



**Presentation to NMFA Oversight Committee**

**Overview of Proposed Legislation,  
Economic Development Revolving  
Fund Report, and Water Trust  
Board Update**

Marquita Russel, Chief Executive Officer

September 9, 2025

- ❑ **Kathy Keith, Chair**
  - ❑ **Martin Suazo, Vice Chair**
  - ❑ **AJ Forte, Secretary**  
Executive Director, New Mexico Municipal League
  - ❑ **Rob Black**  
Secretary, NM Economic Development Dept
  - ❑ **Andrew Burke**
  - ❑ **Teresa Costantinidis**  
Executive Vice President for Finance & Administration  
University of New Mexico
  - ❑ **Joy Esparsen**  
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  - ❑ **Melanie Kenderdine**  
Secretary, Energy, Minerals and Natural Resources
  - ❑ **James Kenney**  
Secretary, NM Environment Dept
  - ❑ **Ronald Lovato**
  - ❑ **Wayne Propst**  
Secretary, NM Dept of Finance & Administration
- ◆ Broad-based finance agency created in 1992 as a government instrumentality
  - ◆ Governed by an 11-member independent Board
    - ❑ Approves rules, policies, and projects
    - ❑ Oversees operations and approves budget
    - ❑ Active Committee process provides high level of oversight of NMFA's diverse and complex operations
  - ◆ Expansive programming and service to New Mexico
    - ❑ Authorized to operate 25 programs through 13 Acts
    - ❑ New Mexico Finance Authority Act
      - Purpose: "...to coordinate the planning and financing of state and local public projects ... and to improve cooperation among the executive and legislative branches of state government and local governments in financing public projects."
    - ❑ Statewide Economic Development Finance Act
      - Purpose: "assist eligible entities in financing projects" and to promote "achievement of economic development goals..."
  - ◆ Administrator of four other Boards and their respective committees and one Executive Task Force
  - ◆ Overseen by 24-Member NMFA Oversight Committee

# Statutory Authority

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Active?	Funded	FY	Program Name	Enabling Act	Policy Partner
✓	✓	1992	Public Project Revolving Fund	New Mexico Finance Authority Act	6-21-6.0 Legislature
✓		1994	Primary Care Capital Fund	Primary Care Capital Funding Act	24-1C-4 DOH
✓	annually	1997	Drinking Water State Revolving Loan Fund	Drinking Water State Revolving Loan Fund Act	6-21A-4 NMED
		1999	Water and Wastewater Grant Fund	New Mexico Finance Authority Act	6-21-6.3 Legislature
✓	annually	2001	Water Project Fund	Water Project Finance Act	72-4A-9 WTB/Leg
✓	✓	2002	Local Government Planning Fund	New Mexico Finance Authority Act	6-21-6.4 Various
✓		2003	Economic Development Revolving Fund (Smart Money)	Statewide Economic Development Finance Act	6-25-6.1 NMEDD
✓	✓	2003	Child Care Revolving Loan Fund	Child Care Facility Loan Act	24-24-4.0 ECECD
		2004	Acequia Project Fund	Water Project Finance Act	72-4A-9.1 WTB/ISC/Leg
✓		2004	Behavioral Health Capital Fund	Behavioral Health Capital Funding Act	6-26-4 HCA
✓		2005	Energy Efficiency & Renewable Energy Bonding Act	New Mexico Finance Authority Act	6-21D-5 EMNRD
		2005	Local Transportation Infrastructure Fund	New Mexico Finance Authority Act	6-21-6.8 DOT
✓	✓	2006	New Markets Tax Credit	Statewide Economic Development Finance Act	6-25-6.1 FNM/NMEDD
		2007	Local Government Transportation Fund	New Mexico Finance Authority Act	6-21-6.12 DOT
✓	annually	2010	Colonias Infrastructure Project Fund	Colonias Infrastructure Finance Act	6-30-1.0 CIB
✓	✓	2011	Collateral Support Participation Program	Statewide Economic Development Finance Act	6-25-13 NMEDD
✓		2021	Essential Services Working Capital Program	Statewide Economic Development Finance Act	6-25-13 NMEDD
✓		2021	New Markets Tax Credit Small Loan Pool	Statewide Economic Development Finance Act	6-21-6.12 FNM/NMEDD
✓		2021	Small Business Recovery Loan Fund	Small Business Recovery Act of 2020	6-32-1 Legislature
		2021	New Mexico LEDA Recovery Grants	Local Economic Development Act	5-10-16 NMEDD/Leg
✓		2022	Cannabis Microbusiness Program	Statewide Economic Development Finance Act	6-25-6 RLD/NMEDD
✓	✓	2022	Venture Capital Fund	Venture Capital Program Act	6-33-3 (NMEDD)
✓	✓	2022	Charter School Facility Revolving Fund	Charter School Facility Improvement Act	6-21-6.16 (PSCOC)
✓	✓	2022	Opportunity Enterprise Revolving Fund	Opportunity Enterprise and Housing Development Act	6-34-12 OE&HDRB
✓	✓	2024	SSBCI Capital Access Program	Statewide Economic Development Finance Act	6-25-6 NMEDD
✓	✓	2024	Housing Development Revolving Fund	Opportunity Enterprise and Housing Development Act	6-34-1 OE&HDRB
✓	✓	2025	Local Solar Access Fund	Local Solar Access Fund	6-21-6.17 EMNRD

