

## The agenda for New Mexico's entrepreneurs: 2026 legislative session

New Mexico is home to more than [172,000 small businesses](#), employing 340,000 people and accounting for 99% of all businesses in the state.<sup>1</sup> They play a significant role in our state economy and workforce. However, national economic uncertainty coupled with an especially fast-changing business landscape has required small businesses to adapt, yet again. As such, state governments must pass policies that address the new burdens that businesses are now facing. That is why Small Business Majority has created a comprehensive state policy agenda to ensure small business ownership and entrepreneurship are at the center of a robust, equitable and competitive economy for the state. It is critical that state lawmakers enact both short- and long-term policies to empower entrepreneurs, remove barriers and to strengthen the small business ecosystem. To achieve these goals, policymakers should consider the following policy proposals.

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

- **Increase access, affordability and transparency in healthcare**
  - **Strengthen the Health Care Affordability Fund (HCAF) via increased funding.** HCAF was created to lower healthcare costs for New Mexicans. But in the wake of significant Medicaid cuts and changes to the program itself, New Mexicans, especially self-employed entrepreneurs, could begin purchasing through BeWell, New Mexico's health insurance marketplace. As such, the state should increase funding to the Fund and ensure that it reaches the most vulnerable populations. This will also help to safeguard the HCAF's coverage protection programs, which help individuals with premiums and out-of-pocket costs.
  - **Ensure Health Care Authority receives budget request for the Health Care Affordability Fund (HCAF) initiatives.** To guarantee the agency can address the forthcoming fallout of Medicaid cuts, the Authority must have all the resources it requires to better support New Mexicans across the state, particularly in rural communities that are most at risk for failing to access affordable care.
  - **Enact comprehensive site-neutral payment reforms.** Small business owners and their workers want to pay a fair price for healthcare services. But today, prices are too often based on corporate ownership rather than on quality or outcomes. Requiring site-neutral payments will close a loophole that allows providers to charge more simply because a primary care or outpatient service is performed in a facility owned by a hospital.
  - **Block hospital mergers that undermine the affordability and long-term healthcare access for rural communities and their entrepreneurs.** Rural communities across the state are struggling to access care, with more clinics closing yearly. Therefore, the Office of Superintendent of Insurance must leverage all its authority under the Health Care Consolidation Oversight Act to protect healthcare access across the state. Doing so would create greater competition and discourage rises in healthcare costs.
  - **As small businesses search for healthcare plans in the wake of Enhanced Premium Tax Credits (EPTCs) set to expire at the end of the year,** the New Mexico Health Care Authority must communicate for those searching for plans, which are and are not compliant with the Affordable Care Act (ACA) standards. For instance, the agency must clearly stipulate that limited benefit plans do not meet the requirements of the ACA. These can include short-term plans, limited benefit plans, trade association plans and discount plans.

- **Protect small business owner data, particularly immigrant-owned businesses.** New Mexico small business owners and their workers rely on programs like Medicaid more than in any other state, which is why the state must pass protections that would ensure business owner data from state programs are not misused to target immigrant-entrepreneurs.
- **Funding and implementation of universal childcare**
  - **Build the supply of home-based and center-based childcare.** Doing so would increase childcare access by up to 12,000 slots. It's vital that the state has the capacity and resources to properly support home-based childcare centers to reinforce the universal childcare program in the state.
  - **Approve the budget for the New Mexico Early Childhood Education and Care Department (ECECD).** Small business owners and their employees rely on childcare providers in order to participate in the workforce. While the state has implemented universal childcare in 2025, more funding is needed for the Department to meet the actual needs of New Mexicans across the state. The Department is requesting \$160 million to provide care free of cost for all New Mexicans. The state must approve this request.
  - **The ECECD budget must include a wage- and career-ladder for childcare providers.** Many childcare providers are small business owners and they are integral to every community in the state. That is why it's essential that childcare providers are paid adequately and that the state implement and fund a wage-ladder that supports long-term careers that are built on financial security for providers. This would help address long-term workforce shortages that dictate the gaps in childcare access.
- **Defend reproductive care laws,** particularly against federal attacks. Small business owners and their employees rely on family planning and access to reproductive care to effectively run their businesses.
- **Pass legislation to create a state-run paid family and medical leave (PFML) insurance program.** Our 2024 [scientific poll](#) found New Mexico small businesses overwhelmingly support (85%) the creation of a state-run PFML insurance program.<sup>2</sup> This would allow small businesses to provide their employees with access to PFML without fully funding a program themselves, allowing them to better compete with large corporations that recruit top talent by offering robust paid leave benefits.

