

Subject Federal conformity; exclusion from gross income for restaurant revitalization grants

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Summary

The bill would conform to the federal tax treatment of the federal Restaurant Revitalization Fund (RRF), which was enacted as part of the American Rescue Plan Act (ARPA). Section 9673 of ARPA excluded RRF funding from taxable income, and allowed taxpayers to deduct associated expenses used to qualify.

Background: Restaurant Revitalization Fund

The Restaurant Revitalization Fund was established under ARPA, and was administered by the Small Business Administration (SBA). The program provided restaurants and other businesses with loans of up to \$10 million per business (\$5 million per physical location) to compensate them for pandemic-related losses. The program was open to restaurants, as well as many other food and beverage businesses such as food stands, caterers, bars, bakeries, brew pubs, wineries, and distilleries. Businesses who received funding through the program were not required to repay the funds, but were required to certify to the SBA that that funds had been used on certain eligible business expenses.

As of June 30, 2021, Minnesota restaurants had received 1,718 grants totaling \$525.4 million.