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AN ACT

RELATING TO ECONOMIC DEVELOPMENT; ENACTING THE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION ACT TO PROVIDE FINANCIAL AND TECHNICAL ASSISTANCE TO CERTIFIED COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS; CREATING A FUND; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. SHORT TITLE.--This act may be cited as the "Community Development Financial Institution Act".

SECTION 2. FINDINGS AND PURPOSE OF ACT.--

A. The legislature finds that:

(1) access to credit, banking services and investment capital are vital to the growth of small businesses, the creation of jobs and economic development throughout the state;

(2) many communities with great potential for growth, but the greatest need for jobs and investment, lack access to the services and capital of traditional banking and lending institutions;

(3) access to capital and banking services can be improved through community development financial institutions; and

(4) community development financial institutions provide effective lending and financial services

1 and fill a vital role in meeting the needs of New Mexico's  
2 underserved communities in furthering economic development.

3 B. The purpose of the Community Development  
4 Financial Institution Act is to implement the provisions of  
5 the 1994 amendment to Article 9, Section 14 of the  
6 constitution of New Mexico to allow public support of  
7 economic development to foster, promote and enhance local  
8 economic development efforts while continuing to protect  
9 against the unauthorized use of public money and other public  
10 resources.

11 SECTION 3. DEFINITIONS.--As used in the Community  
12 Development Financial Institution Act:

13 A. "applicant" means a community development  
14 financial institution that has applied for financial or  
15 technical assistance from the commission pursuant to the  
16 Community Development Financial Institution Act;

17 B. "commission" means the economic development  
18 commission;

19 C. "community development financial institution"  
20 or "institution" means an organization located in the state  
21 that has been certified as a community development financial  
22 institution by the federal community development financial  
23 institutions fund;

24 D. "department" means the economic development  
25 department;

1           E. "fund" means the community development  
2 financial institution fund;

3           F. "investment area" means:

4                 (1) a county or census tract that has:

5                         (a) a poverty rate higher than the  
6 state's previous year average as determined by the United  
7 States census bureau;

8                         (b) an average income of eighty percent  
9 or less of the state's previous year average as determined by  
10 the United States census bureau; or

11                        (c) has an unemployment rate above the  
12 state average as reported by the bureau of labor statistics  
13 at the United States department of labor;

14                 (2) a county classified as a persistent  
15 poverty county by the economic research service of the United  
16 States department of agriculture; or

17                 (3) a geographic area that has a significant  
18 unmet need for loans as determined by the commission;

19           G. "low income" means that a household consisting  
20 of a single individual or a family or unrelated individuals  
21 living together has a total annual income that does not  
22 exceed eighty percent of the median income for the area, as  
23 determined by the United States department of housing and  
24 urban development and as adjusted for family size, or other  
25 income ceiling determined for the investment area on the

1 basis of that department's findings that such variations are  
2 necessary because of prevailing levels of construction costs,  
3 fair market rents or unusually high or low family income; and

4 H. "target population" means an individual or an  
5 identifiable group of individuals who are low income; lack  
6 adequate access to non-predatory financial services; or who  
7 are Native American, ethnic minorities, women or immigrants.

8 SECTION 4. APPLICATIONS FOR ASSISTANCE.--A community  
9 development financial institution shall submit to the  
10 department an application for financial or technical  
11 assistance in a form and manner as prescribed by the  
12 commission. An application shall contain:

13 A. a business plan;

14 B. an analysis of the needs of the investment area  
15 or target population and a strategy for addressing those  
16 needs;

17 C. an explanation of all proposed activities and  
18 information on how the activities are consistent with any  
19 existing economic, community or housing development plans  
20 adopted by or applicable to an investment area or target  
21 population;

22 D. a description of how the applicant will  
23 coordinate with community organizations and financial  
24 institutions and leverage private sector investments,  
25 including loans, secondary markets or other services, to the

1 investment area or target population;

2 E. if applicable, in the case of an applicant with  
3 prior experience serving investment areas or target  
4 populations, a demonstration that the applicant:

5 (1) has a record of success in serving  
6 investment areas or target populations; and

7 (2) will expand its operations into a new  
8 investment area or serve a new target population, offer more  
9 products or services or increase the volume of its current  
10 business;

11 F. if applicable, a description of how the  
12 applicant will provide financial services for community  
13 businesses that employ or will create jobs for a target  
14 population, or to businesses that are owned by a target  
15 population or enhance the availability of products and  
16 services to a target population;

17 G. a description of how the applicant will provide  
18 a target population with access to financial services and  
19 invest proceeds in the investment area or target population;  
20 and

21 H. any additional information required by the  
22 commission.

23 SECTION 5. SELECTION OF APPLICANTS FOR GRANTING AWARDS  
24 OF ASSISTANCE.--In granting awards of assistance, the  
25 department shall select from the eligible applicants based on

