

COVID-19

ARIZONA BUSINESS RESOURCES GUIDE



SOME CERTAINTY IN UNCERTAIN TIMES

A note from ACA's President & CEO

Governor Doug Ducey is working to keep Arizonans safe and healthy while slowing the spread of COVID-19. Under his leadership, the Arizona Commerce Authority is helping to ease the economic burden on Arizona's businesses and workers by providing the latest information on available resources and guidance on how to access them quickly.

This guide provides information on business financing opportunities, workforce development services, manufacturing support and ways the Arizona community is coming together to help during this crisis.

We recognize that this public health crisis has created an unprecedented strain on Arizona's economy. The Arizona Commerce Authority remains focused on our mission to grow Arizona's economy by supporting businesses of all sizes—and I am confident that together, we'll get through this. That's the Arizona way.



Sincerely,

A handwritten signature in black ink that reads "S. Watson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Sandra Watson
President & CEO
Arizona Commerce Authority



Financial support when it's (not) business as usual



CARES Act

The Coronavirus Aid, Relief and Economic Security Act (CARES) is a \$2 trillion federal stimulus package to support individuals and businesses impacted by COVID-19. The CARES Act provides direction for unemployment insurance, payroll tax credits, employer loans and allocates money to states for economic relief. Under this program, approved lenders can provide **100%** federally guaranteed loans for small businesses that maintain their payroll.

\$349B ALLOCATED FOR SMALL BUSINESSES
To keep workers employed

With **\$5.6B** ESTIMATED AVAILABLE FOR ARIZONA

Payroll Taxes

Employers may delay the payment of employer payroll taxes between now and January 1, 2021. This excludes employers who have loans forgiven under the Paycheck Protection Plan.

HALF OF THE TAXES WILL BE DUE

DEC. 31, 2021



THE OTHER **HALF** WILL BE DUE

DEC. 31, 2022

Tax Changes

The CARES Act expands the ability to use losses by suspending the **80%** income limitation for tax years before 2021 and by permitting net operating losses (NOLs) arising in 2018, 2019 and 2020 to be carried back five years. Business owners may elect to increase the limit on interest deductibility to **50%** for 2019 and 2020.

Employee Retention Credit

The Employee Retention Credit is a fully refundable tax credit for employers equal to **50%** of qualified wages that eligible employers pay their employees, up to **\$10,000** per employee. The credit applies to qualified wages paid after March 12, 2020 and before January 1, 2021.



What businesses are eligible?

Employers who conducted business in calendar year 2020 and fully or partially suspended business or experienced a significant decline of 50% in gross receipts as a result of the COVID-19 outbreak.



Employers are **not** eligible if they received a **Paycheck Protection Program** loan

PAYCHECK PROTECTION PROGRAM

Provides small businesses with funds to pay
up to eight weeks of payroll costs

This program provides immediate cash assistance during the COVID-19 crisis. Designed to keep employees on the payroll, the loan will be fully forgiven if the funds are used for maintaining or rehiring workers, rent, mortgage interest or utilities. While the program is open until June 30, 2020, borrowers should apply as soon as possible given the loan cap on the program.



Avoid layoffs with programs you can lean on



Paycheck Protection Program

Part of the CARES Act, the Paycheck Protection Program (PPP) provides small businesses and sole proprietorships cash flow assistance through **100% federally guaranteed loans**.

– FUNDS UP TO **8 WEEKS** OF PAYROLL COSTS –
including benefits

PPP is intended to encourage eligible employers to keep employees on their payroll, despite the economic hardship related to the COVID-19 pandemic.

? How can the funds be used?

The loan will be fully forgiven if used for:



Payroll costs



Rent



Interest on mortgages



Utilities

75% of the forgiven amount must have been used for payroll

6 MONTH
PAYMENT DEFERRAL
NO COLLATERAL REQUIRED
NO FEES

What types of small businesses are eligible?



Exceptions exist for some businesses with over 500 employees (ex: hospitality & restaurants)



Less than 500 employees



Gig economy workers



Independent contractors



Tribal businesses



Nonprofits 501(c)(3)



Veterans organizations 501(c)(19)



Feb 15 - June 30, 2020
COVERAGE PERIOD

EMPLOYERS MUST maintain workers OR rehire their recently laid-off employees, helping improve the livelihood of employees and their families during this difficult time.



How much funding can I receive?

