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## **New Mexico Receives \$74 million to Boost Small Business Investment**

**SANTA FE, N.M.** – The Economic Development Department announced today that the State of New Mexico has received up to \$74.4 million from the U.S. Department of Treasury’s State Small Business Credit Initiative (SSBCI) to boost capital assistance and invest in socially and economically disadvantaged businesses.

“Small businesses are the backbone of so many New Mexico communities, but they often have difficulty finding and qualifying for the assistance they need to grow and create jobs,” Gov. Michelle Lujan Grisham said. “We now have more capital to support small businesses, making them more resilient and better able to serve the needs of their communities.”

The federal funds are allocated to the state through the Small Business Jobs Act of 2010 and amended by the American Rescue Plan Act (ARPA) of 2021. The New Mexico Economic Development Department (EDD) received news of the allocation from the U.S. Treasury after submitting a grant application. The award was announced today.

EDD’s 20-year Strategic Plan, “Empower and Collaborate: New Mexico’s Path Forward,” specifically addresses the scarcity of investment capital available to very small businesses and those from traditionally underserved communities.

“The outreach EDD undertook for the Strategic Plan shows that access to capital is one barrier in New Mexico that inhibits very small businesses, and those with other disadvantages, from thriving and achieving success,” EDD Cabinet Secretary Alicia J. Keyes said. “Thanks to this federal grant, the state now has an opportunity to better assist these businesses and help them grow intergenerational wealth.”

States can deploy capital into five different program types outlined by US Treasury’s guidelines. EDD will invest funds into two program types: Venture Capital (VC)/Equity and Collateral Support. A large part of the grant will focus on SEDI (socially, economically,

disadvantaged individuals) business owners. New Mexico has retained Avivar Capital, a California-based firm with a specialty in impact investing and racial equity, to advise on the VC/Equity program development and do a landscape analysis of small business equity capital needs.

EDD has also solicited proposals from investment funds who can work strategically with underserved businesses to grow and create jobs, and is in the process of developing program specifics and gathering feedback. The dollars are expected to be deployed into multiple VC/Equity funds over the next several months and the respective fund managers will handle capital placements.

The federal funding augments the work of the Lujan Grisham administration to bolster small businesses, including the first GRT tax cut in 40 years; \$1.5 million in direct assistance to businesses affected by wildfires; a \$200 million grant program under the LEDA program; and a \$500 million low-interest loan program for hard-hit businesses using funding from the state's Severance Tax Permanent Fund.

Under the grant agreement, \$9 million has been specifically allocated to EDD's Collateral Assistance Program (CAP), which boosts private lending to small businesses by bridging collateral requirements at banks and financial institutions. CAP gives preference to business owners who are women, U.S. Veterans, ethnic minorities, or part of other underserved groups. Eligible businesses must be located in New Mexico and they may use the loan proceeds for asset purchases, start-up costs, working capital, franchise fees, equipment, inventory, or even bridge loans leading to permanent financing.

New Mexico's allocation comes as the [U.S. Department of the Treasury announced the approval of 11 additional state plans](#) for up to \$1 billion in funding under the State Small Business Credit Initiative (SSBCI). The Treasury has now announced the approval of 31 state plans for approximately \$4.8 billion in SSBCI funding.

"This is an historic investment in entrepreneurship, small business growth, and innovation through the American Rescue Plan that will help reduce barriers to capital access for traditionally underserved communities," Secretary of the Treasury Janet L. Yellen said. "I'm excited to see how these SSBCI funds will promote equitable economic growth across the country."

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EDD's mission is *to improve the lives of New Mexico families by increasing economic opportunities and providing a place for businesses to thrive*. EDD's programs contribute directly to this mission by training our workforce, providing infrastructure that supports business growth, and helping *every community* create a thriving economy. Since January 1, 2019, EDD has supported more than 14,000 new jobs and trained 9,401 New Mexicans for better pay. EDD has utilized LEDA to make investments in 56 businesses, supporting more than 8,600 new jobs at an average wage of \$65,748, \$570 million in annual payroll, \$7.2 billion in new capital investment, and a ten-year economic impact of \$34+ billion. Forty communities across 22 counties have benefited from EDD programs.