

New Mexico's Business Incubator Program

Statistics indicate that if every small business in the U.S. began in a business incubator the survival rate of these businesses would nearly double. According to the U.S. Small Business Administration only 44% of new small businesses survive (at least four years). Incubated businesses have a survival rate of 87%.

Recognizing the importance of small businesses to New Mexico's economic growth, the Legislature created the business incubator program in 2005. The legislation established criteria an organization and facility must meet in order to become a certified business incubator in New Mexico. The certification process and requirements provide "best practice" standards to insure the sustainability of the incubator. There are currently five active certified incubators in New Mexico:

- South Valley Economic Development Center
- WESST Enterprise Center
- Santa Fe Business Incubator
- Enterprise Center at San Juan College
- Arrowhead Technology Incubator

During fiscal years 2007-2010 these five incubators received \$548,600 from the State. The return on this investment is significant. A 2011 economic impact study indicated a cost benefit ratio for this funding of **57 to 1, or \$57.49 for each \$1 of State funding**. Estimated tax revenues generated by incubator tenant and graduate businesses over the four-year period:

- To the State of New Mexico \$31,502,863
- To local taxing districts \$20,494,596
- **Total tax revenue** **\$51,997,459**

The economic impact of the tenants and graduates of the five incubators in one year, 2011, are shown in the table below. The study estimates that tax revenues generated by incubator tenants and graduates in 2011 totaled nearly \$13 million.

2011 Economic Impact	Tenants	Graduates	Total
Number of direct businesses operating during 2011 as a result of incubator activities	102	76	178
Total annual revenues generated by these businesses	\$48,906,260	\$95,333,763	\$144,240,022
Total jobs created and supported	1,143	1,514	2,657
Total annual salaries paid to workers	\$46,086,469	\$58,672,950	\$104,759,419
Property added to tax rolls	\$16,017,749	\$24,609,693	\$40,627,442
Annual taxable gross receipts generated on:			
Revenues of direct and indirect businesses	\$36,679,695	\$71,500,322	\$108,180,017
Taxable spending by direct and indirect workers	\$18,434,588	\$23,469,180	\$41,903,768
Taxable spending by businesses	\$4,279,859	\$19,444,600	\$23,724,459
Total gross receipts	\$59,394,141	\$114,414,102	\$173,808,243

WESST Enterprise Center, Albuquerque

The Enterprise Center opened in January 2009. It is a 37,000 square foot facility and can accommodate up to 20 light manufacturing, service, professional and technology businesses. The facility is well-equipped to accommodate a variety of business types, including a new state-of-the-art digital media center. Current tenants include small businesses in the technology, health care, and biotechnology industries. Between 2009 and 2011 Enterprise Center tenants created a combined total of 197 new jobs with a total payroll of \$12.7 million, generated \$23.4 million in revenues, and raised \$9.4 million in equity investments.

Santa Fe Business Incubator (SFBI)

Since opening in 1997 SFBI has tripled in size to a total of 30,000 square feet. The facility includes office, lab and light manufacturing space. To date SFBI has helped launch and grow over 70 companies, generating revenues exceeding \$100 million and more than 700 new direct jobs. Of the total number of companies served since 1997, over 80% of the graduates are still in business or have merged or been sold to existing companies. Current tenants represent industries as diverse as software development, life sciences and nanoelectronics manufacturing.

The Enterprise Center at San Juan College, Farmington

The San Juan College Enterprise Center was opened in December 1999 and has served over 50 companies and created over 200 jobs as a mixed-use full-service business incubator. In 2009 the Center expanded services by adding offices to the production bays in the west wing to further accommodate the needs of our clients. The Enterprise Center is one component of the Quality Center for Business (QCB), which also hosts Four Corners Economic Development, the SBDC, WESST, NMMEP, NWNM Council of Governments, and the SBDC procurement office, making the QCB a one-stop shop for businesses. Clients include software development, light manufacturing, professional services, and oil and gas industry services.

South Valley Economic Development Center (SVEDC)

In the seven years since the SVEDC opened its doors it has served 109 businesses, 32 of which have graduated into the community. More than 300 direct jobs have been created by these companies. In 2010 alone SVEDC clients generated nearly \$4 million in salaries and \$8.9 million in business activity in Bernalillo County. The focal point of the facility is the large commercial kitchen. The South Valley is a historically agricultural area and in 2011 over 200 potential entrepreneurs came to the Center to learn how to create a food-based business.

Arrowhead Technical Incubator (ATI), Las Cruces

Located on the campus of New Mexico State University, ATI offers a unique combination of services to technology-based companies. As an example, ATI has a formal partnership with the Department of Energy's National Nuclear Security Administration to advance creative technology for solutions in homeland security. Through its many partnerships and resources ARI provides technology validation, market intelligence, prototyping and many other services to its clients.