250%

of your average monthly payroll costs not to exceed \$10M

2.5 x average total monthly payroll costs in 2019

--- OR ---

2.5 x average total monthly payroll costs for **Jan** and **Feb** 2020 for businesses not operational in 2019

Seasonal Employers: payroll costs equate to the 12-week period from Feb 15, 2019 or Mar 1, 2019 to June 30, 2019



CALCULATING PAYROLL COSTS

Salaries + wages + commissions
+ vacation + sick leave
+ health insurance premiums
+ retirement benefits

= Payroll Costs



How can I apply?

Through any SBA-approved 7(a) lender

Under the leadership of Governor Doug Ducey, Arizona banks have committed to expediting the application and approval of these loans.

When can I apply?



APRIL 3, 2020: small businesses and sole proprietorships

APRIL 10, 2020: independent contractors and self employed individuals
Applications close **June 30, 2020.**

There is a funding cap.

Can I still apply for the Economic Injury Disaster Loan?
Yes, but funds can't be used for the same purpose.

This means employers should use the program to cover payroll costs, then layer other loans such as the Economic Injury Disaster Loan for additional operating costs.



Applications are open now

[Find Arizona's approved lenders](#) 

ECONOMIC INJURY DISASTER LOAN

Provides access to working capital for
small businesses suffering from
substantial economic injury

Under Governor Doug Ducey's leadership, the U.S. Small Business Administration (SBA) approved an Economic Injury Disaster Loan declaration for Arizona that will help small businesses in the state impacted by COVID-19. There is no minimum loan requirement, though loans are capped at \$2,000,000 per business and business affiliates.

Additionally, small businesses are eligible to apply for an Economic Injury Disaster Loan advance of up to \$10,000. This advance will provide economic relief to businesses that are currently experiencing a temporary loss of revenue. To receive this advance, small businesses must reapply. Funds will be made available within three days of a successful application. This loan advance will not have to be repaid.



In a time filled with tough decisions, here's a simple way to get help



Economic Injury Disaster Loan

The SBA's Economic Injury Disaster Loan provides economic relief to businesses that are currently experiencing temporary difficulties and loss of revenue.



NEED TO KNOW

There is no minimum loan requirement, although loans are capped at \$2,000,000 per business

SBA loans may supplement a Payroll Protection Program loan as long as the funds are not used for the same purpose

? How can the funds be used?

Meet the capital needs caused by the COVID-19 response

Financial obligations: operating costs, fixed debt payments, payroll, accounts payable, extraordinary expenses caused by COVID-19

? What types of small businesses are eligible?

- › Less than 500 employees
- › Independent contractors
- › Nonprofits 501(c)(3)
- › Veterans organizations 501(c)(19)
- › Tribal businesses

? How do I apply

You can apply for a loan through the SBA'S [Disaster Loan Assistance Portal](#)

NOW, with the addition of the CARES Act, small businesses may apply for a **\$10,000 advance** but you must **re-apply** even if you've **already applied**

Loan repayment may be deferred for up to

ONE YEAR

Repayment terms up to

30 YEARS

are available

BUSINESS SUPPORT PROGRAMS

Ensuring business continuity during COVID-19

The success of Arizona's businesses is critical to the economic vitality of those families, their communities and the state. The Arizona Commerce Authority offers a team of expert business professionals knowledgeable in streamlining processes and navigating unforeseen operational circumstances. Serving as an extension of your team, we'll help educate you on funding resources available and connect you with meaningful business resources and programs, helping to mitigate the economic impacts of COVID-19.



Response Programs



Collaborating closely with ARIZONA@WORK, the state's workforce development network, the ACA's dedicated workforce team supports employers and employees by:

- › Responding to layoffs with industry specific programs for workers
- › Identifying partners for talent exchange solutions to connect the unemployed to those hiring
- › Developing job training programs for unemployed individuals and employers

Arizona's Workforce Team COVID-19 Rapid Response Programs

The **Employer-Employee Cross-Walking Initiative** matches employees from industries experiencing business closures with jobs in industries that are ramping up hiring. OEO is collaborating with employers to implement training and talent matching for workers displaced by the COVID-19 pandemic.

The **Virtual Training Program** provides upskilling opportunities for workers displaced by business closures. This program prepares workers for in-demand occupations and gives them a new skillset for when they return to work or are matched with a new position.



