



**Alliance for Local
Economic Prosperity**

Keeping Our Public Funds Safe, Local and Working

IT'S OUR MONEY! PUBLIC BANKING FOR NM

A COMMUNITY INVESTMENT BANK TO BUILD COMMUNITY WEALTH

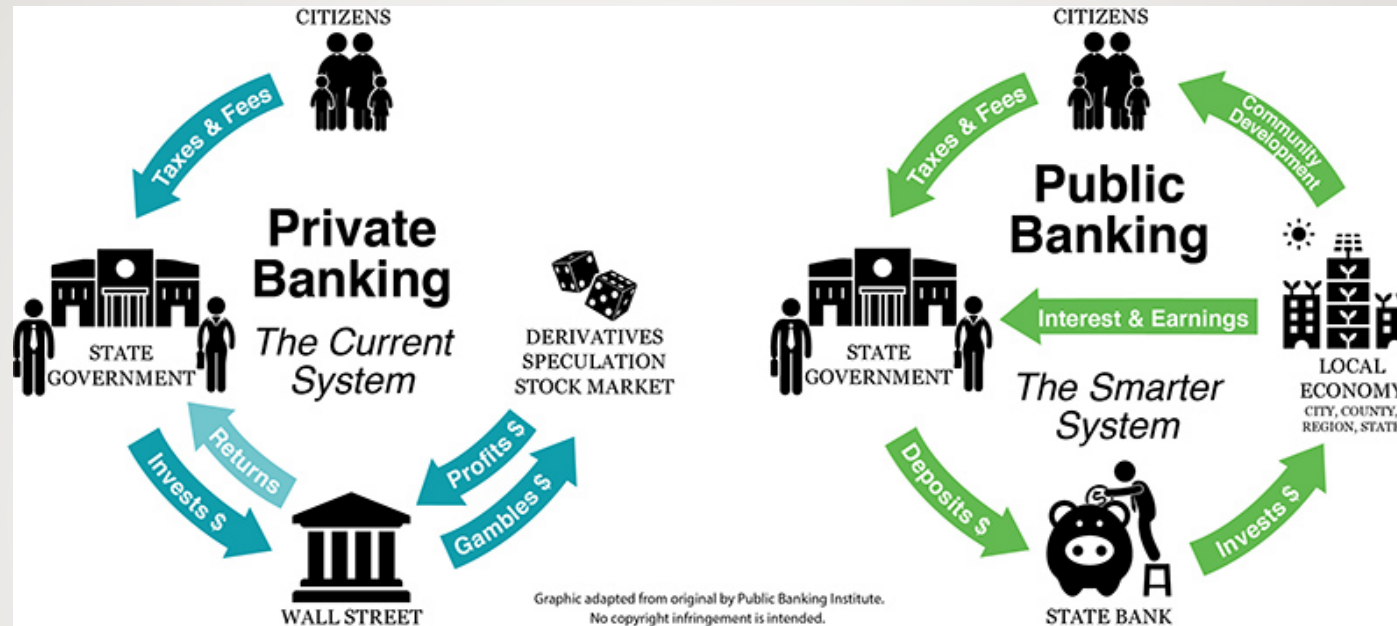
NMFA OVERSIGHT COMMITTEE—OCTOBER 2026

ALLIANCE FOR LOCAL ECONOMIC PROSPERITY (AFLEP)

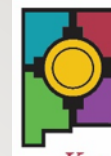
- Alliance for Local Economic Prosperity's (AFLEP) mission is to expand local economic prosperity by maximizing equitable access to, and opportunities for, financial resources that support thriving economies, especially small businesses in rural areas, pueblos and Tribes..
- AFLEP advocates for a state-owned, independently managed **Community Investment Bank (CIB)**, that will keep NM revenue safe, local and working for New Mexicans and NM communities.
- 2000 supporters from across at least 35 New Mexico communities.
- Member of NM Food and Agriculture Policy Council, NM Civic Policy Coalition
- Affiliated with Public Banking Institute

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A Community Investment Bank Will Keep NM Revenue Local



