

President Biden Signs American Rescue Plan Act Into Law

On Thursday, March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (the "ARPA") into law, one of the largest spending packages approved in US history. The legislation most notably approves another round of direct payments to Americans making less than \$75,000 per year (\$150,000 for married couples filing jointly), extends a \$300 weekly federal supplement to unemployment benefits through September 6, and provides substantial funding to state and local governments. While these features have been widely discussed in the media, certain provisions aimed at small business have received less coverage. We highlight some of these items here:

◆ **More PPP Funding.** The Small Business Administration's Paycheck Protection Program ("PPP") was perhaps the most widely successful of the federal government's COVID-related rescue programs in 2020. To date, nearly \$700 billion in forgivable loans have been disbursed to small businesses to pay for covered expenses like payroll, rent, and utilities. Despite the program's success, over \$100 billion of funding remained allocated to PPP from previous rescue legislation. As a result, the ARPA allocates "only" \$7.25 billion of additional funding to PPP. It remains to be seen whether the program will continue to attract applications. Recently, the Biden administration froze applications except for those from the smallest employers in an attempt to encourage more to seek aid (we wrote about that effort [here](#)).

◆ **New Support for Restaurants.** The ARPA launches a new \$28 billion "Restaurant Revitalization Fund." This program is intended to support, via grants of up to \$10 million per entity, with a cap of \$5 million per location, the restaurant and food service sector which has been devastated by pandemic-related closures and restrictions over the past year. Eligible recipients include restaurants, food trucks, caterers and taprooms. The grant funds may be used for payroll costs, rent, mortgage principal and interest, utilities, maintenance, certain food and beverage expenses, operational expenses, and other expenses SBA determines to be "essential." Amounts received are not included in the recipient's gross income. The SBA will likely release further guidance in the coming weeks on the particulars of the program.

◆ **Targeted EIDL Advances.** Last year, the CARES Act broadened eligibility for SBA Economic Injury Disaster Loans ("EIDL"). The ARPA allocates \$15 billion of additional grants for businesses located in low-income communities with no more than 300 employees that have suffered an economic loss of more than 30% (as measured during any 8-week period from March 2, 2020 through December 31, 2021, compared with a comparable 8-week period prior to March 2, 2020).

This advisory is for information purposes only, and does not constitute legal advice. If you would like to discuss the impact of the American Rescue Plan Act on you or your business, please contact Joe Laferrera, Aaron Kriss, or Sean Gilligan at (617) 350-6800, or email them at joe.laferrera@gesmer.com, aaron.kriss@gesmer.com, or sean.gilligan@gesmer.com.



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