ARIZONA'S WORKFORCE TEAM

identified

3,500+

**IT, FINANCIAL SERVICES,
HEALTH CARE AND RETAIL JOBS**

to fast-track displaced
hospitality workers, in partnership with the
Arizona Office of Tourism

The Arizona MEP's team of experts is helping Arizona's manufacturers and the community by:

- › Identifying manufacturing companies that can provide PPE goods
- › Assisting manufacturers with supply chain equipment needs, connecting buyers and manufacturers
- › Working with companies to improve production lines to meet the demand of PPE
- › Helping to source raw materials for manufacturers



*Thanks to Arizona MEP, we've been working with a lean manufacturing expert who has helped us with efficiency in the manufacturing process. With this help, we've determined that we can **manufacture 500 isolation gowns a day**, once we ramp up a little more.*

– Angela Johnson, Co-founder of F.A.B.R.I.C.

FABRIC
Fashion And Business Resource Innovation Center



The ACA is a partner to the Arizona SBDC Network which provides:

- › One-on-one business counseling
- › Recovery planning
- › Workshops and training



Find more
[SBDC RESOURCES](#)

TOGETHER, WE ARE ARIZONA

Global giants. Local Leaders. Big Impacts.

Launched under the leadership of Governor Ducey, Arizona Together is an initiative to connect individuals and businesses to resources, raise money for community organizations and provide information on volunteer opportunities. **ArizonaTogether.org** serves as the centralized location for Arizonans to find help or provide support during the COVID-19 outbreak.

As part of the initiative, Governor Ducey established the AZ Coronavirus Relief Fund to provide financial support to organizations working to mitigate the impacts of COVID-19.

Donations to date:

- › \$1 million founding contribution from the Arizona Cardinals, led by Chairman & President Michael Bidwill
- › \$150,000 from Arizona Cardinals Wide Receiver DeAndre Hopkins
- › \$250,000 from Arizona Public Service (APS)
- › \$5 million from the Ben and Catherine Ivy Foundation

Additionally, Arizona's companies — both large and small — its universities and local organizations are shifting focus to keep communities safe and healthy. The state's spirit of innovation is alive now more ever as the focus has shifted to implementing solutions to combat the spread of COVID-19.

ARIZONA
TOGETHER



Local First Arizona has partnered with small businesses across the state to ensure stability for those affected by COVID-19. The organization created a Small Business Relief Fund for micro-entrepreneurs to cover business expenses, employee salaries and other operation-related costs. Local First hosts weekly webinars on updates for Arizona businesses, providing insights to new resources, marketing ideas, new business strategies and more.



Honeywell Aerospace, in a new agreement with Arizona, will produce more than 6 million N95 masks for the state over the next 12 months. The agreement follows an earlier announcement of the company expanding its manufacturing operations in Phoenix to produce N95 face masks and other PPE to help combat the spread of the virus. The new line of production will add 500 jobs.



**ADDING 500 JOBS
TO MANUFACTURE N95 MASKS**



The University of Arizona Health Sciences Biorepository, a team of scientists, secured materials to produce a total of 7,000 coronavirus test kits. In just over two days, the team produced 1,600 kits to help meet the critical need for increased testing.

ARIZONA PRODUCED

7,000 test kits: **1,600** kits prepared in **2** days



The Arizona Cardinals partnered with Dignity Health, Cigna and Anheuser-Busch to host various blood drives at State Farm Stadium. Additionally, the team partnered with State Farm to provide one million meals to five local food banks in the Phoenix area.

ARIZONA CARDINALS

**DONATED ONE MILLION MEALS TO
LOCAL FOOD BANKS IN THE PHOENIX AREA**



O.H.S.O. teamed up with Banner Health to donate hundreds of gallons of hand sanitizer to local hospitals as they work to help slow the spread of the new coronavirus. The company's north Scottsdale distillery now focuses entirely on making hand sanitizer, which is then loaded into O.H.S.O. kegs and distributed to hospitals around metro Phoenix.

O.H.S.O. donated

HUNDRED OF GALLONS of hand sanitizer



The Boeing facility in Mesa will use 3D printers to manufacture face shields for those on the front lines combatting COVID-19. Initial production will include thousands of face shields per week. The company has additionally donated thousands of masks, gloves and other equipment hospitals need.

Boeing is using **3D printers** to manufacture **face shields**



ASU made 2,000 high-speed coronavirus testing kits and plans to distribute them to local health care providers, first responders and other essential job workers. ASU expects to make another 1,000 testing kits in the upcoming weeks with the additional \$2 million grant the university is providing the manufacturing efforts. The university's lab uses specialized robots to process samples, allowing ASU to potentially process hundreds of tests a day.



