

Small Business Notes

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American Rescue Plan Act Provides Employer Paid Subsidy of Costs for Individuals Choosing COBRA Extension of Health Insurance Benefits

The American Rescue Plan Act requires employers to cover 100% of the costs of COBRA health insurance continuation coverage for any individual who is entitled to COBRA coverage due to a loss of employment or a reduction in employment hours during the period April 1, 2021 to September 30, 2021. The federal government will fund the subsidy through payroll tax credits applicable against an employer's quarterly Medicare taxes.

The Act also requires employers to comply with three notice requirements:

- New information in election notices. COBRA election notices provided to individuals eligible to elect COBRA continuation coverage during the period April 1, 2021 to September 30, 2021 must contain information about the availability of the subsidized coverage.
- Information to individuals who previously did not elect COBRA coverage or discontinued elected coverage that a special election period applies to them allowing them to enroll in the subsidized coverage. The notice must be given before May 31, 2021.
- Information to serve as advance notice of the subsidy expiration date to be given at least 15 days, but not more than 45 days, before the expiration date.

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U.S. Small Business Administration (SBA) Releases Program Guidance for Restaurant Revitalization Funding Program

On April 19th the SBA released its program guidance (effective April 20) for the Restaurant Revitalization Funding (RRF) Program authorized in the American Rescue Plan Act which became law on March 11th. The program provides for funding (between \$1000 and \$5 million) to restaurants, bars, and other similar places of business that serve food or drink and suffered substantial revenue losses due to the COVID-19 virus. The covered period for funding is between Feb.15, 2020 and March 11, 2023.

The guidance identifies eligible recipients as businesses which have not permanently closed and which are businesses “where the public or patrons assemble for the primary purpose of being served for or drink...” Eligible businesses include:

- Restaurants
- Food stands, food trucks, or food carts
- Caterers
- Bars, saloons, lounges, taverns
- Licensed premises of alcohol producers where the products public may taste, sample, or purchase products
- Snack bars and other non-alcoholic beverage bars
- Bakeries, brewpubs, tasting rooms, taprooms, breweries and microbreweries, wineries and distilleries, inns (provided that onsite sales to the public comprised at least 33 percent of gross receipts).

The guidance provides methods of calculation of funding amount.

The guidance identifies eleven categories of eligible expenses for which the funds may be used:

- Payroll costs
- Business mortgage obligations
- Business rent payments
- Business debt service
- Business utility payments
- Business maintenance expenses

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- Construction of outdoor seating
- Business supplies
- Business food and beverage expenses
- Payments made to a supplier of goods for goods that are essential to the operations of the business and are made pursuant to a contract, order, or purchase order in place before receipt of Restaurant Revitalization funds or which are for perishable goods under a contract, order, or purchase order in place anytime during the covered period.

In part to avoid the difficulties in the application process which plagued the earlier Shuttered Venue funding program, the Restaurant Revitalization Program provides for three methods of application (which are detailed in the guidance):

- Through SBA's restaurant partners (technology companies that have partnered with SBA to handle application for and distribution of funding)
- Online with SBA directly
- Telephonically with SBA directly

The full text of the guidance with details on application requirements, eligibility, and a program guide are now available in English at www.sba.gov/restaurants or in Spanish at www.sba.gov/restaurantes.

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Past issues of Small Business Notes are available on the Department of Employment and Economic Development website at [Small Business Notes](#)

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Department of Employment and Economic Development

1st National Bank Building, 332 Minnesota, Suite E200, Saint Paul, MN 55101-1351
651-259-7114 | Toll Free: 800-657-3858 | Fax: 651-296-5287 | TTY/TDD: 651-282-5909 | [MN DEED](#)

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