

New Mexico Approved for \$13.2 Million in Funds through the State Small Business Credit Initiative Program

SANTA FE – New Mexico Economic Development Department Secretary Jon Barela announced Tuesday that New Mexico has been approved by U.S. Department of the Treasury to participate in the State Small Business Credit Initiative Program.

New Mexico will receive nearly \$13.2 million in federal funds to put toward programs that leverage private lending to help finance small businesses and manufacturers that are credit-worthy, but are not able to access the capital required to expand and create jobs. The New Mexico Economic Development Department (NMEDD) will contract with the New Mexico Finance Authority (NMFA) to operate the program.

"Small businesses are the backbone of New Mexico's economy and the engines of economic recovery," said Governor Martinez. "It is a priority for this administration to create a more business-friendly environment that encourages growth, investment, and job creation right here in New Mexico. This program is an important step toward accomplishing that goal and putting New Mexicans back to work."

"These funds will help creditworthy small businesses access the lending they need to invest and hire, providing a powerful boost for economic growth and job creation," said Deputy Secretary of the Treasury Neal S. Wolin. "Expanding access to credit will help ensure that more entrepreneurs and small businesses can invest in their local communities to put more Americans back to work."

NMEDD and NMFA have agreed to initially focus the State Small Business Credit Initiative Program funding to a bank loan participation program, branded the Collateral Support Program (CSP), focusing on shorter term working capital loans, particularly for projects located in rural and underserved areas of New Mexico. NMFA will base CSP on its existing loan participation program Smart Money which allows NMFA to purchase from a regulated bank or credit union up to 49 percent of a loan it makes to a New Mexico business or non-profit. The rules limit the amount of NMFA participation to \$5 million and that no more than \$2 million be directed to any project unless significant economic development will occur as a result. More specifically, the business must create at least one full-time job for each \$50,000 invested by the NMFA. These same guidelines will be used in implementing the CSP. Additional federal requirements are:

- 1) the funds are directed to small businesses that do not employ more than 500, and that credit support will not be extended to borrowers that have more than 750 employees, and
- 2) for every \$1 in CSP utilized, it must be leveraged with a minimum of \$10 in new private lending.

"The Economic Development Department worked hard to make this funding available to small businesses in our state," Barela said. "The SSCBI funds will go a long way in our efforts to expand economic development throughout the state."

Under SSBCI, all states were offered the opportunity to apply for federal funds for state-run programs that partner with private lenders and investors to increase the amount of credit available to small businesses. States must demonstrate that every \$1 in federal funding will generate a minimum of \$10 in new private lending. Accordingly, the overall \$1.5 billion federal funding commitment for this program is expected to result in at least \$15 billion in additional private lending nationwide.

“We are in a unique position to help the state develop public-private partnerships for business growth and job creation,” said Denise Baker, chair of the New Mexico Finance Authority. “These new funds will increase our ability to partner with local banks and strengthen communities.”

The NMEDD and NMFA will be hosting outreach sessions for the CSP on the following dates and locations:

Thursday, October 20, 2011 at Solace – Auditorium in Santa Fe, NM at 2 p.m.

Friday, October 21, 2011 at Taos Convention Center- El Taoseno Room in Taos, NM at 9 a.m.

Tuesday, November 1, 2011 in Roswell, NM site and time to be determined

Wednesday, November 2, 2011 at Clovis Community College-Room 101 in Clovis, NM at 9 a.m.

Wednesday, November 2, 2011 at Mesalands Community College in Tucumcari, NM at 2 p.m.

Tuesday, November 8, 2011 in Gallup, NM site and time to be determined

Tuesday, November 8, 2011 at San Juan Community College – Sun’s Room in Farmington, NM at 2 p.m.

Monday, November 14, 2011 in Alamogordo site to be determined at 9 a.m.

Tuesday, November 15, 2011 at Morgan Hall in Deming, NM at 9 a.m.

Wednesday, November 16, 2011 in Las Cruces, NM site to be determined at 9 a.m.

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