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.