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*SHIFTING TIDES: HOW THE AMERICAN RESCUE PLAN ACT OF
2021 PROVIDES FUNDING FOR THE BUSINESS SECTOR*

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President Biden signed the American Rescue Plan Act (“Act”) into law in early March 2021 promising impactful relief for many Americans from the coronavirus pandemic.¹ The Act provides fourteen hundred dollar checks and an extension of unemployment benefits to eligible Americans. More substantially, the Act provides tens of billions of dollars of aid for businesses.² But who is actually covered, how does this relief Bill differ from prior pieces of legislation and what does it mean for business owners across the country? Essentially, this Act, unlike its predecessors, is narrowly tailored towards specific industries and begins phasing out generally available relief funding for the business sector.

The Act carves out airlines, restaurants and bars, closed venues, and minority-owned businesses as the major candidates for government funding.³ More specifically, the Act provides fifteen billion dollars in grants to venues and minority owned businesses, and a staggering twenty-eight billion dollars in grants to restaurants. The Act prioritizes women and minority-owned businesses for the first twenty-one days of grant availability. The Act delineates proper uses for relief funds. However, it includes a catch-all provision stating that funds may be used for any expenses that are determined “to be essential to maintaining the eligible entity”.⁴ The Act also allocates fifteen billion dollars to airlines and eight billion dollars to airports.

Congress’ move towards a more industry-specific approach is further highlighted by the decision not to extend the Paycheck Protection Program (“PPP”). While the Act allocates over

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¹ H.R. 1319, 117th Cong. (2021)(enacted).

² Jeff Drew, *House passes \$1.9 trillion stimulus bill with a variety of small business relief*, J. OF ACCT. (Feb. 27, 2021) <https://www.journalofaccountancy.com/news/2021/feb/blue-passes-stimulus-bill-small-business-relief.html>.

³ *Id.*

⁴ H.R. 1319 § 6003.

seven billion dollars to PPP, it does not extend the Program's current deadline, which is March 31, 2021. This creates a tight deadline for many business owners because under current rules loans must be approved, not merely applied for, by March 31 to receive funding.⁵

PPP funds are widely available to any small business with less than five hundred employees.⁶ However, to be fully forgivable, seventy-five percent of the loaned amount must go towards the business' payroll costs.⁷ This is a stark contrast from the grants provided to targeted industries in the Act, which do not require repayment and have relaxed spending guidelines.

The differences in Congress' handling of PPP loans and industry-specific grants suggests a shift in how the government will be handling coronavirus relief moving forward. The Biden administration seems to be targeting higher-risk industries rather than providing general relief to the business sector as it has in the past. Details of how funds will be administered and whether more stimulus packages are in the pipeline have yet to be released. However, the passage of the American Rescue Plan Act suggests a phasing out of general funding for small businesses who do not fall within targeted industries.

⁵ Jeanne Sahadi, *What's in the \$1.9 trillion rescue plan for small businesses*, CNN BUSINESS (Mar. 11, 2021, 1:53 PM) <https://www.cnn.com/2021/03/10/success/rescue-plan-small-businesses-feseries/index.html>.

⁶ Mark Henricks, *Paycheck Protection Program (PPP) Loans*, SMARTASSET.COM (Feb. 24, 2021) <https://smartasset.com/financial-advisor/paycheck-protection-program-ppp-loans>.

⁷ Courtney Nagle, *What Small Businesses Should Know about the Forgivable Loans under the CARES Act*, NATIONAL FOUNDATION FOR CREDIT COUNSELING (Apr. 8, 2020) <https://www.nfcc.org/resources/blog/what-small-businesses-should-know-about-the-forgivable-loans-under-the-cares-act/>.