

# RELIEF FOR RESTAURANTS AND OTHER HARD HIT SMALL BUSINESSES ACT OF 2022 BACKGROUND

Committee on  
**SMALL  
BUSINESS**  
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## **Background**

In the American Rescue Plan, Congress provided \$28.6 billion for the Restaurant Revitalization Fund (RRF). This program provided desperately needed relief to more than 100,000 restaurants and other food and beverage businesses across the nation. However, the program received more than 278,000 submitted eligible applications representing over \$72.2 billion in requested funds. Additional funding is needed to provide relief to eligible applicants that continue to struggle who were unable to access RRF due to funding shortages in the program.

As the COVID-19 pandemic stretches on well beyond anyone's expectations, recovery for many small businesses is proceeding substantially slower than expected. Millions of small firms, from a diverse range of industries, are struggling to survive. Many firms lost much of their 2020 revenues, and still have not seen income and economic activity return to pre-pandemic levels.

Vital support from earlier programs, such as the Paycheck Protection Program and the Economic Injury Disaster Loans, are no longer available, yet Covid-19-related challenges are not over. Due to the prolonged and uncertain nature of the pandemic, many small businesses have already failed and many more may soon follow without further assistance. The Hard Hit Industries Award Program is targeted to the businesses hardest hit by the pandemic regardless of industry or business sector.

The SBA Office of Inspector General, along with the Pandemic Response and Accountability Committee (PRAC), and the Department of Justice, have launched investigations into fraudulent activity originating from COVID relief programs. In an October 2020 inspection report of SBA's initial disaster assistance response to COVID-19, the SBA OIG identified \$78.1 billion in potentially fraudulent loans and grants to ineligible entities. More than 300 fraudsters have been brought to justice and some \$1 billion seized or recovered to make taxpayers whole. By increasing oversight funding to these entities and clawing back fraudulent payments, Congress can provide additional support to the businesses that were intended to receive the assistance.

## **Legislation Summary**

The Relief for Restaurants and other Hard Hit Small Businesses Act of 2022 provides \$42 billion to replenish the Restaurant Revitalization Fund, allowing the Small Business Administration (SBA) to process the applications of over 150,000 eligible entities that previously applied to program and award grants to these entities. The legislation also provides \$13 billion for a new Hard Hit Industries Award Program, which will provide awards to small businesses across all industries and sectors that were the hardest hit by the pandemic but were not eligible for RRF or the Shuttered Venue Operators Grant Program (SVOG). The costs associated with replenishing RRF and the Hard Hit Industries Award Program shall be offset by any and all funds reclaimed, seized, or returned to the Federal Government, primarily from bad actors attempting to defraud the programs, that originated from the Paycheck Protection Program, COVID EIDL loans or Advances, SVOG, RRF, or the Hard Hit Industries Fund. Additionally, this legislation also extends the timeline for SVOG recipients to utilize their grant awards.

## **Relief for Restaurants and other Hard Hit Small Businesses Act of 2022**

### **Section-by-Section**

#### Section 1. Short Title.

This Act may be cited as the “Relief for Restaurants and other Hard Hit Small Businesses Act of 2022”.

#### Section 2. Restaurant Revitalization Grants.

Subsection (a) — Appropriations.

This subsection appropriates \$42 billion dollars to replenish the Restaurant Revitalization Fund.

Subsection (b) — Insufficient Funding.

This subsection provides the SBA with the flexibility to equitably reduce award sizes in the unlikely event that program demand exceeds the available funding.

Subsection (c) — Reports; Reconsideration; Verification of Business Type.

This subsection requires the SBA to regularly publish data and information about the grant process, including number of awards, pending awards, as well as information about grantees. This subsection also directs SBA to establish a reconsideration process for applicants that have been denied.

Subsection (d) — Requirement of Continuing Operation.

This subsection requires applications for RRF grants who are pending or have not yet been disbursed to submit a statement to the SBA indicating the applicant is still operating or intends to reopen within 6 months.

Subsection (e) — Oversight and Audits.

Requires SBA to establish robust oversight requirements and an audit plan to ensure appropriate awards and use of funds. SBA is also required to submit reports to Congress on the progress of program administration.

#### Section 3. Hard Hit Industries Award Program.

Subsection (a) — Definitions.

This subsection defines key terms used throughout the bill. Eligible Entities are defined as small business concerns that employ not more than 200 employees, including sole proprietors and independent contractors, that have suffered at least 40% pandemic related revenue loss in 2020 and 2021, when compared with 2019 revenue.

Subsection (b) — Awards to Eligible Entities.

This subsection outlines the priority periods for SBA awards to ensure the businesses most in need receive aid first. The first priority period involves eligible entities that have experienced at least 80% pandemic related revenue loss. The second priority period involves eligible entities that have experienced at least 60% percent pandemic related revenue loss. This subsection also outlines the eligible uses of funds for awardees. Additionally, this subsection specifies that the maximum award amount is \$1,000,000 and that SBA has the flexibility to equitably reduce

award amounts if the program demands exceeds the funding available for awards. The total award amount is reduced by the total of any previous Paycheck Protection Program award.

Subsection (c) — Data Transparency and Customer Service.

This subsection requires the SBA to regularly publish data and information about the grant process, including number of awards, pending awards, as well as information about awardees. This subsection also directs SBA to establish a reconsideration process for applicants that have been denied.

Subsection (d) — Data Sharing.

This subsection increases coordinating and data sharing between Treasury and SBA to support fraud protection and determine applicant eligibility.

Subsection (e) — Tax Treatment of Awards.

This subsection clarifies that awards are not treated as taxable income.

Subsection (f) — System for Award Management.

This subsection outlines that the SBA may not require applicants to use the System for Award Management (SAM).

Subsection (g) — Application Processing.

This subsection allows the Office of Management and Budget to waive the requirements of Part 200 of title 2 of the Code of Federal Regulations.

Subsection (h) — Oversight and Audits.

Requires SBA to establish robust oversight requirements and an audit plan to ensure appropriate awards and use of funds. SBA is also required to submit reports to Congress on the progress of program administration.

Subsection (i) — Rules.

The SBA shall issue rules to carry out this program no more than 30 days after date of enactment.

Subsection (j) — Authorization of Appropriations.

This subsection appropriates \$13 billion for the Hard Hit Industries Award Program.

#### Section 4. Funding for the Restaurant Revitalization Fund and the Hard Hit Industries Award Program.

Subsection (a) — In General.

Any unobligated covered funds shall be utilized to replenish the Restaurant Revitalization Fund and for the Hard Hit Industries Award Program.

Subsection (b) — Covered Funds Defined.

This subsection specifies that the programs will be offset with funds rescinded, recovered, seized, or reclaimed by the Federal Government from bad actors working to defraud COVID relief programs including from the Paycheck Protection Program, COVID EIDL loans or

Advances, Shuttered Venue Operators Grant Program, the Restaurant Revitalization Fund, or the Hard Hit Industries Fund.

*Section 5. Grants for Shuttered Venue Operators.*

This section amends the Shuttered Venue Operators Grant Program by extending the timeframe that current award recipients are required to incur expenses and expend grant funds.