- ◆ NMFA Act § 6-21-6.1 provides that at the end of the fiscal year after all debt service is made, reserve requirements are satisfied, and administrative costs paid, an amount not to exceed 35% of the previous year's Governmental Gross Receipt Tax may be appropriated by the legislature to one of seven funds.
  - FY2025 GGRT totaled \$40,437,630 (35% = \$14,153,170)
- ◆ PPRF Appropriation Bill – **request to transfer \$14.150 million from the PPRF to:**
  - NMFA for Drinking Water State Revolving Loan Fund State Match -- \$7.15 million
    - 20% State Match for 2026 federal Capitalization Grants. Amount estimated is based upon 2025 federal allotments: \$11 million Base Cap Grant and \$25 million IJJA Supplemental Cap Grant
  - Department of Cultural Affairs for its Infrastructure Fund -- \$5 million
  - NMFA for Local Government Planning Fund -- \$2 million
  - Statutorily Identified Programs not recommended for an appropriation
    - NMFA Water & Wastewater Project Grant Fund
    - NMED Wastewater Facility Construction Loan Fund (aka federal Clean Water State Revolving Fund)
    - NMED Rural Infrastructure Revolving Loan Fund
    - NMED Solid Waste Facility Grant Fund

- ◆ Insufficient Program Funding for critical providers
- ◆ In past years, the NMFA has requested the NMFA Oversight Committee's support for additional capital for three core community services programs:
  - Primary Care Capital Fund
  - Behavioral Health Capital Fund
  - Child Care Facility Revolving Loan Fund
- ◆ A lack of predictable funding has resulted in NMFA responding to periodic requests for funding rather than helping care providers plan and fund their projects
- ◆ **Request: \$25 million in Primary Care Capital Fund**
  - Total net general fund appropriations since 1995 = ~\$900,000
  - The Primary Care Association reports that its members operate 175 clinic sites in 90 NM communities – 80% of the sites are located in rural and frontier areas with limited or no other service providers and that demand continues to grow
  - Clinics frequently use a one-stop shop model that provides dental and behavioral health with primary care



# **Economic Development Revolving Fund Report**

- ◆ The Statewide Economic Development Finance Act (“SWEDFA”) assigns powers and duties to the New Mexico Economic Development Department (“NMEDD”) and NMFA to jointly administer several programs seeking to increase business activity in rural and underserved areas, attract new and retain and expand existing businesses, and promote an environment suitable for start-up and emerging businesses throughout the state
- ◆ The Economic Development Revolving Fund (“EDRF”) is the Fund created under SWEDFA from which NMFA may make loans, purchase loan participations and bonds, and provide guarantees. Program success has been limited by availability of capital as only \$5.1 million of state funding has been provided since its inception in 2003
  - ❑ 2005 amendment made to SWEDFA requires that projects financed from the EDRF first receive legislation authorization
  - ❑ In 2011, in anticipation of receiving federal SSBCI funding, the Legislature approved a temporary measure to suspend the legislative authorization requirement
  - ❑ The temporary provision was extended three times by the Legislature and the latest temporary provision sunsets June 20, 2026
- ◆ **Staff is requesting the NMFA Oversight Committee’s endorsement of a permanent extension of the sunset.**



