	18	19	20 Spring Begins
21	22	23	24	25	26	27
28	29	30	31			



- After six weeks of lending, the Second Draw PPP has released about 52% of its funds (through 3/7).
- Association is urging Congress to extend lending window by two months to May 31 (The *PPP Extension Act*)

Employee Retention Credit Game-Changer

Up to \$28,000 Per Employee Available for 2021 – American Rescue Plan

Changes	Prior Law: 3/13/20 to 12/31/20	New Law: 3/13/20 to 12/31/20	New Law: 1/1/21 to 12/31/21
PPP Loan Interaction	No ERTC if employer accessed a PPP loan	Employers that used a PPP loan can now claim ERTC as long as credits are not taken on PPP payroll expenses	
Maximum creditable wages per employee*	\$10,000 per year	\$10,000 per year	\$10,000 per quarter
Maximum credit	Up to \$5,000 per employee	Up to \$5,000 per employee	Up to \$14,000 per employee
Threshold to be a “large employer” (based on average full-time employees in 2019, and considering aggregation rules)	More than 100	More than 100	More than 500



But How Is My Restaurant Eligible for ERTC?

Two Tests to Determine if an Eligible Employer Can Claim the ERTC for the Quarter

1. Order from a Government Authority

- Fully or partially suspends the business, such as a capacity restriction on indoor dining.
- Enforces social distancing guidelines that have a “nominal effect” on business operations.

2. Significant Decline in Gross Receipts

- For 2020, greater than 50% decline when compared to a calendar quarter in 2019.
- For 2021, a greater than 20% decline when compared to prior quarters in 2020 or 2019.

ERTC Rarely Plays Well with Others

Restaurants Unable to Take ERTC on RRF, PPP Payroll Expenses

- **Restaurants cannot take ERTC when utilizing RRF for payroll**
- **From the *American Rescue Plan*, RRF Eligible Expenses:**
 - (8) PAYROLL COSTS.—The term “payroll costs” has the meaning given the term in section 7(a)(36)(A) of the Small Business Act (15 U.S.C. 636(a)(36)(A)), except that such term shall not include—
 - (A) qualified wages (as defined in subsection (c)(3) of section 2301 of the CARES Act) taken into account in determining the credit allowed under such section 2301

**More
Resources
Coming @**

www.RestaurantsAct.com



Welcome to Restaurants Act

The Grassroots Home for the Restaurant Industry

Biggest Restaurant Advocacy Day on Calendar

April 20, 2021 – Sign Up Today at <https://conference.restaurantsact.com/>

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