

## NMFA Legislative Oversight Committee Presentation:

### LEDA, Catalyst Fund and other Business Assistance Programs

Juan Torres, Finance Development Team Leader



## New Mexico Economic Development Department

- ▶ Creating and maintaining a competitive environment to create jobs, increase the tax base, and provide Incentives for Business Development.



## Finance Development Team:

- ▶ Administers the LEDA Capital Outlay Fund used in support of business recruitment, expansion and relocation. The fund can be used by qualified entities on qualified expenditures in the areas of land building and infrastructure. LEDA guidelines, projects and performance metrics can be found on our website at <https://gonm.biz/business-resource-center/edd-programs-for-business/finance-development/leda/>



## The State Small Business Credit Initiative (SSBCI)

- ▶ The State Small Business Credit Initiative (SSBCI) was created through the Small Business Jobs Act of 2010. SSBCI was funded with \$1.5 billion to strengthen state programs that support financing of small businesses and underserved populations. Treasury awarded funding to 47 states, the District of Columbia, 5 U.S. Territories, and municipalities in 3 states, based on their proportion of unemployed persons as a percentage of the national total.



## The State Small Business Credit Initiative (SSBCI)

- ▶ Participating States funded new or existing state programs that fell into one of the following types: Capital Access Program (CAP), Collateral Support Program, Loan Guarantee Program, Loan Participation Program, or Venture Capital Program. General program parameters required Participating States to demonstrate a reasonable expectation of leveraging \$10 of new small business financing for every \$1 of SSBCI funding expended.



## New Mexico SSBCI Allocation: \$13,227,911

•NMFA created and managed a Collateral Support Program for the State. Between 2012-2016 The program provided 17 loans to companies in Santa Fe (7), Las Cruces (5), Albuquerque(3), Los Alamos (1) and Gallup (1), creating or retaining 218 jobs.

•For these services the NMFA received Total Program income and Administrative Overhead of \$970,328



## NMEDD Program changes requested and approved by Treasury

In 2015, NMEDD requested and was approved by Treasury for a program change to repurpose \$5,000,000 of the original allocation to create a venture Seed funds-to-funds program called the Catalyst Fund to be managed by Sun Mountain Capital. This was done to fill an identified need in the market and improve overall program performance.

Staff was directed to continue to seek better results and improve overall performance outcomes by creating new program opportunities with the existing federal program funds.

- Small Business Innovation Research (SBIR) matching grant program
- Developing a simpler Collateral Support Program targeted to rural communities & underserved populations.



## SSBCI Funds Recap:

Original Allocation:	\$13,227,911	
2015 Catalyst Fund:	(\$5,000,00)	
2017 Recent Funds Returned:	(\$2,602,101)	
	Credit Enhancement Program:	(\$2,102,101)
	SBIR Matching Grant Program:	(\$500,000)
Funds to return to NMEDD, 2018-2020:	\$2,306,627	
Funds under NMFA control until 2034:	\$3,319,183	



# Connecting Innovation to Market

Julia Wise, PhD.  
Director, Office of Science and  
Technology



The purpose of New Mexico's SBIR Matching Grant is to accelerate the commercialization of New Mexico ideas and technologies



## Small Business Innovation Research (SBIR) Award Matching Grants to Accelerate Commercialization

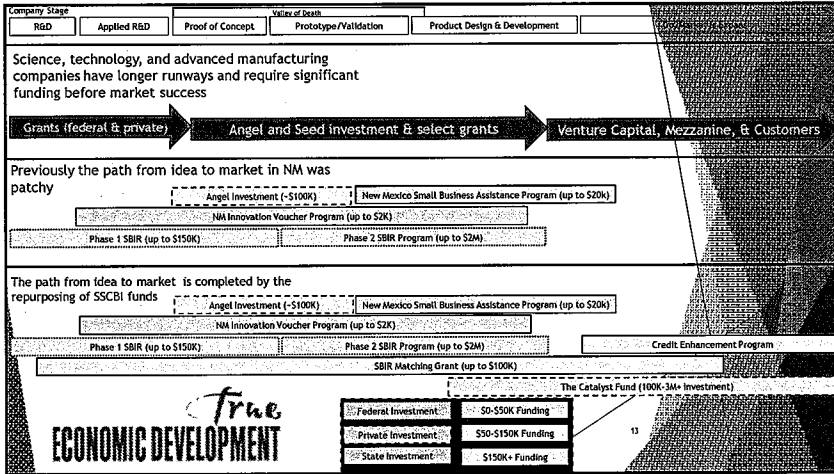
- ▶ **What is a SBIR?**
  - ▶ Competitive federal grant supporting small businesses engaged in R&D of high potential commercializable technologies
  - ▶ \$2B available annually from 12 federal agencies
  - ▶ For R&D expenses—do not cover business development
- ▶ **State Matches Enable Company Success**
  - Vetted technology & well defined market and sales channel; federal government R&D funding & business development assistance
  - 32 other states have matching grant programs
  - Matches increase survival rates, follow on funding, and yield a good ROI
  - Illinois saw a 7X ROI; NC saw a 73% increase in follow-on funding
- ▶ **New Mexico's Matching Opportunity**
  - ▶ Over 70 SBIR awards/year
  - ▶ Opportunity to leverage federal funding in order to diversify our economy
  - ▶ Helps companies reach/increase commercial revenue
  - ▶ SBIR Matching Grants leverage more than \$17M of annual federal investment



## New Mexico's Pilot Matching Program: Accelerate Commercialization of New Mexico's Innovations

- ▶ Made possible by SSBCI funds
- ▶ \$50,000: Phase 1; \$100,000: Phase 2—must have an active award and show true interest in commercialization
- ▶ For business development—does NOT support R&D or duplicate other activities
- ▶ 5-7 awards (The top 10%)
- ▶ Working with the FAST grant program at NMSU to ensure a state-wide reach
- ▶ Adheres to national best practices: competitive, matched milestone payments, claw backs, companies are incorporated into the greater economic ecosystem, and utilizes follow-on reporting of both ROI and economic development metrics





# Thank you

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