- ◆ The State Small Business Credit Initiative (“SSBCI”) is a federal program that seeks to increase the flow of capital to small business. In 2011, New Mexico received \$13 million of the \$1.5 billion made available by Congress. The recent reauthorization provides New Mexico with up to \$74 million of the \$10 billion authorized by Congress
- ◆ The reauthorized program focuses the capital on Socially and Economically Disadvantaged Individuals (“SEDI”) and Very Small Businesses (“VSBs”)
  - SEDI businesses are located in distressed communities (as defined by the Dept. of Treasury) or owned by individuals with historically diminished access to credit
  - Very Small Businesses are defined as businesses with fewer than 10 employees
- ◆ In the fall of 2022 NMEDD received an award of up to \$74 million with funding to be disbursed in three equal tranches of ~\$22 million over ten years. The total award amount includes ~\$6 million of SEDI incentive which is granted if New Mexico deploys at least 57% to SEDI-owned small businesses
- ◆ SSBCI gives states significant flexibility to design programs that meet local market conditions and small business needs seeking to increase access to capital to small businesses so long as \$1 federal dollar leverage \$10 private dollars

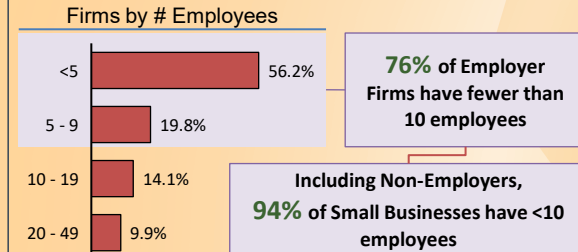


- ◆ NMFA commissioned Next Street to research New Mexico small businesses and their funding needs to help inform how the NMFA Venture Capital Program and SSBCI funding could be best utilized in New Mexico.
  - ❑ There are **167,784 New Mexico small businesses with fewer than 50 employees**; 75% of these New Mexico small businesses do not have employees
  - ❑ **76% of employer small businesses have fewer than 10 employees and account for 47% of private employment in New Mexico**
  - ❑ **42% of employer small businesses are located in rural communities**
  - ❑ **Minority-owned businesses are significantly underrepresented** in small business ownership statewide

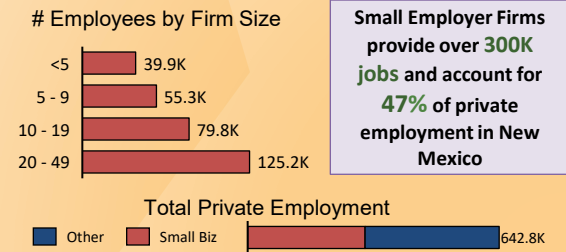
### Small Businesses (<50 Employees)

