

December 28, 2020

Dear ARRA Members,

President Trump signed the COVID relief bill into law on Sunday night, December 27, after Congress passed the measure last Monday, December 21. Congress passed the combined COVID-19 and government funding omnibus bill by lopsided margins: 359 to 53 in the House, and 92 to 6 in the Senate.

Despite the overwhelmingly bi-partisan vote, President Trump had suggested he would veto the bill, citing the need for a larger cash distribution to individuals. President Trump wanted \$2,000 per individual instead of \$600 the bill provides. Efforts by House Democrats to pass amendments to increase it to \$2000 last week were blocked by House Republicans.

Key Provisions Benefitting Concessionaires and Airports:

- A. The measure provides \$200M in grants to airports to provide relief for concessionaires from rent and minimum annual guarantees (MAGs), effective on the date of enactment.**
 - B. Airports received a total of \$2B in relief:** \$2B is provided to airports nationwide to grapple with the ongoing pandemic, including \$1.75B to primary airports, \$45M for general aviation and small commercial service airport aid, \$5M for small community airports suffering COVID-related service disruptions, and the \$200M for concessionaire relief. Grants will be allocated based on each airport's passenger enplanements in 2019.
 - C. Business Meals and Entertainment:** The COVID-19 relief package enables meals and entertainment expenditures for business purposes to be 100% tax deductible.
 - D. Paycheck Protection Program revitalized:** Congress provided the Paycheck Protection Program (PPP) with an infusion of \$325B dollars, expanded the eligibility criteria to allow for more small businesses (particularly, the travel and tourism industry) to access relief funds through the program, and created a second round of loans to keep ailing businesses going.
- A. Concessions Relief**
- A total of \$200M in Rent and MAG relief is to be provided to each concessionaire based on the concession's proportional share of the total rent and MAGs of all eligible concessions within the airport.
 - Eligible concessions are defined as on-airport car rental, on-airport parking, and in-terminal airport concessions.
 - To the extent permissible, airports are to give priority to minority-owned businesses.
 - Language was also included that airports are required to provide MAG/rent relief "to the extent practicable and to the extent permissible under state laws, local laws and applicable trust indentures."

- Up to 2% of allocated concessionaire aid dollars may be retained by the airport sponsor for the purposes of administering the MAG/rent relief.

Some restrictions were included concerning the use of PPP program funds to pay airport MAG/rents:

- Concessions that have received a second-draw Paycheck Protection Program (PPP) loan or similar COVID-19 relief **to cover rent or MAG costs will not be eligible for this relief.** To be eligible, companies must certify that they have not received a second draw or assistance for a covered loan under SBA's 7(a)(37) program *that has been applied toward rent or minimum annual guarantee costs.*
- Concessions that receive relief under this disbursement are not eligible to apply for any such loan for the purposes of rent or MAG relief thereafter. Concessions seeking this assistance should keep in mind the restrictions that apply with regards to second-draw PPP loans.

B. Airport Funding

The needs of airports, overall, were recognized by the Congress in the new relief package. Beyond the \$200M provided for concessionaire relief, another \$1.8B was provided for the purposes of keeping airports operating safely amid the pandemic. This remaining \$1.8B is divided into three pots:

- \$1.75B for primary airport relief and certain cargo airports, which is to be used for operational costs, including COVID-19 sanitation and personnel protection.
- \$45M for general aviation and small commercial airport aid. This aid is for airports that are not 'primary' airports and have less than 10,000 enplanements.
 - No less than \$5M shall be made available to non-primary airport sponsors that participate in the FAA Contract Tower Program, for the purposes of supporting Contract Tower operations on-site.
 - Remaining funds after the allocation for the Contract Tower Program participants shall be distributed based on the aggregate published development costs in each category of airport under the National Plan of Integrated Airport Systems. Each airport within a category shall receive an even portion of the funds allocated to that category, rounded to the nearest thousand dollars.
- \$5M will be allocated for the Small Community Air Service Development Program (SCASDP), with priority for distribution given to communities that have had air carrier service reduced or suspended as a consequence of the pandemic.

C. Meal and Business Expenses

An important element added to the bill, which we believe will incentivize spending by the traveling public, is the addition of a full tax deduction for business meals. Between December

31, 2020, and January 1, 2023, meals at restaurants charged as a business expense will be eligible for a full tax deduction, up from the 50% deduction offered now.

D. Paycheck Protection Program

Congress also provided more funding for the payroll protection plan, something our members may decide to utilize. A total of \$325B was provided to replenish the funds available to the PPP, to allow for a second round of forgivable loans to be issued, among other things, including:

- \$284B for a new round of first and second PPP loans.
- Expanded eligibility for PPP loans, with 501(c)(6) nonprofit and tourism entities with fewer than 300 employees, that do not make more than 15% of their revenue from lobbying, now able to seek relief.
- Expanded PPP to cover costs associated with certain group insurance policies, allowing recipient businesses to include things like dental, vision, and life insurance in PPP calculations.
- Expanded eligibility for forgivable expenditures to include supplier costs on existing contracts, perishable good costs, technology expenditures, and costs relating to worker protection from COVID-19.

As previously noted, ARRA members should keep in mind that seeking a second-draw PPP loan may impact their ability to seek concessionaire relief.

The airports and concessions relief were only achieved through the hard, dedicated work of ARRA Members in concert with the concessions coalition ARRA organized, and in partnership with ACI-NA, AAAE and the airport community.

A big ‘thank you’ to Nick Crews for his leadership and relentless efforts as chair of the Government Affairs Committee, the Government Affairs Committee, and Chair Pat Murray and the Board of Directors for their active support and guidance throughout this most challenging year.

Thanks to all of you for contacting your senators and representatives and continuing to press them throughout the year to provide relief we desperately needed. That clearly made the difference. While the total in funding relief for airports and concessions is not as much as we proposed, or was originally considered, the measure is considered a first step or ‘down payment’ by President-elect Biden and Congressional leaders. It is a major milestone for concessionaires to be included in the federal relief package.

ARRA will continue to work toward the next relief package to ensure concessionaires are included and additional support and assistance is provided.

Best wishes for the New Year—a year of continued survival and revival.

Rob Wigington
Executive Director