

South Bay Cities Council of Governments

September 24, 2020

TO: SBCCOG Board of Directors

FROM: SBCCOG Steering Committee

SUBJECT: H.R. 7197 & S. 4012 – RESTAURANTS Act of 2020

Adherence to Strategic Plan:

Goal B: Regional Advocacy. Advocate for the interests of the South Bay.

Background

At their July meeting, the SBCCOG Board of Directors heard a presentation from a local restaurant owner who conveyed the challenges his business and restaurants in general are facing during the economic downturn caused by the COVID-19 pandemic. During this presentation, it was mentioned that the federal government was considering legislation to aid the restaurant industry specifically. Staff prepared the information below accordingly.

The House of Representatives has started to review H.R.7197 (Blumenauer, D-OR) while the Senate considers the companion bill S.4012 (Wicker, R-MS). The Real Economic Support That Acknowledges Unique Restaurant Assistance Needed to Survive Act of 2020, or the RESTAURANTS Act of 2020, would temporarily establish and fund the Restaurant Revitalization Fund from which the Treasury Department shall make grants to eligible food and beverage purveyors to cover specified costs.

The bill would provide \$120B and would be available to food service/drinking establishments that are not publicly traded or part of a chain with 20+ locations doing business under the same name. It would provide grant values to cover the difference between revenues from 2019 and projected revenues through 2020, with a maximum grant of \$10M. It would not need to be paid back. Funding that entities may have received from the prior PPP or other CARES Act programs must be subtracted from the funds from this grant program. Eligible expenses include payroll, benefits, mortgage/rent, utilities, maintenance, food, debt obligations, and more. Indirect benefits will also likely be felt by those property owners that currently lease to restaurants.

This bill would reserve the first 14 days of the program for those restaurants with annual revenues of \$1.5M or less to target local small restaurants, particularly those that are owned/operated by women, veterans, and minorities. \$60M of the funding would be set aside for outreach to traditionally marginalized and underrepresented communities, such as those just listed.

There are approximately 500,000 independent restaurants in the country that account for about 76% of the total number of bars and restaurants. Independent restaurants directly employ 11 million workers and indirectly employ 5 million more up and down the food/hospitality supply chain. These small businesses play a critical role in the restaurant industry which totals \$760B in sales annually (approximately 3.5% of US GDP). It is projected that the Revitalization Fund would generate at least \$271B in economic return, more than double the amount of the proposed grants.

The House bill is cosponsored by 190 Representatives, including South Bay Congressmembers Lieu and Waters. The Senate version is cosponsored by 27 Senators, including both Senators Harris and Feinstein.

RECOMMENDATION

Staff recommends a SUPPORT position. This bill is straightforward and although it deals with the private sector, the vitality of restaurants is important to local economies and directly supports jobs.

Prepared by:
David Leger, SBCCOG staff