

116TH CONGRESS
2D SESSION

H. R. 8485

To establish a \$30,000,000,000 Health Club Recovery Fund to provide structured relief to health and fitness service establishments through December 31, 2020, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 1, 2020

Mr. FITZPATRICK (for himself and Mr. QUIGLEY) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on Ways and Means, and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To establish a \$30,000,000,000 Health Club Recovery Fund to provide structured relief to health and fitness service establishments through December 31, 2020, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Health and Fitness
5 Recovery Act of 2020”.

1 **SEC. 2. DEFINITIONS.**

2 In this Act:

3 (1) **AFFILIATED BUSINESS.**—The term “affili-
4 ated business” means a business in which an eligible
5 entity has an equity or right to profit distributions
6 of not less than 50 percent, or in which an eligible
7 entity has the contractual authority to control the
8 direction of the business, provided that such affili-
9 ation shall be determined as of any arrangements or
10 agreements in existence as of March 13, 2020.

11 (2) **COVERED PERIOD.**—The term “covered pe-
12 riod” means the period beginning on February 15,
13 2020, and ending on December 31, 2020.

14 (3) **ELIGIBLE ENTITY.**—The term “eligible enti-
15 ty”—

16 (A) subject to subparagraph (B), means a
17 health club, health or fitness studio, fitness cen-
18 ter, gym, or fitness or health spa; and

19 (B) does not include an entity that is, or
20 is part of, a governmental facility.

21 (4) **FUND.**—The term “Fund” means the
22 Health Club Recovery Fund established under sec-
23 tion 3.

24 (5) **PAYROLL COSTS.**—The term “payroll costs”
25 has the meaning given the term in section

1 7(a)(36)(A) of the Small Business Act (15 U.S.C.
2 636(a)(36)(A)).

3 (6) SECRETARY.—The term “Secretary” means
4 the Secretary of the Treasury.

5 **SEC. 3. HEALTH CLUB RECOVERY FUND.**

6 (a) IN GENERAL.—There is established in the Treas-
7 ury of the United States a fund to be known as the Health
8 Club Recovery Fund.

9 (b) APPROPRIATIONS.—

10 (1) IN GENERAL.—There is appropriated to the
11 Fund, out of amounts in the Treasury not otherwise
12 appropriated, \$30,000,000,000, to remain available
13 until December 31, 2020.

14 (2) REMAINDER TO TREASURY.—Any amounts
15 remaining in the Fund after December 31, 2020,
16 shall be deposited in the general fund of the Treas-
17 ury.

18 (c) USE OF FUNDS.—The Secretary shall use
19 amounts in the Fund to make grants described in section
20 4.

21 **SEC. 4. HEALTH CLUB RECOVERY GRANTS.**

22 (a) IN GENERAL.—The Secretary shall award grants
23 to eligible entities to provide relief to such entities during
24 the COVID–19 pandemic.

25 (b) APPLICATION.—

1 (1) IN GENERAL.—An eligible entity desiring a
2 grant under this section shall submit to the Sec-
3 retary an application at such time, in such manner,
4 and containing such information as the Secretary
5 may require.

6 (2) CERTIFICATION.—An eligible entity apply-
7 ing for a grant under this section shall make a good
8 faith certification—

9 (A) that the uncertainty of current eco-
10 nomic conditions makes necessary the grant re-
11 quest to support the ongoing operations of the
12 eligible entity;

13 (B) acknowledging that funds will be used
14 to retain workers and maintain payroll or for
15 other allowable expenses described in subsection
16 (e);

17 (C) that the eligible entity does not have
18 an application pending for a grant under sub-
19 section (a)(36) or (b)(2) of section 7 of the
20 Small Business Act (15 U.S.C. 636) for the
21 same purpose and duplicative of amounts ap-
22 plied for or received under this section; and

23 (D) that, during the covered period, the el-
24 igible entity has not received amounts under
25 subsection (a)(36) or (b)(2) of section 7 of the

1 Small Business Act (15 U.S.C. 636) for the
2 same purpose and duplicative of amounts ap-
3 plied for or received under this section.

4 (3) HOLD HARMLESS.—The Secretary shall not
5 reduce the amount of a grant to an eligible entity
6 under this section, or otherwise penalize such eligible
7 entity, on the basis of the eligible entity having
8 failed to hire or rehire employees contrary to assur-
9 ances made by the eligible entity in its grant appli-
10 cation, so long as the eligible entity is able to docu-
11 ment—

12 (A) an inability to rehire individuals who
13 were employees of the eligible entity on Feb-
14 ruary 15, 2020; and

15 (B) an inability to hire similarly qualified
16 employees for unfilled positions on or before
17 December 31, 2020.

18 (c) PRIORITY IN AWARDING GRANTS.—

19 (1) IN GENERAL.—Subject to paragraph (2),
20 the Secretary shall award grants to eligible entities
21 under subsection (a) in the order in which completed
22 applications are received by the Secretary in accord-
23 ance with this section.

1 (2) PRIORITY.—During the initial 14-day pe-
2 riod in which the Secretary awards grants under this
3 section, the Secretary shall—

4 (A) prioritize awarding grants to eligible
5 entities serving marginalized and underrep-
6 resented communities, with a focus on women-
7 , veteran-, and minority-owned and operated eli-
8 gible entities serving such communities; and

9 (B) only award grants to eligible entities
10 with annual revenues of less than \$1,500,000.