Small Business and Rural Economic Development

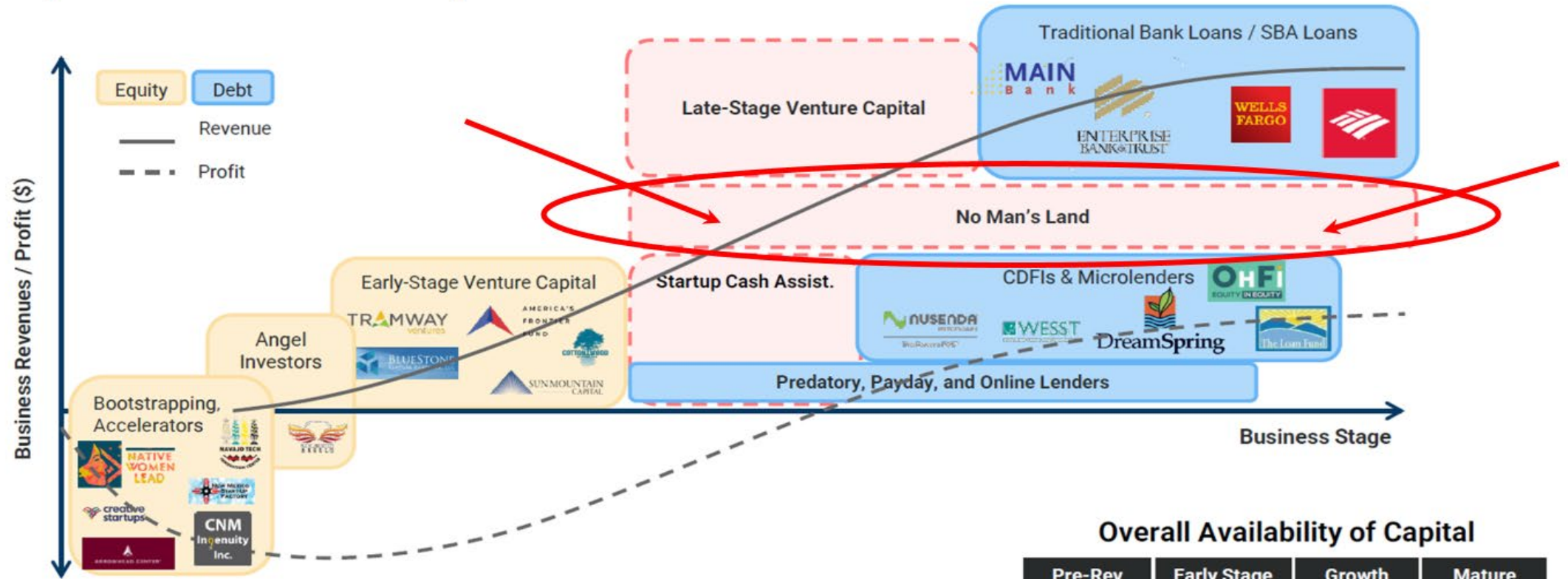
- Rural communities and small businesses are important to the NM economy.
- 54.2% of NM employees work in small businesses (2020 Bureau of Labor). There are 156,996 small NM businesses, 99% of the total. Less than one-third are led by “self-employed minorities.”
- AFLEP focus on gaps in loans of \$10k-\$500K and employee count of 1-100.
- Challenges in accessing financing—awareness of programs, education on application processes, bias in loan approvals and criteria for approval. SBA qualifications are tightening;
 - 18% funding nationally in 2026.
- LULAC notes redlining continues in NM banks.



Lending Gaps for Small Businesses

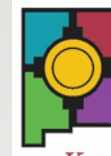
- ...our rural communities face unique economic development challenges, including workforce shortages, limited housing availability, infrastructure deficits, reduced access to healthcare, and population decline.
LFC, July 2026
- ...a job created in one of New Mexico's most economically stressed labor markets can generate up to 80 percent greater long-term employment benefits than a job created in the state's strongest labor markets.
LFC, July 2026
- . Geographic disparities are found across social and economic data, from educational attainment, childhood poverty, and job creation. Given the economic disparities, **the state's economic development investments could have greater returns on investment if they were targeted to distressed areas.**
LFC, Aug 2026

Capital Landscape: Local Providers



Overall Availability of Capital

	Pre-Rev	Early Stage	Growth	Mature
Main Street Businesses				
Growth Businesses				



INCREASE FINANCIAL CAPACITY AND INCREASE ACCESS TO CAPITAL

Multiple funds established limited by the designated amount.

