

March 29, 2021

Memorandum on the American Rescue Plan

President Biden signed [H.R. 1319](#) *the American Rescue Plan Act of 2021* into law earlier this month. The American Rescue Plan (ARP) is the sixth and latest economic relief package passed through Congress in response to the Coronavirus pandemic. This \$1.9 trillion relief legislation includes provisions on aid to state and local governments, hard-hit industries, small businesses, and tax changes affecting individuals and business, among other provisions.

Summary

ARP was enacted as part of Congress' fiscal year 2021 budget, and includes legislative measures impacting numerous stakeholders nationwide. While the topline appropriation number is \$1.9 trillion total, the package provides more than \$300 billion in assistance for small businesses, employees, and families. Please view a section-by-section breakdown of provisions around such groups below.

Paycheck Protection Program:

The Small Business Administration (SBA) will receive \$7.25 billion in supplemental funding for the Paycheck Protection Program (PPP). Moreover, the program's eligibility will be expanded to additional tax-exempt nonprofits, including 501(c)(5) status organizations and community entities of larger nonprofits with lobbying less than 15 percent of activities. To view the latest rules of the program, [click here](#).

It's important to note that the PPP loan application period was extended from March 31, 2021 to May 31, 2021 with the passage of the Paycheck Protection Program Extension Act last week. Precisely, the measure amends the program's deadline by two months and provide an additional 30 days for the SBA to process loans submitted prior to the new May 31, 2021 deadline. To learn more about the Paycheck Protection Program Extension Act, [click here](#).

The U.S. Senate Small business & Entrepreneurship Committee held an oversight hearing on the PPP, among other COVID-19-era relief programs last week. Please view a readout of the hearing, which includes the latest intelligence around such programs [here](#).

Economic Injury Disaster Loan Program:

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The Economic Injury Disaster Loan (EIDL) program will receive \$15 billion in supplemental funding for the SBA's EIDL Advance Grant Program, which provides up to \$10,000 in grants to hardest-hit small businesses. To learn more about the EIDL Advance program, [click here](#).

Community Navigator Program:

The package implements a \$100 million community navigator program available until September 30, where Women's Business Centers (WBCs), Small Business Development Centers (SBDCs), Service Corps of Retired Executives (SCORE), and other resource partners are listed as resource partners. Managed by the SBA, this program will make grants, contracts, or cooperative agreements with select groups to provide free community navigator services to small businesses concerns, especially for those owned and controlled by women, veterans, socially and economically disadvantaged communities.

In conjunction with the program, the SBA Administrator will establish a telephone hotline about Federal programs to assist small businesses and offer referral services, conduct outreach and education on community navigator services and other Federal programs, improve the Administration website accordingly, and establish an earned media campaign for this program. At least \$75 million has been designated for this program until September 30, 2022. The Administrator's authority to make grants lasts until December 31, 2025.

Restaurant Revitalization Fund:

ARP establishes the Restaurant Revitalization Fund, which will provide \$28.6 billion in relief for small and mid-sized restaurants. The maximum loan amount is authorized at \$10 million per eligible entity and any affiliated businesses, and \$5 million per physical location of the eligible business. To be eligible for a Restaurant Revitalization grant, permitted businesses must certify pandemic-related revenue loss which is calculated by taking the 2019 revenues and subtracting 2020 revenues.

The following entities are prohibited from the program under ARP: 1) State or local government-operated business; 2) Business owned or operated more than 20 locations as of March 13, 2020; and 3) Business with pending SBA grant application or recent SBA grant-awardees.

The program will include a 21-day prioritized period for women, veteran, and other socially and economically disadvantaged-owned restaurants. Over the next several weeks, the SBA will release programmatic and regulatory guidance for the program. To learn more about the Restaurant Revitalization Fund, [click here](#).

Shuttered Venue Operators Grant Program:

The SBA's Office of Disaster Assistance will receive \$1.25 billion in supplementary appropriations for newly established Shuttered Venue Operators Grant (SVOG), which was authorized in *the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act* enacted in December 2020. ARP also includes a measure that authorizes eligible entities to

receive a PPP loan due to the delayed start of the SVOG. To learn more about new emergency assistance for eligible venues, [click here](#).

State Small Business Credit Initiative:

ARP restores the Department of Treasury's State Small Business Credit Initiative (SSBCI), which formerly expired in 2017. The SSBCI program is set to provide \$10 billion in funding to support small businesses grappling with the economic effects of the COVID-19 pandemic. Such actions include, ensuring socially and economically underserved and under-invested business enterprises receive access to credit and investments, providing technical assistance for federal support programs, and allocating administrative funds for the program's implementation and operations. Additionally, the Treasury Secretary is authorized to set-aside at least \$500 million of SSBCI funds to support businesses with fewer than 10 employees, including sole proprietors and independent contractors.

The Treasury Department will likely announce SSBCI implementation guidance and regulatory rules within the next 30-days, as outlined in the ARP legislation.

Pandemic Unemployment Insurance Program:

ARP extends the pandemic-era enhanced federal unemployment insurance program through September 6, 2021. This new authorization provides an additional \$300 in weekly *Federal Pandemic Unemployment Compensation*. Such provisions also expand Pandemic Unemployment Assistance to the self-employed, gig-workers and freelancers, among others. Likewise, ARP extends Pandemic Emergency Unemployment Compensation for individuals that exhaust state benefits from 24 weeks (about 5 and a half months) to 53 weeks.

Lastly, this bill allows individuals with annual incomes under \$150,000 the eligibility to receive a \$10,200 tax exclusion for unemployment compensation in the 2020 tax year under the Internal Revenue Service (IRS).

Tax Provisions:

- **Stimulus Payments:** ARP provides qualifying individuals an additional \$1,400 in direct stimulus payments. This new payment is in addition to the \$600 in supplemental payments enacted in the December 2020 relief bill.
- **Child Tax Credit (CTC):** ARP temporarily provides families with fully refundable enhancement of the Child Tax Credit up to \$3,000 for children older than six and to \$3,600 for children younger than six. ARP allows this tax credit to be claimed on a monthly basis, rather than annually.
- **Earned-Income Tax Credit (EITC):** ARP temporarily increases the value of the EITC relief initiative, which traditionally supports low-and moderate-income workers and families receive a tax break. The new provisions also loosen eligibility requirements on income threshold. To learn more about the EITC relief program, [click here](#).

- **Employee Retention Credit (ETC):** ARP extends the ETC initiative, allows eligible employers to claim a credit for paying qualified wages to employees through the end of the 2021 calendar year. To learn more about the ETC relief program, [click here](#).

Outlook & Next Steps:

Over the next several weeks, key federal agencies [e.g., SBA, Treasury] will release regulatory rulemaking and implementation guidance for all provisions included in the ARP relief package.

Resources:

- 117th U.S. Congress: *H.R. 1319 The American Rescue Plan Act of 2021 full text* ([click here](#))
- Rep. Blaine Luetkemeyer: Press release: *Luetkemeyer, Velázquez, Kim, Bourdeaux Introduce Bipartisan Legislation Extending Paycheck Protection Program* ([click here](#))
- Politico: *Lawmakers strike bipartisan deal to extend small-business loan program* ([click here](#))
- Small Business Administration: *Paycheck Protection Program* ([click here](#))
- Small Business Administration: *Economic Injury Disaster Loans* ([click here](#))
- Small Business Administration: *Shuttered Venue Operators Grant* ([click here](#))