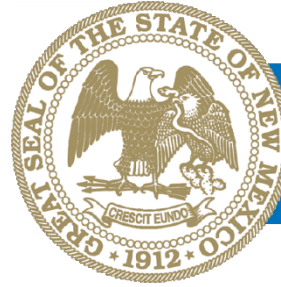


NEW MEXICO  
FINANCE AUTHORITY



**EDD**

ECONOMIC  
DEVELOPMENT  
DEPARTMENT



# New Mexico LEDA Recovery Grants

- ◆ The New Mexico Economic Development Department's mission is to improve the lives of New Mexico families by increasing economic opportunities and providing a place for businesses to thrive. NMEDD's programs and initiatives support its mission. NMEDD oversees numerous tax and hiring incentives, including funding through the Local Economic Development Act.
- ◆ The New Mexico Finance Authority is a government instrumentality created in 1992. NMFA's mission is to advance New Mexico by financing impactful, well-planned projects. NMFA offers a variety of financing programs for infrastructure, capital equipment, and economic development, including the recently expanded Small Business Recovery Loan Fund.
- ◆ NMEDD and NMFA have partnered on a number of programs, including the LEDA Recovery Grants.

## What is the **Local Economic Development Act or LEDA?**

In November 1994, New Mexico voters approved a change to the “anti-donation” clause of the NM constitution to allow public funds to be used for private benefit in limited instances and when authorized by the state or a local government. LEDA is the law that implements the 1994 change and guides the determination of whether public funds may be used for private benefit.

The 2021 Legislature passed, and Governor Lujan Grisham signed into law, House Bill 11 which made temporary changes to LEDA to allow for NMEDD and NMFA to operate a \$200 million grant program to provide rent, lease and mortgage assistance to businesses that experienced hardship due to the pandemic and are now reinstating jobs lost during the pandemic.



## ◆ How are Awards determined?

- ❑ Awards of up to \$100,000 are based upon number of new Full Time Equivalent Employees (FTE) added on or after April 1, 2021. Award amounts are also based upon:
  - Percentage loss of revenue from one or more quarters in 2019 to the same period in 2020; and
  - Average wages to be paid to the new FTE.

## ◆ What can the funds be used for?

- ❑ Funds may only be used for reimbursement of rent, lease or mortgage payments made for the building occupied by the business.
  - Amount of funds disbursed cannot exceed amount of rent, lease or mortgage payments made during the period.
  - Rent paid to an affiliated landlord will be allowed if the affiliated company has a mortgage on the building.



## ◆ How will funds be disbursed?

- ❑ Shortly after closing, 25% of the grant will be disbursed to the business's bank account at a federally insured financial institution. Thereafter the disbursements are post-performance:
  - After the end of each calendar quarter, a business may submit a reimbursement request. The amount disbursed will be based upon the actual number of net new FTEs added since April 1, 2021.

## ◆ Application and Award Timeline

- ❑ The application is expected to open at noon on Tuesday, May 11th and close at noon on Tuesday, June 15th.
- ❑ Applications will be prioritized, and awards made after the application period closes.
- ❑ Priority is given to those businesses that experienced the greatest revenue decline (on a percentage basis) from 2019 to 2020.



## ◆ Eligibility

### □ Applicant must qualify as a **Recovery Entity**

- A business organized as a corporation (including a nonprofit corporation), limited liability company, partnership, joint venture, syndicate, association or other person that operates in New Mexico.
- At least one but fewer than 75 employees (full and part-time) per location.
- Business must have experienced a decline in business revenues between one or more comparable quarters in 2019 and 2020.
- Business must be current on all state and local tax obligations and must certify that the business does not anticipate filing bankruptcy.

### □ Other eligibility

- Must have been in business by October 1, 2019.
- New FTEs must be employees for whom unemployment taxes are paid and wage reports are filed with the New Mexico Department of Workforce Solutions (NM DWS). Contract employees do not qualify.



- ◆ **Full Time Equivalent Employee (FTE)** is an employee that regularly works at least 40 hours per week. The hours of employees that regularly work less than 40 hours are prorated and added together.
  - **Example:** Maria's Accounting employs 9 people: 3 employees are full-time who work on average 40 hours/week. The other 6 employees are part-time who work an average of 20 hours/week. Each 20-hour/week employee equals .5 FTE (20/40). Therefore, Maria's Accounting's 9 employees equal 6 FTEs (3 + .5 + .5 + .5 + .5 + .5 + .5)
- ◆ **Baseline Jobs** is the number of FTE reported to NM DWS for the quarter ended December 31, 2020 or March 31, 2021
  - 25% of the grant will be funded at closing, thereafter the grant is “post-performance” meaning the amount eligible to be disbursed is based upon the *actual* net increase in FTEs over the Baseline, less any amounts disbursed to date, not to exceed 25% of the grant award.



- ◆ Grant Awards cannot exceed \$100,000 per business location
- **Base Grant** for each *projected* new FTE is based upon the percentage of revenue decline experienced by the business

**Revenue Decline**

- Less than 20%:
- At least 20%, but less than 40%:
- At least 40%, but less than 60%
- At least 60%, but less than 80%
- 80% or more

**Base Grant per FTE**

- \$5,000
- \$7,000
- \$9,000
- \$11,000
- \$13,000

□ **Wage Bonus**

- Average wage of new FTEs of more than \$13 per hour: \$1,000 bonus
- Average wage of new FTEs of more than \$17 per hour: \$2,000 bonus

**Grant Amount = (Base Grant Amount + Wage Bonus) x (number of new FTEs)**



## ◆ Grant calculation example

- ❑ Maria's Accounting had to reduce staffing during 2020 because many of their clients had temporarily shut down or reduced their operations.
- ❑ Maria's Accounting experienced a 50% decline in revenue from 2019 to 2020.
- ❑ With more businesses reopening, Maria is now able to bring back her employees and create a new file clerk position. Maria will fill the file clerk position with two part-time employees and her six accountants will have their hours increased from 20 hours per week back to 40 hours per week.

