



INDEPENDENT RESTAURANTS AND BARS **GET MUCH NEEDED RELIEF IN HEROES 2.0**

America's restaurants and bars have been hit harder than any other industry during the pandemic. No industry has lost more revenue or jobs – in fact, food and beverage places are still down **2.3 million jobs** since the outset of this crisis. **One in six restaurants** are estimated to have already closed, with up to **85% at risk of closing** by the end of the year.

The revised HEROES Act would deliver real help to our nation's 500,000 independent restaurants and the 11 million workers they employ. There are three provisions of the proposal that would be especially helpful to restaurants:

- The \$120 billion Restaurant Revitalization Fund
- The expanded Employee Retention Tax Credit
- New round of Paycheck Protection Program (PPP) funds

\$120 BILLION RESTAURANT REVITALIZATION FUND

The \$120 billion Restaurant Revitalization Fund – found in Division O Section 607 of the bill – would establish a grant program to small restaurants and bars that have been devastated by COVID-19. This proposal has been endorsed by thousands of operators through the Independent Restaurant Coalition, over 200 members of the House and over 40 members of the Senate from both parties, as well as hundreds of supply chain businesses large and small including The Coca-Cola Company, Delta Airlines, American Express, and over 215 small businesses across the country.

Here's how the fund would work:

- The \$120 billion grant program would be run through the U.S. Treasury.
- The fund would be available to foodservice or drinking establishments that are not part of a chain or franchise operating more than 20 locations doing business under the same name.
 - Eligible entities include “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, or other similar place of business.”
- Grant values would cover the difference between revenues from 2019 and projected revenues through 2020.



- Grants would not need to be paid back, unless grantees permanently closed or did not spend the grants on eligible expenses.
- Paycheck Protection Program (PPP) or Economic Injury Disaster Loan (EIDL) funding recipients must subtract funds received that do not need to be paid back from the maximum RESTAURANTS Act grant value.
- Eligible expenses include:
 - Payroll (not including employee compensation exceeding \$100,000/year)
 - Mortgage
 - Rent
 - Utilities
 - Maintenance (including construction to accommodate outdoor seating)
 - Supplies (including PPE and cleaning materials)
 - Food beverage, and operational expenses that are within the scope of the normal business practice of the eligible entity before the covered period
 - Costs associated with providing employees with 10 days of sick leave
 - Debt obligations to suppliers that were incurred before the covered period
 - Any other expenses deemed essential by the Secretary of the Treasury
- In its first two weeks of operation, grants would be prioritized for establishments owned by members of marginalized and underrepresented communities, with a focus on women and minority-owned and operated entities. Priority would also be given to establishments with annual revenues of less than \$1,500,000.
- You cannot “double dip” and apply to multiple programs for the same expenses. For example, you cannot apply for a PPP loan and RESTAURANTS Act grant for the same payroll.

The \$120 billion Restaurant Revitalization Fund in HEROES would be a boon to the country’s recovering economy.

- The bill would create up to **\$271 billion in economic benefits** when taking into consideration factors such as taxpayer savings on unemployment benefits, stimulation of the tourism industry, and impacts on restaurants’ vast supply chains.
- **Reduce nationwide unemployment by 2.4 percent** by protecting the jobs of 11 million independent restaurant workers and the over 5 million individuals working in supply chain industries.
- **Support equity in the industry** by prioritizing grants to small restaurants and bars owned and managed by members of marginalized communities– 60% of all chefs nationwide are minorities, restaurants employ more minority employee-managers than any other industry, and over half of all restaurant workers are women, and the industry employs over a million single mothers.



EXPANDED EMPLOYEE RETENTION TAX CREDIT

The new HEROES Act also encourages independent restaurants to keep on as many workers as possible by proposing an enhanced Employee Retention Tax Credit. The bill proposes an increase in wages reimbursed through the Employee Retention Tax Credit from 50% to 80%, and in the limit on wages taken into account per employee from \$10,000 for the year to \$15,000 per quarter (limited to \$45,000 for the calendar year)¹.

This provision would help independent restaurants and bars keep on more employees as they work with diminished capacity limits and a decreased need for large staffs.

NEW ROUND OF PAYCHECK PROTECTION PROGRAM FUNDS

The relief bill proposed by the House includes some reforms to the PPP as well as a second round for the hardest hit businesses in the pandemic. Moreover, the new round of PPP would set aside funds for businesses with less than 10 employees, sole proprietors, the self-employed and nonprofits. While this would help some independent restaurants – namely, those few who successfully obtained a PPP loan earlier this year and our industry’s smallest operators – it would leave out hundreds of thousands of local eateries and bars who are in desperate need of relief.

¹ [Ernst & Young](#)