

The agenda for New Mexico's entrepreneurs: 2024 legislative session

Small Business Majority has created a comprehensive state policy agenda to ensure entrepreneurship is at the center of a thriving and inclusive economy in New Mexico. It's critical that state lawmakers enact short- and long-term policies to support and empower entrepreneurs by guaranteeing their access to capital, an infrastructure that can support their ability to offer quality jobs, and their ability to compete fairly now and in the future. To achieve these goals, policymakers should consider the following policy proposals.

Increase access to capital and opportunity for entrepreneurs

- **Support the New Mexico Economic Development Department in ensuring State Small Business Credit Initiative (SSBCI) dollars are flowing to under-resourced small businesses that have faced systemic barriers in accessing capital.**

This includes the following recommendations:

- Encourage the Department to engage stakeholders in providing feedback to ensure an efficient distribution of funding of SSBCI dollars.
 - The Department should also educate and encourage banks and other financial institutions to participate in the Collateral Assistance Program since the program would support small businesses in underserved markets. This portion of New Mexico's SSBCI funding accounts for \$9 million and will help support existing businesses in the state.
 - The Department must also continue educating all stakeholders, namely small business owners, about the programs and their ability to participate or apply for loans through third parties.
 - The Department should work in tandem with tribal governments, particularly those in banking deserts, to guarantee that dollars reach Indigenous small business owners on and off reservations.
- **Promote responsible lending practices by lenders and brokers as set forth in the [Small Business Borrowers' Bill of Rights](#).** Although the state has passed a 36% rate cap for loans that are less than \$10,000, small businesses deserve to make apples-to-apples comparisons when seeking financing. While consumer loans are required to disclose the annual percentage rate (APR), federal law does not require the same for commercial financing. Without disclosure of APR, small businesses are susceptible to hidden terms and unfair pricing. In lieu of a federal law, the state must pass its own legislation to require transparency and fairness in small business financing products to protect small businesses, no matter the size of the loan.
 - **Enact policies to strengthen and expand community bank lending, which provides more than half of all small business lending.** For example, we encourage state and local governments to shift public funds into community banks and ensure those deposits are used to increase access to capital by requiring them to regularly report on small business lending.
 - **Establish a state bank that makes low-interest loans for infrastructure, agriculture, affordable housing, student loans and small businesses.** This would spur economic growth and lead to thriving community banks with higher lending totals.
 - **Increase funding for Small Business Development Centers and other business resource centers to deal with the influx of small business owners in need of guidance and support, particularly the growing gig economy in the state.**

Bolster a Main Street-friendly workforce and the creation of quality jobs

- **Pass legislation to create a state-run paid family and leave insurance program so small business owners and their employees can access paid family and medical leave.** This would allow small businesses to provide their employees with access to paid family and medical leave without fully funding such a program themselves, allowing them to better compete with large corporations that recruit top talent by offering robust paid leave benefits.
- **Enact a Prescription Drug Affordability Board that would ensure a fair market for consumer costs for prescription medications.** This board would evaluate the cost of medications, determine if the price increases are justified and seek to lower healthcare costs.
- **Provide additional coverage options for small business employees who are not offered coverage at work by allowing them to buy into the state's Medicaid program.**
- **Block hospital mergers and acquisitions that are likely to increase patient costs and inaccessibility.** Particularly for rural small business owners, hospital consolidations lead to longer wait times, increased travel time to access care, and rising out-of-pocket costs.
- **Block anti-competitive hospital contracting practices with insurance companies.** For example, large hospital chains may use their market power to force insurance companies to include certain high-cost providers in their networks.
- **Allocate more funding to support New Mexico's childcare providers.** Currently, childcare funding is largely targeted at the parents' expenses. Additional dollars could help small providers who struggle to make their business profitable expand and grow through free resources and funding.
- **Amend the New Mexico Work and Save Act relating to the IRA Program to ensure all employers with five or more employees participate (with an opt-out component for the employee).** Small businesses want to offer benefits to their employees because it helps them attract and retain their workforce and compete with larger businesses for talent. Offering a robust benefits package that includes retirement is critical, particularly as [67% of New Mexicans](#) working in the private sector have saved \$0 for retirement. A regional partnership collaboration with Colorado SecureSavings could support New Mexico's retirement savings program's ability to reach more individuals.

Promote a level playing field for New Mexico small businesses

- **Reassess tax policy for Indigenous small business owners who operate on and off reservations so that compliance is streamlined and clear.** Many Indigenous-owned small businesses must abide by several different tax policies depending on where they live and where they work. This creates a complicated compliance standard that unfairly puts these businesses at risk.
- **Oppose state and local tax policies that amount to “giveaways” to large corporations at the expense of investing in Main Street small businesses in local communities.** In light of the large economic and tax incentives provided to Netflix, we must ensure that some of those dollars flow to local businesses that are contributing to New Mexico's economy. We recommend passing legislation that would require larger companies, like Netflix, to procure and shop from small businesses as part of any incentive package.
- **Exempt business-to-business services from the gross receipts tax so the burden does not fall on small businesses who do not have the infrastructure for in-house services.**