ASU PROVIDED

2,000 TESTING KITS

FOR LOCAL HEALTH CARE PROVIDERS



Global technology giant Intel announced a donation of \$4 million to COVID-19 relief efforts to local community organizations focused on food security, shelter, medical supplies and small business support. One million dollars will go toward the Arizona COVID-19 Community Response Fund.

Additionally, the company donated more than one million dollars of personal protective equipment to those on the frontlines combatting COVID-19. Equipment included masks, gloves and other gear.

Intel donated

75,000 SURGICAL MASKS to Arizona health care workers



Translational Genomics Research Institute (TGen), headquartered in Phoenix, launched a genomic-based test for COVID-19, focused on accuracy and specificity about the virus. The organization is also working with the Arizona Department of Health Services to find pockets and test for COVID-19 throughout Arizona.



**TGEN LAUNCHED
GENOMIC-BASED TESTING**



The Fashion and Business Resource Innovation Center (FABRIC), a coworking space with a 26,000-square-foot warehouse in Tempe, has moved away from producing its usual fashion designer resources to making barrier gowns for health care workers. Using FDA-approved materials, FABRIC created 33 gowns for a local rehab center desperate for PPE. FABRIC is now estimating to produce up to 500 gowns daily through the pattern makers and technical designers taking up shop in its warehouse.

FABRIC is **manufacturing gowns**
for **health care workers**



BROOKLYN BEDDING

Phoenix mattress manufacturing company Brooklyn Bedding will begin repurposing its proprietary technology to produce hospital beds. These mattresses will allow for bed-in-a-box delivery straight to government agencies and hospitals that are in need of beds.

BROOKLYN BEDDING

IS MANUFACTURING HOSPITAL BEDS



Interactive Learning Spaces

Known for its interactive toy designs, Burgeon Group has shifted its efforts into creating transparent boxes with two holes for health care workers to use while intubating COVID-19 patients. If a patient requires breathing assistance, the "London Box" is designed to help doctors connect them to a ventilator and protect the doctor from any particles released from the patient's airway during the procedure. The prototypes have been shipped to various hospitals throughout the country and have received inquiries from other doctors and medical centers.



Burgeon Group is manufacturing the "London Box" to shield doctors and nurses intubating patients



Regional Partnering Center

The Regional Partnering Center (RPC) and University of Arizona Innovation Center (UACI), have launched an Innovation Challenge open to the community at large to design an innovative outdoor medical consultation and testing booth for hospitals to safely triage patients for COVID-19.

The Regional Partnering Center and the University of Arizona launched an innovation challenge to **design outdoor medical consultation and testing booths**



Self-driving truck developer TuSimple is hauling freight, mail and food across the Southwest throughout the COVID-19 crisis. The company is operating 40 18-wheelers out of Tucson providing essential products to the Southwest's supply chain during an uncertain time.

TuSimple is operating **40**  **18-WHEELERS** out of Tucson

DELIVERING ESSENTIAL PRODUCTS ACROSS THE SOUTHWEST



Arizona's largest health system, Banner Health, launched drive-thru COVID-19 testing for prescreened patients in Phoenix and Tucson. These drive-thrus open the access to testing for Arizonans.

BANNER HEALTH
IS PROVIDING
COVID-19 TESTING
WITH DRIVE-THRUS



ON Semiconductor donated 10,000 face masks to city officials. The donation includes 8,500 N95 masks and 1,500 ActiveAir masks, half of which will be given to the city of Phoenix and the other half to Banner Health Foundation to help during the coronavirus pandemic.

ON SEMICONDUCTOR
DONATED
10,000 MASKS



&



Phoenix-based Prorenata and Tucson-based Paradigm are producing novel coronavirus testing kits that can offer results in 24 hours. Together, the two labs were processing 700 tests daily in late March but expect that number to reach 8,000 a day by the end of April.

Prorenata and Paradigm
are uniting to process **700** coronavirus
test kits **daily**



The avionic equipment manufacturer Universal Avionics is providing its assembly line space at its Tucson headquarters to the nonprofit group Hope Worldwide for manufacturing face masks and shields.

UNIVERSAL AVIONICS IN TUCSON

is helping to
MANUFACTURE **FACE MASKS AND SHIELDS**



VB COSMETICS

VB Cosmetics, a developer of clean cosmetics, is working with Analyze, a chemical product manufacturer, to produce hand sanitizer. Starting with production to fill 4-ounce bottles, the two companies' plan is to move to 300-gallon batches and packaging in 1-gallon plastic bottles.

VB Cosmetics is **ramping up production**
to create **300-gallon batches of hand sanitizer**