

Wisconsin Restaurants Impacted by Coronavirus Could Qualify for Emergency Loans

In an attempt to mitigate the spread of coronavirus (COVID-19), Wisconsin has joined many other states and ordered that restaurants and bars temporarily close to dine-in customers. Most of these establishments are small businesses, and owners could qualify for up to [\\$2 million in low-interest loans from the U.S. Small Business Administration \(SBA\)](#).

[The SBA has said](#) that it will work with states to provide “targeted, low-interest disaster recovery loans for small businesses that have been severely impacted by the situation.” On March 17, 2020, the SBA further stated that it was relaxing criteria to allow states to qualify more quickly and easily for SBA disaster assistance and to make disaster assistance loans available statewide following an economic injury declaration. Wisconsin Gov. Tony Evers on March 18, 2020, submitted [the formal request](#) to the SBA for Economic Injury Disaster Loan assistance for Wisconsin small businesses.

Evers on March 17, 2020, issued an [order, effective at 5:00 p.m., generally banning public and private “mass gatherings” of 10 or more people](#) and closing all bars and restaurants, with the following exception for restaurants: Restaurants may remain open for takeout or delivery service only.^[1] They may not provide seating, and no consumption is allowed on site. Further, they must preserve social distancing of six feet between customers during pickup.^[2]

[This order supercedes the Governor’s order](#) from the day before, which banned mass gatherings of 50 or more people and allowed restaurants and bars to serve customers on-site so long as they satisfied certain criteria, including operating at the lesser of 50% of seating capacity or 50 total people.

Restaurants and bars had already been reporting significantly reduced demand during this time of social distancing. Even before these orders, a steady (and increasing) stream were announcing temporary closures. For some, this entire situation is an existential threat.

Even though much of the industry is understanding of these moves, some establishments will not survive. Margins in this industry are already very thin. Fixed costs like rent don’t change, though anecdotally many are seeking to work it out with their landlords.

POSTED:

Mar 18, 2020

RELATED PRACTICES:

[Banking and Finance](#)

<https://www.reinhartlaw.com/practices/banking-and-finance>

RELATED SERVICES:

[Food and Beverage](#)

<https://www.reinhartlaw.com/services/food-and-beverage>

RELATED PEOPLE:

[Robert J. Heinrich](#)

<https://www.reinhartlaw.com/people/robert-heinrich>



In response to the drop in demand (and now required cessation of on-premises consumption), many restaurants and bars are emphasizing (and in some cases developing) curbside pickup, takeout and delivery options, including “contactless” pickup and delivery. Remember: If you want to support your local restaurant or bar as much as possible, order directly through the establishment – not through a third-party delivery service.

A social media push has been made to prompt people to buy gift cards to show their support for local businesses. The business will receive cash now during its time of greatest need, and the customer can use the gift card in future. This is a nice sentiment, though the gift cards will ultimately come home to roost.

Consider also the servers and other staff, many of whom depend on tips and won’t necessarily be helped by a gift card purchase. If you are being served (whether in-house or via pickup or delivery), please tip well.

Finally, [the Tavern League of Wisconsin and the Wisconsin Restaurant Association](#) [have both stated](#) they would likely lobby for their members to receive financial assistance in dealing with the losses they are now incurring. As the situation comes more into focus, it will be interesting to see what shape any aid might take.

If your restaurant or bar business is being affected by the coronavirus, please call your Reinhart attorney or a member of the firm’s [Food and Beverage Group](#).

Please visit Reinhart’s [Coronavirus Resource Center](#) for additional up-to-date information.

[1] Note that the order specifically mentions only restaurants – not bars – in this exception.

[2] Similarly, there are restrictions on retail food establishments (such as grocery stores, convenience stores and farmers markets). They must: (1) close all seating intended for consuming food; (2) cease self-service operations of salad bars, beverage stations and buffets; and (3) prohibit customers from self-dispensing all unpackaged food.

These materials provide general information which does not constitute legal or tax advice and should not be relied upon as such. Particular facts or future developments in the law may affect the topic(s) addressed within these materials. Always consult with a lawyer about your particular circumstances before acting on any information presented in these materials because it may not be applicable to you or your situation. Providing these materials to you does not create an attorney/client relationship. You should not provide confidential information to us until Reinhart agrees to represent you.