




*Business Incubators,  
Accelerators and Venture  
Capital in New Mexico*

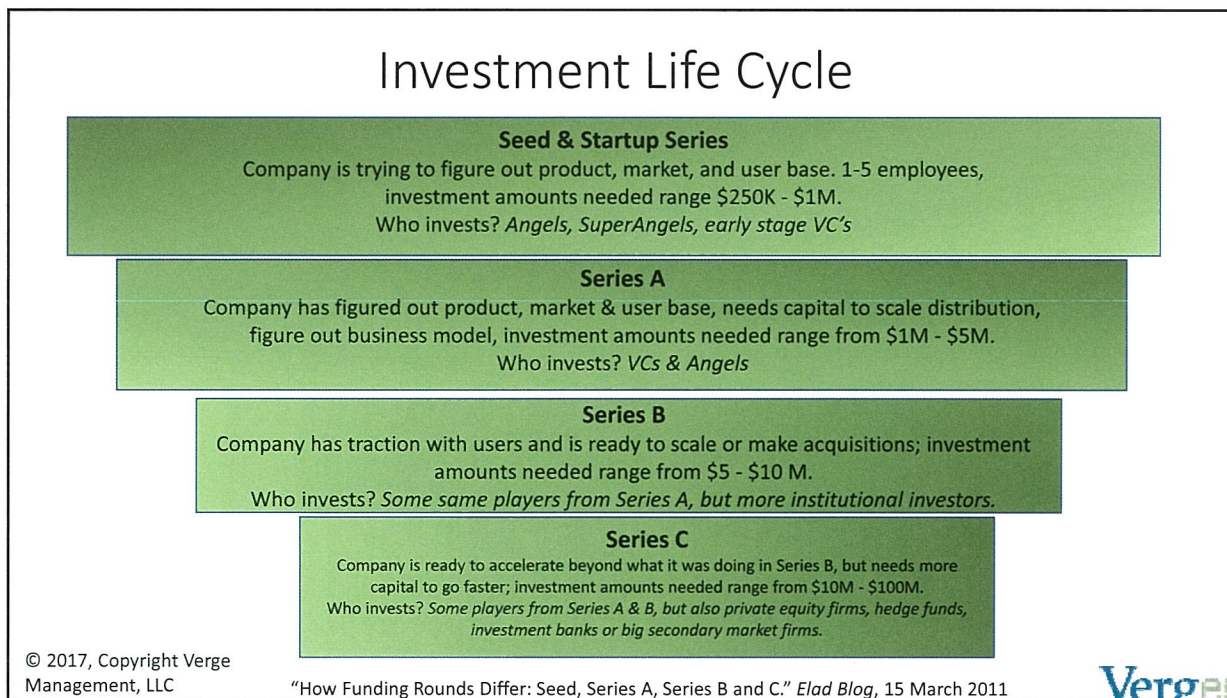
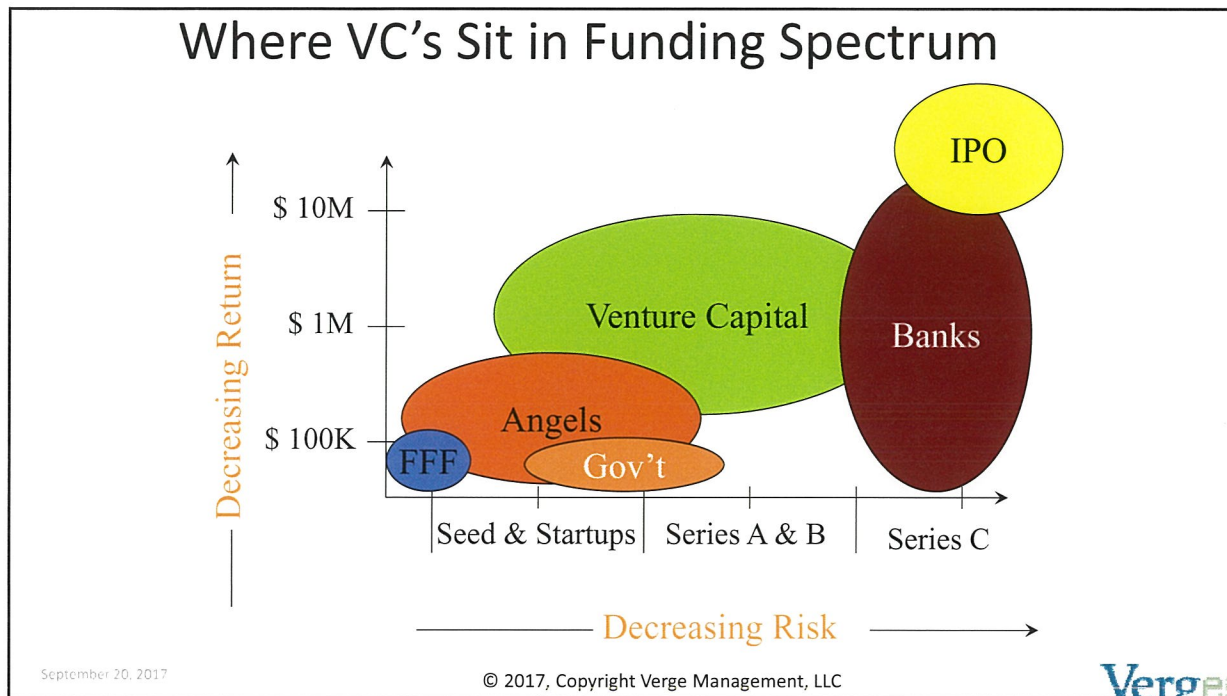
New Mexico Finance  
Authority Oversight  
Committee  
September 20, 2017