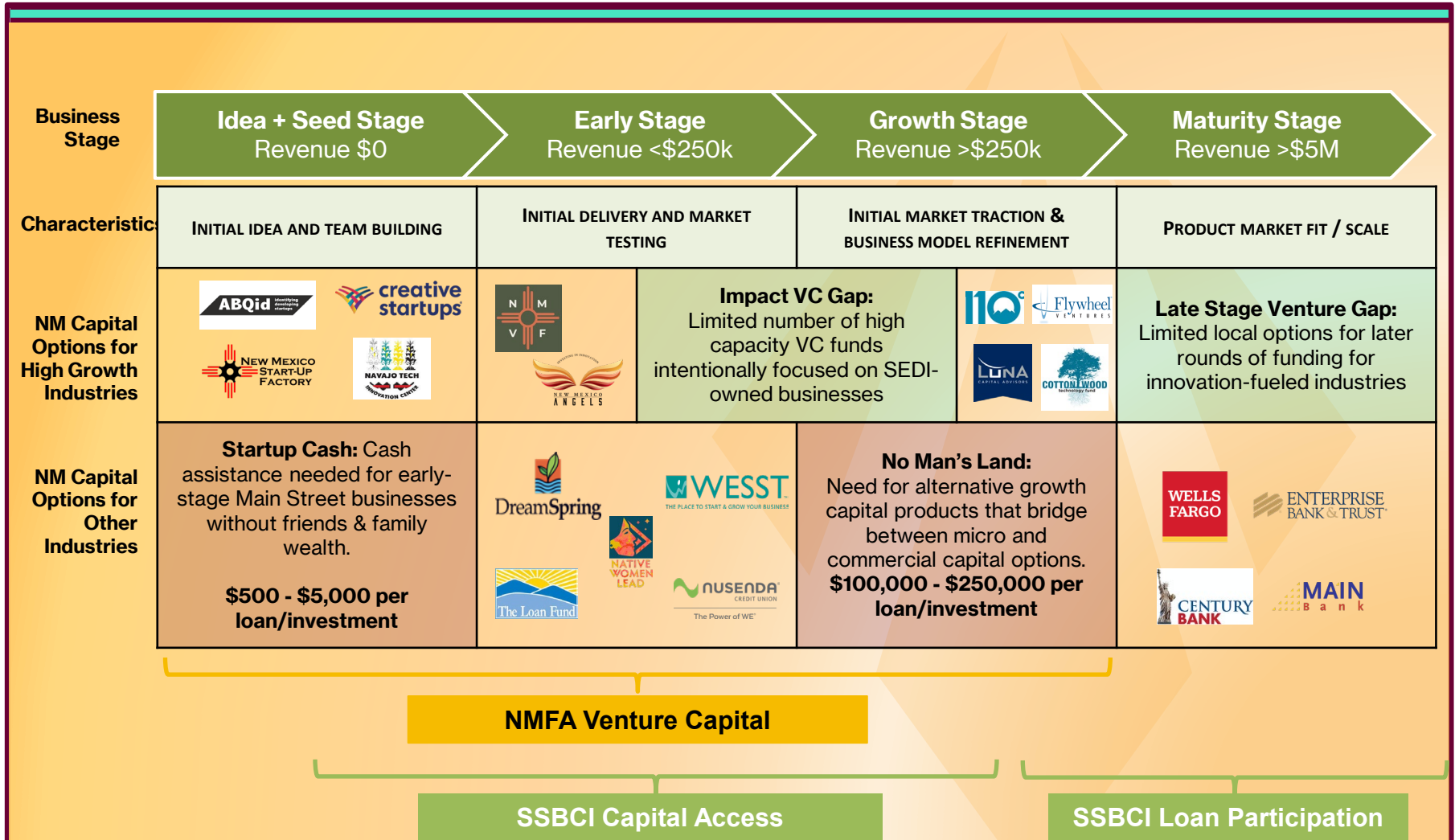


### Employer Firms by Size



### Employment by Employer Firm Size





### ◆ SSBCI Program and Tranche Allocations

- Initial Allocation: \$68 million for Venture Capital and \$9 million NMEDD Collateral Assistance Program
- Revised application spreads out the allocation to more programs for New Mexico small businesses:
  - Venture Capital allocation has been reduced from \$68 million to \$22.4 million
  - \$27 million Loan Participation Program
  - \$5 million Capital Access Program
  - \$10 million Collateral Assistance Program

	Initial Allocation	Revised Allocation	Tranche One	Tranche Two	Tranche Three*	Total
NM Growth Fund - VC Equity Fund	\$ 65,488,000	\$ 22,488,805	\$ 16,337,952	\$ -	\$ 6,150,853	\$ 22,488,805
NM Growth Fund - Loan Participation Program	\$ -	\$ 27,000,000	\$ -	\$ 14,000,000	\$ 13,000,000	\$ 27,000,000
NM Growth Fund - Capital Access Program	\$ -	\$ 5,000,000	\$ -	\$ 1,485,991	\$ 3,514,009	\$ 5,000,000
NM Growth Fund - Collateral Assistance Program	\$ 9,000,805	\$ 20,000,000	\$ 6,148,039	\$ 10,174,718	\$ 3,677,243	\$ 20,000,000
	\$ 74,488,805	\$ 74,488,805	\$ 22,485,991	\$ 25,660,709	\$ 26,342,105	\$ 74,488,805

\*assumes: VSB, SEDI Incentives awarded

### ◆ SSBCI Program and Tranche Allocations

- ❑ Initial Allocation agreement between NMEDD and US Treasury was signed on September 8, 2022 and Tranche 1 was disbursed to the State
- ❑ NMEDD and NMFA are working to complete Tranche 2
  - 80% of \$25,660,709 must be committed to Loan Participations, Capital Access Program and Collateral Assistance Program to trigger the release of Tranche 2
- ❑ Elimination of the annual legislative authorization requirement is key to NMFA meeting business needs and federal funding deadline
- ❑ If the Sunset is not extended, NM will need to transfer the remaining \$32 million of SSBCI back into the Venture Capital fund

