

March 11, 2021

PRESIDENT BIDEN SIGNS AMERICAN RESCUE ACT

The \$1.9 trillion COVID-19 relief bill - the American Rescue Plan – passed by the House yesterday following Senate approval and was signed into law by President Biden today. As reported previously, the new relief package includes **\$800 million in concessionaire relief**, four times the amount provided in December's relief package. That \$800 million is part of a total \$8 billion in relief and assistance provided to airports in the American Rescue Plan, and billions more in broader aviation funding.

The bill includes:

- **\$8 billion for airports and concessionaire relief.**
 - **\$800 million for primary airports to provide relief from Minimum Annual Guarantees (MAGs) and rent.** Relief is to be given by airport operators in proportion to each concession's proportional share of the total rent and MAGs of each eligible concession at the airport.

The bill establishes two pools for concessions relief:

- At least **\$640 million to eligible 'small airport concessions'** (in-terminal small businesses with a maximum average of gross receipts over the previous three fiscal years of less than \$56,420,000), **or joint ventures** (as defined in section 23.3 of title 49, Code of Federal Regulations.)
 - At least **\$160 million to eligible 'large airport concessions'** (in-terminal businesses with a maximum gross receipts average of more than \$56,420,000 over the last three fiscal years).
 - Airports are required to provide relief from the date of enactment (March 11) until the airport *has provided relief equaling the total grant amount, to the extent practicable and to the extent permissible under State laws, local laws and applicable trust indentures.*
 - \$6.4 billion for costs related to operations, personnel, cleaning, sanitization, janitorial services, combatting the spread of COVID-19 pathogens at airport facilities, and debt service payments.
 - \$600 million to provide a 100% federal cost-share for airport improvement grants awarded in fiscal year 2021, to aid capital improvement projects.
 - \$100 million to non-primary airports to assist with pandemic-related costs.
 - Primary airports (those greater than 10,000 enplanements) receiving funds are required to employ at least 90 percent of the number of employees they had as of March 27, 2020 until September 30, 2021, with some exceptions the DOT Secretary may approve.
- **\$18 billion for aviation manufacturers and airlines.**

- \$3 billion to create a Payroll Support Program for aviation manufacturers.
- \$14 billion to airlines to extend the existing Payroll Support Program.
- \$1 billion to assist contractors and extend the payment of wages, salaries, and benefits.

In addition to this direct aviation and airport funding, the bill creates the **Restaurant Stabilization Fund**, with **\$25 billion to provide aid to restaurants, bars, and other eligible food and drink providers.**

Revenue losses related to the pandemic of up to \$10 million per entity, or up to \$5 million per physical location (with a 20-location maximum), are eligible to be covered by grant funding. ARRA was able to secure language to ensure that airport terminal concessions that meet the criteria are also eligible for assistance.

- **\$25 billion to establish the Restaurant Stabilization Fund:**
 - \$5 billion specifically allocated to restaurants with gross receipts of less than \$500,000 in 2019.
 - \$20 billion is dedicated to eligible entities of different sizes based on annual gross receipts.
 - For the first 21 days of the program, priority will be given to small businesses owned by women, veterans, or socially and economically disadvantaged individuals.
 - Grants to eligible entities and any affiliated businesses of the entity cannot exceed \$10 million, and \$5 million per physical location.
 - Publicly traded companies, state/local government-operated businesses, entities and affiliates with more than 20 locations, and entities that have received a Paycheck Protection Program or Shuttered Venue Operator grant are ineligible.

Additional Relief Provisions

Beyond the much-needed relief assistance for airports, airlines and concessions, the American Rescue Plan also includes:

- \$30.5 billion for grants to transit agencies for operating expenses, capital improvement projects, and rural transit enhancements.
- \$350 billion in relief to State, Local, Tribal, and Territorial governments, including \$10 billion for infrastructure projects that enhance remote work, education, and health monitoring during the pandemic.
- Direct stimulus checks of up to \$1,400 for individuals making less than \$80,000 annually, or couples with an annual income of less than \$160,000. An additional \$1,400 is provided for each qualifying dependent, including full-time students younger than 24, and adult dependents.
- Extends the Pandemic Unemployment Assistance (PUA) program through September 6, 2021, maintains the \$300 per-week federal contribution to unemployment compensation, and increases the total duration of benefits for unemployed individuals from 50 to 79 weeks.
 - Makes exempt the first \$10,200 in 2020 unemployment benefits from federal income tax for households with income below \$150,000 per year.
- Increases the subsidy for individuals who became unemployed due to the pandemic to remain on their former employer's healthcare plan (COBRA) to 100%, through September 30, 2021.
- Enhances the Child Tax Credit, increasing it to \$3,000 per child (\$3,600 for children under 6), and extending eligibility for children up to 17 years old. The credit is now fully refundable and can be provided directly should the credit exceed an individual's income tax liability.

Many other measures are included in the bill, pertaining to such areas as vaccine distribution, rental and utility assistance, connectivity grants to bolster connectivity for students and remote workers, extensions of the Paycheck Protection Program, and a bevy of other assistance. The successful inclusion of significant concessionaire relief in the American Rescue Plan among these myriad measures is thanks to your tireless outreach. Thank you for your persistent efforts!

Next Steps

With President Biden's signature, the FAA and other federal agencies will begin the work of undertaking the efforts the legislation tasks them with—relief checks will be prepared, and programs will be put together. Some relief elements are likely to be more immediately available, such as the direct stimulus checks, as the infrastructure to support them is already in place. For others, it may be a matter of days or weeks before guidance is issued, and agencies make disbursements.

ARRA will continue to work with the FAA as they develop guidance for the new concessions relief program, and the FAA's and airports' implementation of both the Airport Coronavirus Response Grant Program (ACRGP, enacted in December and provided \$2B for airports and \$200M for concessions relief) and the new \$8B/\$800M assistance program. Since they were created by two separate laws, the two programs will be administered separately by FAA and airports, under separate applications processes and somewhat different rules and criteria. However, the eligibility of concessions businesses and the proportional formula for allocating concessions relief are the same under both programs.

The FAA guidance calls for airports to consult with their concessionaires in administering the relief. Should you have any questions or experience any difficulties or problems as you work with your airports on relief, please let us know.