

## Gym Mitigation and Survival Act (HR 890)

The Gym Mitigation and Survival Act (GYMS Act) would provide assistance to small and midsize fitness facilities across the country which are struggling to recover from state-ordered closures due to the COVID-19 pandemic.

### **The GYMS Act has three operative elements:**

#### **Eligible Entities**

- Eligible entities include fitness facilities providing instruction in a program of physical exercise and which offer space for the maintenance and development of physical fitness.
- The following are not eligible entities:
  - Facilities for golf, hunting, sailing, or riding;
  - Facilities which are part of a State or local government entity;
  - Facilities for which the health and fitness components are incidental.
- Eligible entities with equity or right to profit distributions of not less than 50 percent, and which have the contractual authority to control any business, are considered to be affiliated with that business.

#### **Grants**

- The Administrator of the SBA is authorized to make initial and supplemental grants to eligible entities.
- Initial grants are the lesser of 45 percent of 2019 revenue or \$20 million.
- Eligible entities with revenue of 33 percent or less in the latest quarter compared to the corresponding quarter in 2019 are eligible for a supplemental grant. The supplemental grant may not exceed 25 percent of the initial grant.
- The aggregate amount of grants to an eligible entity and any affiliated businesses may not exceed \$25 million.
- During the 14-day period in which initial grants are awarded, the Administrator must prioritize awarding grants to eligible entities serving marginalized and underrepresented communities, with a focus on women, veteran-, and minority-owned and operated eligible entities serving such communities.
- \$30 billion is authorized to be appropriated to carry out the Act.

#### **Use of Funds**

- Applicants must certify that current economic conditions necessitate the grant and that it will be used to retain workers or for other allowable expenses.
- Initial grants may be used for costs incurred between March 1, 2020, and December 31, 2021. If an eligible entity received a supplemental grant, the initial and supplemental grant may be used for costs incurred between March 1, 2020, and June 30, 2022.
- Recipients of an initial grant must return to the Administrator any amount of a grant not expended within one year of disbursement of the grant. Recipients of a supplemental grant must return any amount not expended within 18 months of disbursement of the initial grant.
- **Allowable Expenses:**
  - An eligible entity may use grant funds: for payroll costs, rent, utilities, mortgage interest, interest on debt accrued before February 15, 2020, worker protection expenditures, payments of principal on outstanding loans, payments made to independent contractors (1099-MISC), settling existing debts owed to vendors, maintenance expenses, administrative costs, taxes, operating leases, advertising, fitness equipment, subscription, and software expenses that are within the scope of normal business practice, payments required for insurance on any insurance policy, costs required under any State, local, or Federal law or guideline related to social distancing, and any other expenses that the Administrator deems necessary.
- **Prohibited Expenses:**
  - An eligible entity may not use funds: to purchase real estate; for payments of interest or principal on loans originated after February 15, 2020; to invest or re-lend funds, for contributions or expenditures to, or on behalf of, any political party, party committee, or candidate for elective office; or for any other use as may be prohibited by the Administrator.