1 criteria that may include:

2 A. the likelihood of success of the applicant in  
3 meeting the goals of the applicant's strategic plan,  
4 including realistic projections of how funds will be  
5 leveraged;

6 B. the experience and background of the  
7 applicant's board of directors or management team;

8 C. the extent of need for loans or development  
9 services within the investment area or target population;

10 D. the extent of economic distress within the  
11 investment area or the extent of need within the target  
12 population;

13 E. the extent to which the proposed activities  
14 will expand economic opportunities within the investment area  
15 or target population;

16 F. the extent of support from the investment area  
17 or target population;

18 G. the extent of the applicant's current and  
19 planned community involvement;

20 H. the extent to which the applicant will increase  
21 the applicant's resources through coordination with other  
22 institutions or participation in a secondary market;

23 I. in the case of an applicant with prior  
24 experience serving investment areas or target populations,  
25 the extent of success in serving investment areas or target

1 populations; and

2 J. any other factors deemed appropriate by the  
3 commission.

4 SECTION 6. DEPARTMENT AND COMMISSION POWERS AND  
5 DUTIES.--

6 A. The department may provide to an eligible  
7 community development financial institution:

8 (1) financial assistance through deposits,  
9 credit union shares, loans or grants; or

10 (2) technical assistance and training,  
11 regardless of whether or not the community development  
12 financial institution has received financial assistance from  
13 the fund. Technical assistance and training may be provided:

14 (a) directly;

15 (b) through grants; or

16 (c) by contracting with organizations  
17 that possess expertise in community development finance,  
18 without regard to whether or not the organizations receive or  
19 are eligible to receive assistance pursuant to the Community  
20 Development Financial Institution Act.

21 B. The commission shall promulgate rules necessary  
22 to implement the provisions of the Community Development  
23 Financial Institution Act.

24 SECTION 7. PERMISSIBLE USES OF FINANCIAL ASSISTANCE.--A

25 community development financial institution that is approved

1 for financial assistance by the department may use the  
2 financial assistance for:

3 A. the development of commercial facilities that  
4 promote revitalization, community stability and the creation  
5 or retention of jobs;

6 B. the development or improvement of community  
7 facilities;

8 C. the provision of basic financial services,  
9 including the provision of small consumer loans, credit-  
10 builder loans or alternatives to payday loans;

11 D. the provision of financial counseling and  
12 coaching;

13 E. housing that is principally affordable to low-  
14 income individuals, except that assistance used to facilitate  
15 homeownership shall only be used for services and lending  
16 products that serve a target population and are not provided  
17 by other lenders in the area or that complement the services  
18 and lending products provided by other lenders in the area;

19 F. the development or support of businesses that:

20 (1) provide jobs for a target population or  
21 are owned by a target population; or

22 (2) enhance the availability of products or  
23 services to a target population; or

24 G. the development or support of other businesses  
25 or activities deemed appropriate by the commission.



1           **SECTION 8. ADVISORY COMMITTEE.**--The commission may  
2 create an advisory committee composed of at least five  
3 members, to advise the commission and department in the  
4 promotion, implementation and administration of the Community  
5 Development Financial Institution Act. Advisory committee  
6 members shall have experience with community development  
7 financial institutions and shall, to the extent practicable,  
8 reflect diversity in the geographic locations and communities  
9 served.

10           **SECTION 9. REPORTING REQUIREMENTS.**--The department  
11 shall submit annually, on or before July 1, a report to the  
12 governor and the legislative finance committee describing the  
13 financial and technical assistance provided pursuant to the  
14 Community Development Financial Institution Act. The report  
15 shall include the number of applications filed and accepted,  
16 the amount and type of assistance provided, a description of  
17 projects financed or assisted by the fund, the number of jobs  
18 created or retained through the investment of money in the  
19 fund, the amount and source of funds leveraged and such other  
20 information as the commission may deem appropriate.

21           **SECTION 10. COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION**  
22 **FUND CREATED.**--The "community development financial  
23 institution fund" is created in the state treasury. The fund  
24 consists of appropriations, gifts, grants and donations to  
25 the fund and income from investment of the fund. Money in

1 the fund shall not revert to any other fund at the end of a  
2 fiscal year. The department shall administer the fund, and  
3 money is subject to appropriation by the legislature to the  
4 department to provide financial assistance to community  
5 development financial institutions as approved by the  
6 commission and to fund activities that enhance the capacity  
7 of a community development financial institution, including  
8 training of management and other personnel and development of  
9 programs, investment or loan products. Money in the fund  
10 shall be disbursed on warrants signed by the secretary of  
11 finance and administration pursuant to vouchers signed by the  
12 secretary of economic development or the secretary's  
13 authorized representative.

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