



NEW MEXICO  
**FINANCEAUTHORITY**

1

# **Small Business Recovery Loan Fund and the Small Business CARES Relief Grants**

**Update to Investment and Pension Oversight Committee  
Marquita D. Russel, NMFA CEO**

**December 10, 2020**

- ◆ In the past six months, the State has entrusted NMFA to administer several short-term stimulus programs:

- **First Special Session of 2020**

- **Emergency Economic Relief Program**

- \$50 million program funded from Severance Tax Permanent Fund that provides revenue replacement loans to cities and counties that experienced decline of at least 10% in GRT in the 4<sup>th</sup> quarter of FY 2020
- GRT collections higher than initially feared; program demand not apparent; program rules not implemented

- **Small Business Recovery Loan Fund**

- \$400 million program that provides loans to small businesses that experienced financial hardship due to the public health
- Applications open from August 5 – December 31<sup>st</sup>
- State Investment Council initially deposited \$100 million; NMFA returned \$60 million because it was unlikely to be utilized for business loans

- ◆ The Act defines “Qualifying Small Business” as a business or nonprofit corporation that:
  - ❑ closed or reduced operations due to the public health order, and
  - ❑ had annual gross revenue of less than \$5 million as determined by its 2019 federal income tax return, and
  - ❑ experienced a 30% decline in monthly gross receipts or monthly revenue in each of April and May of 2020 (as compared to the same months in 2019) as reported to Taxation & Revenue Dept.
  - ❑ Is determined by NMFA to be creditworthy
- ◆ For-profit businesses (sole proprietor, partnership, corporation, limited liability company, etc.) must be at least 80% owned and controlled by one or more NM residents;
- ◆ Nonprofits must be organized as either 501(c)(3) or 501(c)(6)

- Loan Amount: Two times the monthly average expenses, not to exceed \$75,000.
- Interest Rate:  $\frac{1}{2}$  of *WSJ Prime*, fixed (currently 1.625%).
- Collateral: None. Personal guarantees not required.
- Terms: 3-year loans, interest only, paid annually. Principal due at maturity. At borrower's request, loan may be extended for an additional three years with monthly principal and interest payments.
- Reporting: Clients will be required to report annually to NMFA current employment data and any bankruptcy action filed.
- Funding: Loan funded at closing via ACH to the account identified and verified in the application.
- Use of Funds: At least 80% of the loan must be used for ordinary business expenses, including any PPE/covid-safe practice costs, equipment, working capital and non-owner salaries. Salaries to equity owners limited to no more than 20% of the loan.



# SBRLF Approved Loans

Number loans approved: **691**  
Loans range from **\$496 - \$75,000**

Total loan amount: **\$32,091,710**  
Average loan: **\$46,442**

o Loan Amount	Count	Average	Low	High
i. 0 to \$29,999:	245	\$12,656.59	\$496.00	\$29,653.00
ii. \$30,000 to \$44,999:	68	\$37,394.66	\$30,323.00	\$44,844.00
iii. \$45,000 to \$59,999:	66	\$52,257.15	\$45,277.00	\$59,963.00
iv. \$60,000 to \$74,999:	51	\$67,137.96	\$60,007.00	\$74,887.00
v. \$75,000	261	\$75,000.00	\$75,000.00	\$75,000.00
<b>o Revenue per year</b>				
i. < \$500,000	408	\$202,190.58	\$0.00	\$495,822.00
ii. \$500,000 – \$999,999	124	\$706,042.27	\$504,351.00	\$979,757.00
iii. \$1 million - \$2.499 million	117	\$1,530,385.45	\$1,005,819.00	\$2,484,094.00
iv. \$2.5 million – \$3.99 million	35	\$3,080,656.69	\$2,543,687.00	\$3,988,441.00
v. \$4 million – \$5 million	7	\$4,531,797.57	\$4,225,107.00	\$4,926,159.00

## Top Industries:

Accommodation & Food Services:	<b>20%</b>
Retail:	<b>18%</b>
Arts, Entertainment & Recreation:	<b>9%</b>

## □ **Second Special Session of 2020**

- **Small Business CARES Relief Grant Fund**
  - \$100 million of federal CARES funds appropriated to the Dept of Finance and Administration which entered into an MOU with NMFA to administer the grants
  - Application open from Monday, December 7 through Friday, December 18th
  - Grants awarded in three rounds:
    - ◆ \$40 million for applications submitted by noon on Thursday, December 10<sup>th</sup>
    - ◆ \$35 million for applications submitted by noon on Tuesday, December 15<sup>th</sup>
    - ◆ \$25 million for applications submitted by noon on Friday, December 18<sup>th</sup>
  - Economic impact (profit & loss per employee) determines priority of funding
  - Dedicated funds for priorities identified in House Bill1/a:
    - ◆ to ensure geographic dispersion of funds, 40% set aside for businesses in rural NM
    - ◆ Businesses in hospitality and leisure industries
  - 8,000 applications submitted as of December 9, 2020
  - Funding must be fully distributed by December 28, 2020

- ◆ Grants of up to \$50,000 to eligible small businesses that experienced negative impact due to the public health order:
  - ❑ For-profit businesses (sole proprietor, partnership, corporation, limited liability company, etc.) owned at least 51% by one or more NM residents; or
  - ❑ Nonprofits must be organized as either 501(c)(3), 501(c)(6), 501(c)(8), and 501(c) nonprofits that serve Veteran's; and
  - ❑ 100 or fewer employees
- ◆ NMFA Policies & Procedures awards grants based upon the number of employees reported to the Dept. of Workforce Solutions
  - ❑ Contract employees do not count in this calculation
  - ❑ Full and part time employees included in this calculation

- ◆ Grants will be awarded based upon a business's employees.

- Employees                      Grant Amount

▪ 0	\$ 2,000
▪ 1-5	\$ 10,000
▪ 6-15	\$ 15,000
▪ 16-25	\$ 25,000
▪ 26-40	\$ 30,000
▪ 41-60	\$ 40,000
▪ 61-75	\$ 45,000
▪ 76-100	\$ 50,000

- Applicants choose the month that best represents their employment
- Applicants may use pre-COVID employment levels for purposes of determining the grant amount [January 2019 – November 30]
- Applicants are required to submit a copy of the quarterly wage report to support the information



- ◆ Programs operated using NMFA Board-adopted guidelines
- ◆ NMFA adopted new technology to help increase efficiency and mitigate fraud
- ◆ Applications accepted online application at [www.nmfinance.com](http://www.nmfinance.com) and answers provided by applicant are verified with documents submitted with application
- ◆ Funds are deposited directly into business's checking account a federally insured financial institution.
- ◆ The short-term programs are operated with a combination of temporary employees and temporarily reassigned personnel

- ◆ NMFA used both applications to gather information about business need to provide policymakers with a comprehensive view of the investment:
  - ❑ Gross annual revenue of the small business
  - ❑ Number of employees:
    - March 1, 2020 -- prior to the New Mexico COVID 19 health order
    - at the time of application
    - March 1, 2021 -- predicted in one year.
    - Businesses will report after the awards are made
  - ❑ Industry
  - ❑ Region
  - ❑ Use of assistance (e.g. salaries, mortgage payments etc.)
  - ❑ Demographic information of business owner(s)



## **New Mexico Finance Authority**

207 Shelby Street

Santa Fe, NM 87501

CARES Line: (505) 992-9696

Toll Free: (877) ASK-NMFA

CARES@nmfa.net

[www.nmfinance.com](http://www.nmfinance.com)

***New Mexico's Partner in Building  
Economic Prosperity and Stronger Communities***