



FREQUENTLY ASKED QUESTIONS ABOUT THE INDEPENDENT RESTAURANT AND BAR GRANT PROGRAM

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

You can find official guidance at restaurants.sba.gov. We expect the application portal (sba.gov/restaurants) will be available by the end of April.

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

All food service or drinking establishments, including restaurants, caterers, cafes, brewpubs, food stands, food trucks, taprooms, taverns, and tasting rooms that are not part of an affiliated group with more than 20 locations are eligible. Franchises with fewer than 20 locations are eligible.

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 Shutter Venue grant program are not eligible;
- Businesses that are publicly traded are not eligible;
- State or local government-operated businesses are not eligible; and
- Nonprofit organizations 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 businesses that opened in 2019: Take the average of your 2019 monthly gross revenue and multiply that average by 12, then subtract your 2020 actual revenue and any PPP loans you received. If your business was not open for the entirety of 2019 you may opt to use the calculation below.

For businesses that opened in 2020 or in 2021 prior to March 11, 2021: You are eligible to receive funding equal to eligible expenses incurred between February 15, 2020 and March 11, 2021 minus gross revenue received in 2020 and 2021 (up to March 11) and any PPP funding you received.



Do businesses use gross or net revenue to calculate grant amounts?

Businesses use gross revenue.

How do breweries, bakeries, distilleries and other “hybrid” businesses calculate their loan amount?

According to the SBA, a hybrid business operates both as a wholesale and retail business under one EIN. An example of a hybrid business is a bakery or brewery that sells products from a retail location where patrons gather and to wholesale customers.

In order for a hybrid business to qualify for a grant, the business must operate under the same EIN, and at least 33 percent of revenue in 2019 must come from food and beverage sales to customers who eat in. If your business qualifies, use the grant calculation specified above.

I have two businesses under one EIN, how do I calculate my grant amount?

The portal will have the capability to facilitate applications for those who have more than one restaurant or bar location that operates under one EIN. The portal will provide these operators the opportunity to apply under the one EIN and identify each location’s grant calculations based on each location’s revenue.

Do Employee Retention Tax Credit (ERTC) or EIDL Loans 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, or impact grant calculation.

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 (including employee compensation up \$100,000/year per employee), which does include owner compensation (including guaranteed payments or draws);
- Mortgage (no prepayment), rent (no prepayment), utilities, maintenance;
- Supplies (including protective equipment [PPE] and cleaning materials);
- Construction for outdoor eating spaces;
- Food and beverage expenses;
- Operational expenses (such as delivery vehicles and insurance);
- Covered supplier costs as defined by the SBA under the Second Draw PPP program;
- Sick leave;
- Debt service (including SBA loans) of principal and interest (no prepayment); and
- Any other expenses deemed essential by the Administrator.

Can owners pay themselves?

Yes. However, the same \$100,000 annualized cap on payroll applies.

Can I use funds to open a new business or expand my business?

No. You cannot use RRF funds to open a new business or expand your business. For instance you may use the funds to replace a food truck, but you may not expand your fleet with the purchase of a new truck.

Can I pay my EIDL or PPP with RRF funds?

Yes, businesses can use RRF funds to service debt, including EIDL and PPP. However, businesses cannot prepay debt service obligations.

How long does the coverage period last for this program?

Grants can be spent on eligible expenses incurred between 2/15/20 and 3/11/2023.

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.



Which businesses will receive priority from the SBA?

There are two distinct efforts to help underserved businesses:

- \$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.

The SBA deems the following groups of individuals as socially disadvantaged:

- Black Americans
- Hispanic Americans
- Native Americans
- Asian Pacific Americans
- Subcontinent Asian Americans

Individuals who are not members of one of the listed designated groups may establish social disadvantage based on personal experiences of substantial and chronic social disadvantage in American society, which is the result of a distinguishing feature (i.e., race, ethnic origin, gender, physical disability). These provisions do not apply to people experiencing social disadvantage outside of the United States.

You can learn more about these guidelines in [section 8\(a\) of the SBA's business development program](#).

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

A 50/50 male/female partnership does not qualify. The minimum "prioritized" ownership threshold is 51%.

The SBA recognizes that there are many different ownership and equity structures in the restaurant industry. They will have specific guidance on the application form on determining eligibility as a woman- or Veteran-owned or socially- or economically-disadvantaged business, but they have told us that if you look at the whole of your ownership group and at least 51% of those owners fit into one of the qualifying categories, you will be eligible.

For example if you have 5 owners with 20% each (equal ownership), 2 of whom are white males, 2 of whom are female and 1 of whom is a Veteran, you would be able to qualify.



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

We recommend that businesses file their 2019 and 2020 tax returns if possible, and gather their point of sale reports in order to demonstrate revenue for 2019 and 2020.

If this is not possible, we recommend that businesses gather their Profit & Loss statements, sales reports, or any other documentation that will demonstrate your revenue for both 2019 and 2020.

What documents do I need to prove that I'm eligible for grant prioritization?

The application will be a self-certification process, and will require you to certify the information provided within the application is accurate. Specific documentation is not required, but severe penalties will come to those applications submitted with knowingly false information.

How will I officially certify that I used the funding for eligible purposes?

You will need to return to the portal and demonstrate how you have utilized the grant funds. You may be audited and required to upload additional documentation. We recommend that you catalogue how you use these funds so they can be easily reported to the SBA.

Should I take the Second Draw PPP or wait for the restaurant relief grant?

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

What happens if the \$28.6 Billion runs out?

It is our hope that Congress will replenish the grant fund when it is empty; however, there is no guarantee that they will.