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## Why is investing locally in NM important?

Supports & Promotes Entrepreneurs and Entrepreneurial Community	Innovation Led Economy	Job Creation (High Paying, Tech)
Wealth Creation	Economic Development	Provides support & opportunities for Under-Appreciated Talent

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But challenges remain....



“Little sustaining benefit to the state will result either from creation of an entrepreneurial ecosystem or from converting ideas into companies if those businesses were to leave the state to grow. Reasons for leaving could include lack of access to capital, policies and taxes that are considered by some to be unreasonable or unfriendly, and merely the belief that New Mexico’s business climate is not conducive to growth.”

“Economic Security and Vitality for New Mexico.” *New Mexico First*, April 2016.
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## NM Startups Receive Support From Early Stage Investors

**The Catalyst Fund – a fund of funds consisting of \$20M by the SIC**

The Catalyst Fund will invest in exiting and emerging Portfolio Fund located across the State of New Mexico with a focus on providing capital to start up companies at the seed and early stage of development.

**Angel Tax Credit**

Allows certain investors to take a tax credit of up to \$25,000 for an investment made in a NM company that is engaging in high-tech/research or manufacturing.

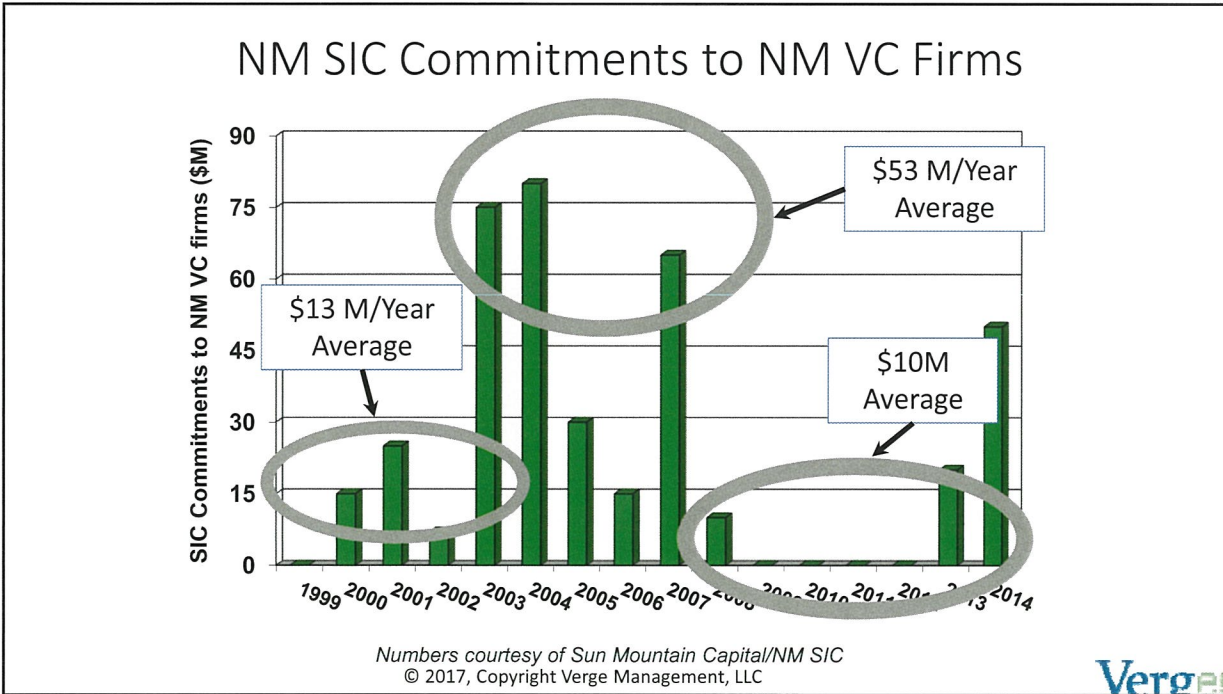
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“New Mexico Catalyst Fund.” *Sun Mountain Capital*, April 2016.


