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## The RESTART Act

On May 21, Senator Michael F. Bennet (D-CO) and Senator Todd Young (R-IN), introduced the RESTART Act, the first and only bipartisan legislation to provide relief for small and mid-sized businesses through the rest of the year. The bill establishes a new RESTART loan program to help businesses and non-profits weather the next 6 months.

Summary: RESTART is a new loan program that will provide funding to cover 6 months of payroll, benefits, and fixed operating expenses for businesses that have taken a substantial revenue hit during the COVID-19 pandemic. A share of the loan will be forgiven based on the revenue losses suffered by the business in 2020 with the remainder to be repaid over 7 years. No interest payments are due in the first year, and no principal payments are due for the first 2 years. At its core, this program is designed to provide small and medium-sized businesses with liquidity to get their businesses up and running again, and ensure that they receive loan forgiveness to help fill in the gap caused by revenue declines.

### How It Works

- The loans cover 6 months of payroll, benefits, and fixed operating expenses for businesses and nonprofits with fewer than 5,000 full-time equivalent employees that have seen revenues decline by at least 25%; the loans provide an extended 12 month forgiveness period for businesses that have seen revenues decline by at least 80%.
- The maximum loan size is capped at the lesser of 45% of 2019 gross receipts or \$12 million.
- Comparisons between 2020 and 2019 gross receipts are based on either the full calendar years or between the RESTART loan's 6-month covered period and a comparable 6-month period a year earlier at the borrower's option.
- Businesses choose when to rehire their workers and when to deploy the capital.
- Forgiveness is based on revenue declines suffered by the business in 2020, with the remainder of the loan repaid over 7 years.
- Smaller businesses with fewer than 500 employees receive even more favorable terms on loan forgiveness.
- Nonprofits are eligible for a 10-year loan with more favorable terms than businesses, including a longer duration of up to 10 years and a lower interest for the first 4 years.
- Nonprofits with up to 500 employees are provided an option for loan forgiveness, with the remaining loan subject to the same terms as businesses.
- No interest payments are due in the first year, and no principal payments are due for the first two years; additional deferral is available to economically-distressed firms.
- Origination fees range from 3.75% to 0.75% depending on the loan size, with the fee structure designed to provide an incentive for banks and other financial institutions to assist the smallest businesses.
- The loan is 100% guaranteed by the federal government and is applied for through banks and other lenders.