



RESTAURANTS ACT

THE REAL ECONOMIC SUPPORT THAT ACKNOWLEDGES UNIQUE RESTAURANT ASSISTANCE NEEDED TO SURVIVE (RESTAURANTS) ACT OF 2021

Senators Roger F. Wicker & Kyrsten Sinema & Representatives Earl Blumenauer & Brian Fitzpatrick

ECONOMIC VALUE OF RESTAURANTS

The majority of independent, locally owned restaurants were forced to close their doors and lay off their employees in March 2020 because of the COVID-19 pandemic. Before the pandemic, independent restaurants employed 11 million people nationally, but the impact of shuttered restaurants is felt beyond their direct employees. The food supply chain contributes \$1 trillion annually to the U.S. economy in addition to tens of millions of jobs. Farmers, fishermen, truck drivers, and restaurant workers across the nation have felt the impacts of restaurant closures, and the ripple effects have reached every American.

Restaurants have been impacted uniquely by COVID-19. Because social distancing measures and stay-at-home orders reduced demand drastically, restaurants are the top contributor to the increased unemployment rate. In April 2020 alone, 5.5 million restaurant workers lost their jobs, accounting for 27 percent of total job losses in the month. Today, six in 10 restaurants remain closed. One in five restaurant owners subjected to state-mandated dine-in shutdowns said they felt confident they could keep their restaurants running. Operators have been forced to lay off 91 percent of their hourly workforce and 70 percent of salaried employees. More than 100,000 restaurants closed their doors in 2020.

Previous relief efforts, such as the Paycheck Protection Program, provided relief to restaurants, but have not met their specific challenges. Restaurants and their employees need immediate, direct, and more flexible assistance in order to remain open.

THE SOLUTION – THE REAL ECONOMIC SUPPORT THAT ACKNOWLEDGES UNIQUE RESTAURANT ASSISTANCE NEEDED TO SURVIVE (RESTAURANTS) ACT OF 2021

Senators Wicker and Sinema and Representatives Blumenauer and Fitzpatrick plan to introduce the RESTAURANTS Act of 2021. This legislation would create a \$120 billion Restaurant Revitalization Fund to provide structured relief to food service and drinking establishments that would help repair losses incurred during the pandemic. Specifically, the RESTAURANTS Act includes the following provisions:

- The Fund would be administered by the Department of the Treasury and be made available to restaurants, food stands, food trucks, food carts, caterers, saloons, inns, taverns, bars, lounges, brewpubs, tasting rooms, taprooms, licensed facilities or the premises of a beverage alcohol producer where the public may taste, sample or purchase products, or other similar places of business in which the public or patrons assemble for the primary purpose of being served food or drink that are part of a group of restaurants of 20 or less.

- The grant would be available to cover any eligible expenses incurred from February 15, 2020 and ending on the date that is eight months after the date of the enactment of this Act. The award calculation would be based off of annual revenue losses from 2019 and 2020 rather than quarterly.
- If a food service or drinking establishment has already received a grant or loan under the Paycheck Protection Program (PPP) or Economic Injury Disaster Loan (EIDL) program, the maximum value of the Restaurant Revitalization Grant would be reduced by the amount of PPP or EIDL funds spent.
- Eligible expenses would include: payroll (not including employee compensation exceeding \$100,000/year), benefits, mortgage, rent, utilities, maintenance (including construction of outdoor seating), supplies (including protective equipment and cleaning materials), food, operational expenses, paid sick leave, debt obligations to suppliers, and any other expenses deemed essential by the Secretary of the Treasury;
- The maximum grant value would not exceed \$10,000,000.
- Grant eligibility would be provided for new restaurants that opened after January 1, 2020.
- Paid sick leave would be provided as an eligible expense for employees, as well as a bonus amount to cover the cost of voluntarily providing 10 days of sick leave to employees.
- In the event of an accidental/inaccurate overpayment from Treasury based on end-of-year revenue calculations by the restaurant, the grant would be converted to a loan with a 10-year term at one percent interest.
- In the event of fraud, the penalties would be the same for any false statements for other federal grant and loan programs. The bill provides the Treasury the discretion to help reduce waste, fraud, and abuse.
- The Department of the Treasury would be obligated to report who receives loans as well as demographic information about the recipients.
- Restaurants would be allowed to use both the Employee Retention Tax Credit and the RESTAURANTS Act grant program, so long as they are not used for the same expenses.
- \$300 million would be appropriated for the purpose of staffing and administrative expenses for administering Restaurant Revitalization Grants. \$60 million would be set aside specifically to be used on outreach to traditionally marginalized and underrepresented communities (with a focus on women, minority-owned, and veteran operated restaurants), including the creation of a resource center targeted toward these communities.