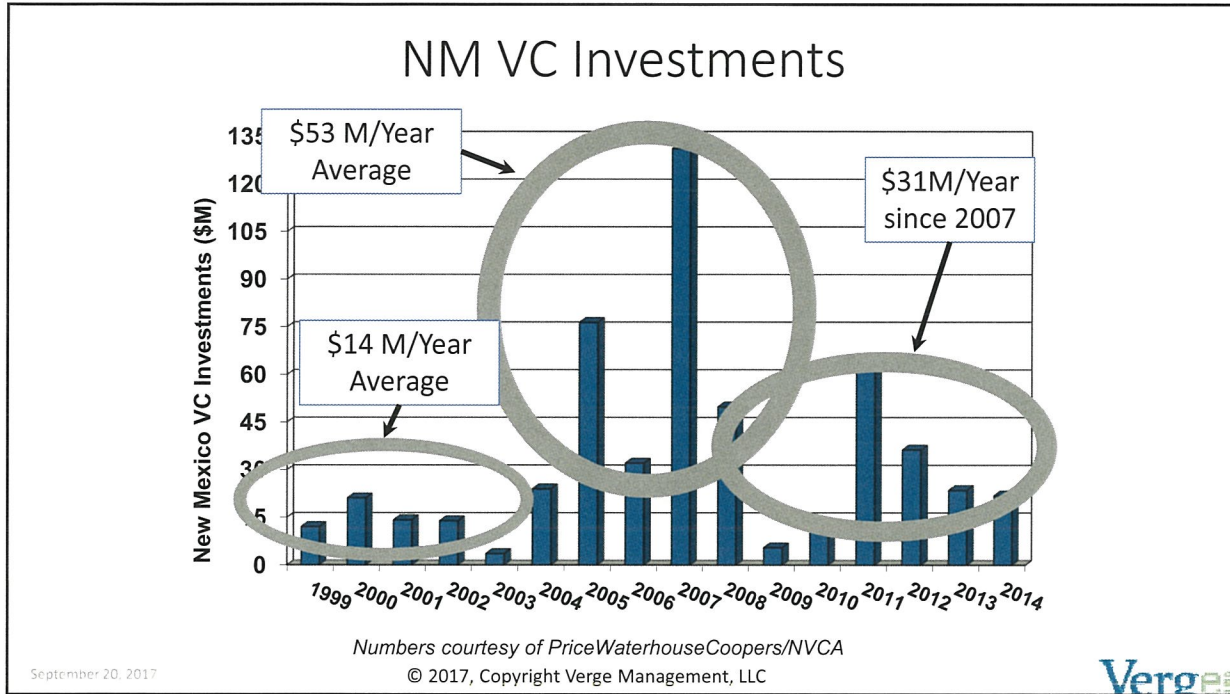
## Startup Companies Need to Be Funded Through Exit

“Today, there are already some very active incubators in Albuquerque and Santa Fe, but not many companies in those facilities are getting the funding they need to move out on their own. With more startup initiatives, expectations will increase for companies to grow and graduate from the incubators, and for that, we need more capital in the local market”

Robinson-Avila, Kevin. “NM Venture Capital Still in Recession.” *Albuquerque Journal*, 16 June, 2014..


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### VC Backed Companies....


- Had 2010 Sales of \$3.1 Trillion  
 ➤ **21% of U.S. G.D.P.**
- Employ Over 11.9 million people  
 ➤ **11% of total U.S. private sector employment**














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## VC Backed Companies in New Mexico



Descartes  
Labs



LAVU



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## Recommendations

### Expand Angel Tax Credit

- Increase pool of credit
- Make pool available to out-of-state investors

*Bring out-of-state dollars into NM to support our start-ups*

### Make Sale NM Businesses Exempt from NM Capital Gains Tax

*Reward NM entrepreneurs & their employees for taking risks*

### Spur more institutional investments by the State of NM

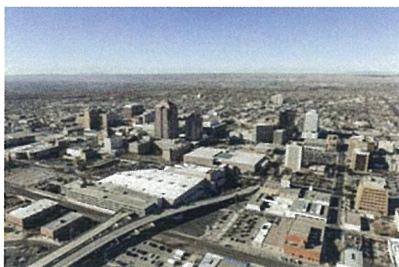
- Encourage local investment by PERA and ERB
- Encourage local investment by other sources: university endowments and private pensions

*Local Investors drive local investment and only institutions can support later-stage growth*



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