

Governor signs COVID-19 recovery measure for small businesses

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SANTA FE – Gov. Michelle Lujan Grisham delivered hundreds of millions of dollars for low-interest, low-risk loans to help small New Mexico businesses recover financially from COVID-19 when she signed a loan program measure July 7.

The Small Business Recovery Act of 2020 allocates \$400 million from the state's \$5 billion Severance Tax Permanent Fund for loans to small New Mexico businesses and nonprofits and almost \$50 million for loans to local governments.

Eligible businesses and nonprofits may borrow two times their average monthly expenses up to a maximum of \$75,000. The measure sets the interest rate at one-half the prime rate on the day the loan is made. The initial loan period is three years.

"Small businesses are the backbone of New Mexico's economy and the lifeblood of our communities. They've suffered greatly from this unprecedented pandemic emergency, and our state and our economy suffer with them," Lujan Grisham said. "I will fight for small businesses and their recovery every single day and this measure, putting our state's wealth to work in getting them back on their feet, is a significant step in the right direction."

The loan program is limited to businesses and nonprofits with 2019 annual gross revenue of less than \$5 million and whose April or May income dropped 30 percent or more compared to the same month in 2019.

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For a local government to be eligible, it must have experienced at least a 10 percent decline in operating revenue in fiscal year 2020 due to the economic impacts of the novel coronavirus disease.

The New Mexico Finance Authority will administer the program.

The legislation also freezes employer contribution rates to the unemployment compensation trust fund through Dec. 31, 2021, stopping expected increases that would have taken effect next year.

The legislation, sponsored by Sens. John Sapien, D-Corralles, Jacob Candelaria, D-Albuquerque and Sander Rue, R-Albuquerque, and Reps. Marian Matthews, D-Albuquerque, and Daymon Ely, D-Corralles, passed the Senate 26-11 and the House 59-5 during June's special legislative session.

"I commend the governor and the state legislators for actively helping small businesses with a very needed relief aid package at this difficult time," Theresa A. Carson, president and CEO of the African American Greater Albuquerque Chamber of Commerce said. "This could be the lifeline for many small businesses to get them through this pandemic."

"The COVID-19 Pandemic has hurt small businesses and disproportionately affected Hispanic and minority-owned businesses here in New Mexico," Ernie C'deBaca, president and CEO of the Albuquerque Hispano Chamber of Commerce, said. "Many of these businesses did not receive the funding from federal programs that they needed in order to operate. The \$400 million of low-interest loans provided by the Small Business Recovery Act of 2020 is a significant step to help small and minority-owned businesses in New Mexico get back on their feet as we reopen the economy."

"SB3 stands for the simple idea that the greatest asset in New Mexico's economic recovery is our people, and the businesses owned by our friends and family," Candelaria said. "Difficult economic times lay ahead there can be no doubt. SB3 ensures that our state will be there to lend a stabilizing and supportive hand, using funds endowed by New Mexicans for New Mexicans at the time of their greatest need. The loan program this bill creates is a first of its kind in state history and represents the commitment this governor and this Legislature have to

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charting the course of New Mexico's economic recovery for the better."

"Big challenges require big responses. This may be the biggest stimulus New Mexico has ever passed, but we're facing a huge economic upheaval," Matthews said. "Some 170,000 New Mexicans are receiving unemployment. Our almost 200,000 small businesses, including thousands of mom-and-pop shops, are facing incredible challenges through no fault of their own. The Small Business Recovery Act is a lifeline to our small business community, and an investment in rebuilding our economy and providing jobs for hardworking New Mexicans.

"It reflects our faith in our people and our future and a commitment to moving forward," she said.

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