## Increase access to capital and opportunity for entrepreneurs

- **Promote responsible lending practices by lenders and brokers as set forth in the [Small Business Borrowers' Bill of Rights](#).**<sup>3</sup> 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 APR disclosure, 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.
- **Support the New Mexico Economic Development Department** in ensuring State Small Business Credit Initiative (SSBCI) dollars continue to reach under-resourced small businesses that have faced systemic barriers in accessing capital through small-dollar loans.

- **Consider reallocating dollars to small business lending or grant programs to offset federal restrictions.** Recently promulgated rules now require that any SBA-backed financing is limited to businesses with 100% beneficial ownership by citizens of the U.S., U.S. Nationals, or Lawful Permanent Residents (LPRs). Businesses that have partial ownership by a non-U.S. citizen can no longer access SBA loans. Without support from state government in the form of more lending dollars or grant program dollars, small businesses will continue to feel the credit crunch. The state should consider allocating dollars to its small business programs (ex: Smart Money Business Loan Participation Program) or create new ones as this will have long-term effects.
- **Strengthen education and outreach dollars for small business programs in lieu of Minority Business Development Centers and Women’s Business Centers.** Federal staff and budget reductions for these two vital entities will continue to harm small business. New Mexico must support the New Mexico Economic Development Department in offering resources to the states’ small businesses as federal programs are diminished.

### Promote a level playing field for New Mexico small businesses

- **Enact a ban on non-compete agreements.** Non-compete agreements are a significant impediment to entrepreneurship, create a non-level playing field and impede the ability of employees to maximize their skills. The state does not currently have a comprehensive ban on non-competes, which hinders growth across New Mexico. They are not only a barrier to entry for entrepreneurs, but they also prevent small firms from hiring the most diverse, qualified and skilled talent.
- **Create a short-term grant program or tax incentive to cover the cost of tariffs for equipment and materials during a transition period.** The status and rate of tariffs are now always changing and unpredictable, taking businesses by surprise when purchasing new equipment and materials. A grant program would alleviate some of the burden.
- **Oppose state and local tax policies that amount to “giveaways” to large corporations at the expense of investments in Main Street small businesses.** Large economic and tax incentives provided to large tech firms make it tougher for small businesses to compete who often bear the burden of unfair giveaways. 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 to procure and shop from small businesses as part of any incentive package.
- **Reassess tax policy for Indigenous small business owners who operate on and off reservations, so compliance is streamlined and clear.** Many Indigenous-owned small businesses must abide by 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.

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<sup>1</sup> “2025 New Mexico Small Business Profile, “, U.S. Small Business Administration, [https://advocacy.sba.gov/wp-content/uploads/2025/06/New\\_Mexico\\_2025-State-Profile.pdf](https://advocacy.sba.gov/wp-content/uploads/2025/06/New_Mexico_2025-State-Profile.pdf)

<sup>2</sup> “New Mexico small businesses support state-run paid family & medical leave program,” January 2024, Small Business Majority, <https://smallbusinessmajority.org/our-research/workforce/new-mexico-small-businesses-support-state-run-paid-family-medical-leave-program>

<sup>3</sup> “Small Business Bill of Rights,” Responsible Business Lending Coalition, <https://www.borrowersbillofrights.org/setting-the-standards>