11 (d) GRANT AMOUNT.—

12 (1) AGGREGATE MAXIMUM AMOUNT.—The ag-
13 gregate amount of grants made to an eligible entity
14 and any affiliate businesses of the eligible entity
15 under this section shall not exceed the lesser of—

16 (A) \$10,000,000; or

17 (B) 10 percent of the sum of the annual
18 revenues of the eligible entity and all affiliate
19 businesses of the eligible entity for the calendar
20 year preceding the award of the grant.

21 (2) DETERMINATION OF GRANT AMOUNT.—

22 (A) IN GENERAL.—The amount of a grant
23 made to an eligible entity under this section
24 shall be based on the difference in revenues or
25 estimated revenues of the eligible entity during

1 a calendar quarter in 2020 selected by the eligi-
2 ble entity as compared to 95 percent of the rev-
3 enues of the eligible entity in the same calendar
4 quarter in 2019.

5 (B) VERIFICATION.—An eligible entity
6 shall submit to the Secretary such revenue
7 verification documentation as the Secretary
8 may require to determine the amount of a grant
9 under subparagraph (A).

10 (C) REPAYMENT.—Any amount of a grant
11 made under this section to an eligible entity
12 based on estimated revenues in a calendar quar-
13 ter in 2020 that is above the actual revenues of
14 the eligible entity during that calendar quarter
15 shall be converted to a loan that has—

16 (i) an interest rate of 1 percent; and

17 (ii) a maturity date of 10 years begin-
18 ning on January 1, 2021.

19 (3) NO DUPLICATION OF BENEFITS.—An eligi-
20 ble entity that received a loan under section 7(a)(36)
21 of the Small Business Act (15 U.S.C. 636(a)(36))
22 may not apply for or use grant amounts under this
23 section for the same expenses for which the eligible
24 entity received the loan.

1 (4) LIMITATION.—An eligible entity may not re-
2 ceive more than 1 grant under this section.

3 (e) USE OF FUNDS.—

4 (1) ALLOWABLE USES.—During the covered pe-
5 riod, an eligible entity that receives a grant under
6 this section may use the grant funds for—

7 (A) payroll costs;

8 (B) payments of principal or interest on
9 any mortgage obligation;

10 (C) rent payments, including rent under a
11 lease agreement;

12 (D) utilities;

13 (E) maintenance expenses, including con-
14 struction or reconfiguration to accommodate so-
15 cial distancing requirements;

16 (F) supplies, including protective equip-
17 ment and cleaning materials;

18 (G) debt obligations to suppliers that were
19 incurred before the covered period; and

20 (H) any other expenses that the Secretary
21 determines to be essential to maintaining the el-
22 igible entity.

23 (2) RETURNING FUNDS.—If an eligible entity
24 that receives a grant under this section permanently
25 ceases operations on or before December 31, 2020,

1 the eligible entity shall return to the Treasury any
2 funds that the eligible entity received through the
3 grant and did not use for the allowable expenses
4 under paragraph (1).

5 (3) CONVERSION TO LOAN.—Any grant
6 amounts received by an eligible entity under this sec-
7 tion that are unused after December 31, 2020, shall
8 be immediately converted to a loan with—

9 (A) an interest rate of 1 percent; and

10 (B) a maturity date of 10 years.

11 (f) TAXABILITY.—For purposes of the Internal Rev-
12 enue Code of 1986—

13 (1) the amount of a grant awarded to an eligi-
14 ble entity under this section shall be excluded from
15 the gross income of the eligible entity;

16 (2) no deduction shall be denied or reduced, no
17 tax attribute shall be reduced, and no basis increase
18 shall be denied, by reason of the exclusion from
19 gross income provided by paragraph (1); and

20 (3) an eligible entity that receives a grant under
21 this section shall not be eligible for the credit de-
22 scribed in section 2301 of the CARES Act (Public
23 Law 116–136).

24 (g) REGULATIONS.—Not later than 15 days after the
25 date of enactment of this Act, the Secretary shall issue

1 regulations to carry out this section without regard to the
2 notice and comment requirements under section 553 of
3 title 5, United States Code.

4 (h) APPROPRIATIONS FOR STAFFING AND ADMINIS-
5 TRATIVE EXPENSES.—

6 (1) IN GENERAL.—There is appropriated to the
7 Secretary, out of amounts in the Treasury not other-
8 wise appropriated, \$200,000,000, to remain avail-
9 able until December 31, 2020, for staffing and ad-
10 ministrative expenses related to administering grants
11 awarded under this section.

12 (2) SET ASIDE.—Of amounts appropriated
13 under paragraph (1), \$60,000,000 shall be allocated
14 for outreach to traditionally marginalized and under-
15 represented communities, with a focus on women-,
16 veteran-, and minority-owned and operated eligible
17 entities, including the creation of a resource center
18 targeted toward these communities.

19 **SEC. 5. EMERGENCY DESIGNATION.**

20 (a) IN GENERAL.—The amounts provided by this Act
21 are designated as an emergency requirement pursuant to
22 section 4(g) of the Statutory Pay-As-You-Go Act of 2010
23 (2 U.S.C. 933(g)).

24 (b) DESIGNATION IN SENATE.—In the Senate, this
25 Act is designated as an emergency requirement pursuant

1 to section 4112(a) of H. Con. Res. 71 (115th Congress),
2 the concurrent resolution on the budget for fiscal year
3 2018.