▪ 2 file clerks (new at 20 hours/week)	\$15 per hour	1 FTE
▪ 6 accountants (from 20 to 40 hours/week)	\$35 per hour	3 FTE

## ◆ Maria's Accounting Grant: $\$44,000 = (\$9,000 + \$2,000) \times 4 \text{ FTE}$

- 4 new FTEs to be added
- With a 50% revenue decline, the base wage is \$9,000 per new FTE
- Average wage of new FTE is greater than \$17 per hour resulting in a \$2,000 wage bonus per new FTE

### ◆ Disbursal example:

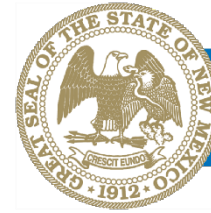
- At closing (in July), NMFA disbursed \$11,000 to Maria's Accounting (25% of the \$44,000 conditional grant).
- Maria immediately increased the hours of the four accountants (from 20 to 40 hours/week) and hired one part-time file clerk (at 20 hours/ week).
- In October, she reported 10 employees to NM DWS and certified with her reimbursement request to NMFA that the 10 employees equaled 8.5 FTE for that quarter -- 2.5 new FTE over the baseline of 6 FTE.
- Under the Maria's grant award, 2.5 FTE equals \$27,500 (2.5 FTE x \$11,000). Maria already received \$11,000 at closing, so her net new FTE totals \$16,500.
- Maria is limited to 25% of the grant in any quarterly disbursal, therefore she is eligible to draw an additional \$11,000
- Maria supplied records that show she made \$25,000 of mortgage payments since the grant closing. This is enough to meet the conditions of the first and second draws totaling \$22,000. Maria will therefore receive \$11,000 for the October reimbursement request.



- ◆ Businesses apply on-line at [www.nmfinance.com](http://www.nmfinance.com). Registration is required.
- ◆ The application is expected to **open May 11<sup>th</sup> and close June 15<sup>th</sup>**.
- ◆ **At least \$150 million** in grant funds will be made available as part of this application cycle. Depending on demand, an additional \$30 million may be added to the application cycle.
  - **At least \$100 million** in awards will be made to businesses located in the cities of Albuquerque, Las Cruces, Rio Rancho and Santa Fe as well as those areas immediately adjoining them (“Urban” Set Aside)
  - **At least \$50 million** in awards will be made to businesses located in those areas outside of the urban areas. (“Rural” Set Aside)



- ◆ Applicants may submit one application per business location. Duplicate applications will not be accepted.
- ◆ Submitted applications will be reviewed by NMFA staff. Applicants will be notified via email sent from the application portal of any questions. Clarifications or corrections must be made directly through the application portal.
- ◆ Applicants may check the status of their applications by logging into their accounts.
- ◆ Applications will be prioritized once the application closes. Prioritization is based upon the percentage decline of revenue from 2019 over the comparable period in 2020.
- ◆ Awards are expected to be made in early July.



## ◆ Application Process:

- ❑ Applicants will be required to create a User Name and Password. If you created a User Name and Password for the Small Business Recovery Loan Fund in 2021, **do not** create another account.
- ❑ You may complete the application in one sitting or over a number of days. Simply “save” the application to return to the document at a later time.
- ❑ The application system requires that businesses submit all documents in electronic format.
- ❑ Applicants will be notified if the application is incomplete or incorrect and will be given the opportunity to correct it through June 15th.

- ❑ Projection of new FTEs to be added by business. Total number of jobs (existing plus new) cannot exceed the highest number of employees from January 1, 2019 to September 30, 2020.
- ❑ 2019 or 2020 business tax return (extensions not allowed)
- ❑ Evidence of revenue decline. Any of the following:
  - Copies of CRS reports filed with the NM Taxation and Revenue Dept. for any quarter in 2019 and the corresponding quarter in 2020. Businesses that file monthly will need to submit three monthly reports (for each of 2019 and 2020) that make up the quarter they choose. **OR**
  - Copies of the 2019 and 2020 federal business tax returns (extensions not accepted). **OR**
  - For businesses that do not file CRS reports and do not have tax returns submitted for 2020, copies of bank statements and business billing statements may be accepted.



- ❑ Copy of the rental, lease or mortgage agreement that evidences past, current and future payments due.
- ❑ Copy of the NM DWS Form ES903A for the quarter ended December 31, 2020 or March 31, 2021 to evidence Baseline Jobs.
- ❑ Copy of the NM DWS Form ES903A for any quarter from March 31, 2019 to September 30, 2020 to evidence highest number of employees.
- ❑ Supplemental employment or payroll record to accompany each NM DWS Form ES903A submitted that includes total hours for all employees and that corresponds to the respective NM DWS Form ES903A submitted.
- ❑ Front and back of Driver's License (or Government-Issued Photo ID) for Authorized Officer.



## Stay up-to-date!

- ◆ Visit our Recovery Page on our website [www.nmfinance.com](http://www.nmfinance.com) for Frequently Asked Questions, application tips and tutorials.
- ◆ Join our Recovery and Stimulus Programs Mailing List.
- ◆ Additional Questions? Email: [LEDA@nmfa.net](mailto:LEDA@nmfa.net) or call 505-992-9696.