Tranche Two	80% Requirement	
NM Growth Fund - VC Equity Fund	\$ -	\$ -
NM Growth Fund - Loan Participation Program	\$ 14,000,000	\$ 11,200,000
NM Growth Fund - Capital Access Program	\$ 1,485,991	\$ 1,188,793
NM Growth Fund - Collateral Assistance Program	\$ 10,174,718	\$ 8,139,774
	<b>\$ 25,660,709</b>	<b>\$ 20,528,567</b>



# Water Trust Board Report

- ◆ At its August 27<sup>th</sup> meeting, the WTB made its first set of recommendations for applications to be considered by the Interstate Stream Commission from the New Mexico Unit Fund
  - Pilot cycle (for planning & design projects) was open from mid – February to the end of March.
  - 21 applications received totaling \$12,841,744
    - One entity removed its application
    - One application deemed ineligible
  - Applications WTB policies prioritize applications using the following criteria:
    - Contribution to regionalization goals. (0-20 points)
    - Contribution to system resiliency. (0-20 points)
    - Contribution to water security. (0-20 points)
    - Contribution to the economic health of the local community. (0-10 points)
    - Ability to protect, enhance, or maintain cultural lifeways or resources. (0-10 points)
    - Level of local community engagement and participation. (0-10 points)
    - Project Urgency (0-10 points)
  - The applications received scores from 51 – 67 points. The WTB approved 11 applications totaling \$4,190,109 that received 60 points or greater



- ◆ NMFA selected nine technical assistance providers through a competitive procurement
- ◆ On June 30<sup>th</sup> the NMFA opened the application for water/wastewater utilities to apply for services provided under the Water Trust Board Technical Assistance program.
- ◆ At its August 27<sup>th</sup> meeting, staff reported that 9 applications had been approved to date:
  - Small system planning
    - Yahtahey Water & Sanitation District (McKinley County)
    - Cebolla Mutual Domestic Water Association (Rio Arriba County)
    - Malaga Mutual Domestic Water Consumers & Sewage Works Association (Eddy County)
    - Gallup Water & Sanitation District (McKinley County)
    - City of Santa Rosa – Wastewater (Guadalupe County)
    - City of Santa Rosa – Water Utility (Guadalupe County)
    - Ranchos de Taos Water & Sanitation (Taos County)
  - Regionalization facilitation
    - Gameraco NW NM Utility Authority (McKinley County)
    - Penasco Mutual Domestic Water Consumers Association (Taos County)

◆ Funding available for 2025 Awards

□ Net STB proceeds	\$153,845,329
□ Water Trust Fund	4,000,000
□ General Fund (for FY25 & FY26 cycles)	<u>200,000,000</u>
Total	\$357,845,329

◆ At its April 22<sup>nd</sup> meeting, the WTB recommended 60 awards totaling \$146,603,384

- 11 applicants with 18 total applications could not be considered due to regulatory issues
- The WTB extended the compliance deadline for these applicants to July 31<sup>st</sup>
- Four applications submitted by one applicant were withdrawn
- All but four applicants (for 5 applications) met the compliance deadline

◆ At its August 27<sup>th</sup> meeting, the WTB recommended 4 additional applications submitted by 11 applicants (and one increased award) totaling \$62,197,765

◆ Total 2025 funding awarded:

□ Water Storage and Conveyance	55	157,079,748
□ Flood Prevention	3	16,985,213
□ Water Conservation	13	32,836,188
□ Watershed Restoration	<u>3</u>	<u>1,900,000</u>
Total	74	208,801,149

- ◆ FY 2026 Application open from August 11 – September 11, 2025

- ◆ 135 Notices of Intent to File an Applications received

- ◆ Applications made up of five project types:

❑ Water Storage and Conveyance	73	\$370,887,440
❑ Wastewater	40	263,626,735
❑ Flood	8	23,839,027
❑ Conservation	3	19,600,000
❑ Watershed	11	7,550,000
❑ ESA	<u>0</u>	<u>0</u>
Total Notices of Intent	135	\$685,503,202

- ◆ High concentration of municipal applicants

❑ Municipalities	38
❑ Counties	5
❑ Tribes	3
❑ Authorities/Associations/Districts	<u>40</u>
Total Applicants	86

- ◆ Applicants may present their projects to the full WTB at its October 2<sup>nd</sup> and 3<sup>rd</sup> Meeting

*New Mexico's partner in building economic prosperity and stronger communities.*



**New Location !**

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