Lending programs for smaller amounts being contracted to outside groups to manage, in part to keep state agency staff counts down, control recurring expenses.

Additional costs in some programs, including NMFA, with bond and legal costs and interest committed to bond holders.

At any point in time there can be \$2-9_B on deposit in the Big Banks, allowing leverage for their lending, the majority of which is invested beyond NM.

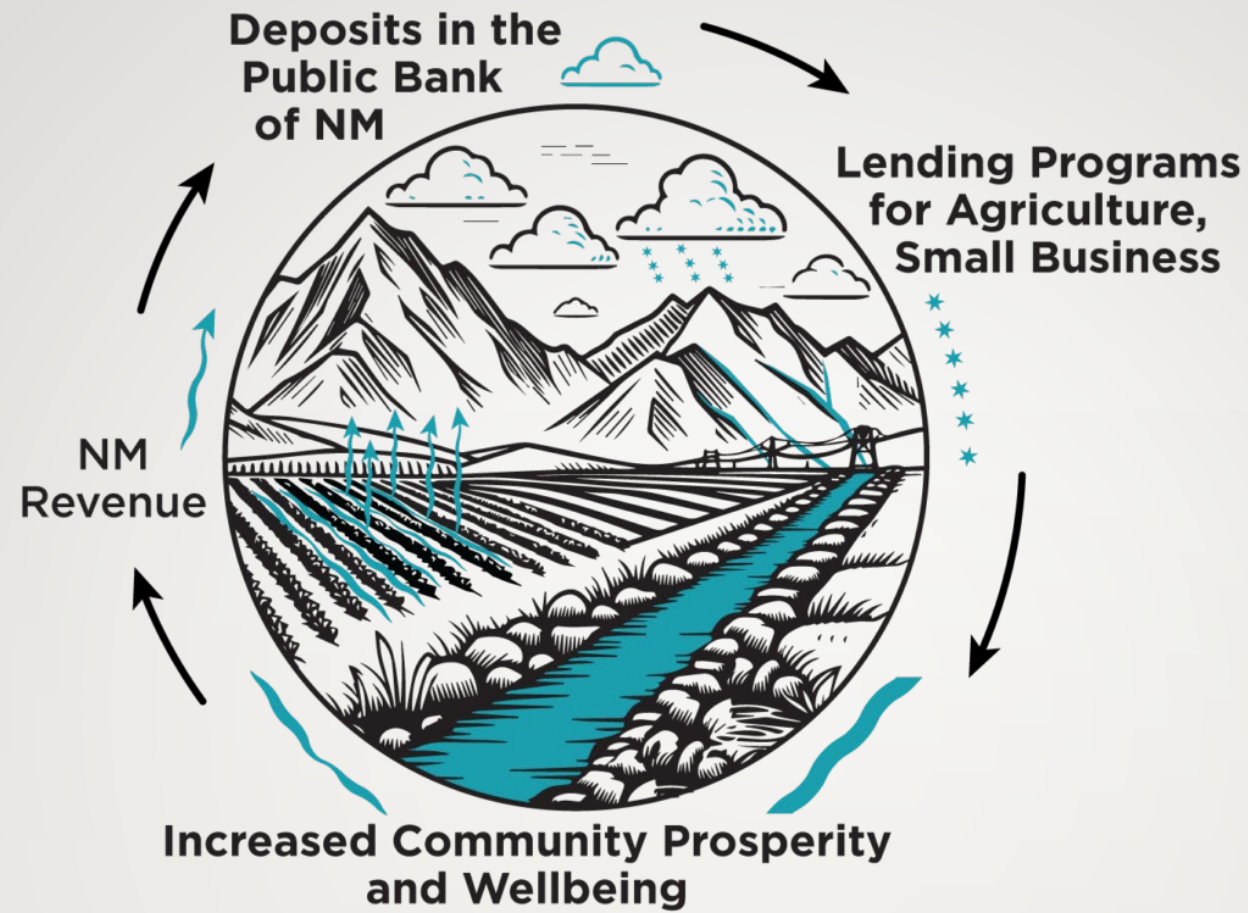


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INCREASE FINANCIAL CAPACITY WITH AN ADDITIONAL TOOL—A COMMUNITY INVESTMENT BANK

- State owned and independently managed by bank professionals.
- \$50 M in appropriation establishes the capital that remains in the bank and makes money, sets a base for lending.
- \$60 M in revenues are deposited in the bank, earning interest AND used to develop partner loans with community banks, credit unions and CDFI's.
- Because it is a bank, NOT a fund, its loan capacity can be multiples, e.g., 8x the deposit.
- **Will be well-managed, well-governed and well-supervised**, by professional bankers and regulators including the State and U.S. Federal Reserve Bank and Office of the Comptroller of the Currency.



Leverage Funds for NM Investments

- Develop Partner Loan Programs with Community Banks, Credit Unions and CDFI's to expand lending capacity, strengthen local community banking network.
- Note that NM banks have an average deposit/loan ratio of about **61%**. Jan 2026. U.S. community banks typically operate with conservative loan-to-deposit ratios (LDR) in the 75% to 85% range. This means that there is more capacity that isn't being tapped for various reasons related to both loan requirements, regulatory standards and bank risk levels—and connection with local community needs.
- Bank of North Dakota offers a model of strong partner lending program development. Works with 91 lending institutions in ND; up to 50% participation loans. Serves as sole depository for ND revenues. Highest community banks per capita in U.S..

What the Bankers Say & AFLEP Responses



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ERRONEOUS ALLEGATIONS

- Directing state (or local) deposits away from community banks will lessen – not increase – the lending capacity of our banks across the State of New Mexico, and transferring public deposits away from local institutions could jeopardize the safety and soundness of these institutions
- There has not been a demonstrated public policy need supporting the creation of a public bank in New Mexico, since there is no need for additional liquidity and no shortage of community bank locations to serve New Mexico consumers and small businesses
- Capitalizing a public bank will divert needed state revenues from more immediate needs.

HOW IT WILL WORK— THE FACTS

- The bill stipulates that the state is the only initial depositor..
- There is definite need. We all hear stories about small businesses that banks can't or won't finance today. The public bank will make that possible. LFC research supports the lack of ED support in rural areas.
- The bank is capitalized by moving funds from one investment to another to make possible up to 8-10X more funds for immediate needs.

What the Bankers Say & AFLEP Responses

ERRONEOUS ALLEGATIONS

- Corporate governance could expose the bank to political and financial risk since, without a chartering authority, a public bank would lack regulatory oversight unlike community banks that are examined for safety and soundness and compliance with national and local laws by federal and state regulatory agencies
- New Mexico's constitutional and regulatory prohibitions, including the "anti-donation clause," present substantive hurdles that will be difficult – if not impossible – and costly to overcome
- It is very unlikely that a public bank will receive access to the Federal Reserve payments system or deposit insurance from the Federal Deposit Insurance Corporation (FDIC) – and would be severely limited in its abilities to process payments in a timely manner.

HOW IT WILL WORK—FACTS

- New Mexico is the chartering authority and the bank will follow the same rules that all banks in New Mexico do. It will be examined, audited and comply with the same regulations and schedule annual audits.
- The loan is the product and a service that the anti-donation clause demands. For the same reasons that the state can issue funds for other loans, the bank's loans will not go against the anti-donation clause.
- False. A public bank can access the Federal Reserve for primary or secondary credit like other banks. There is precedent for this. The FDIC does not insure public banks.



Let's Add A Community Investment Bank to New Mexico's Financial System—Keep Revenue LOCAL

- **The investment of a \$50 million appropriation will support over \$400 million in lending, representing a significant investment in New Mexico.** As a bank it can leverage initial deposit 8-10x. /
- Goal is to complement lending programs of EDD, NMFA and USDA/NM and expand lending capacity.
- NMFA and EDD have similar and overlapping missions; are not able to fully fund the community development needs of NM. Loans from funds cannot leverage/create more funds as the bank can do. \$1 of a fund → \$1 for a loan
- Lending demands include responses to climate disruption such as wildfires, and sustainable business practices; NMFA, EDD and USDA programs will not fully support those needs and will depend, their leaders note, upon “significant annual appropriations.”



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Questions? Contact Us!

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