

State turns attention to boosting economy

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Customers line up to get into Costco, 1420 North Renaissance NE, hours before the store opened Tuesday. The state faces unprecedented challenges to its economy. (Jim Thompson/Albuquerque Journal)

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SANTA FE – New Mexico state officials announced expanded economic relief plans Tuesday and were considering more drastic action, as the coronavirus – and the steps taken to slow its spread – continued to pose unprecedented challenges to the state’s economy.

Statewide, the number of confirmed cases of COVID-19 – the disease caused by the coronavirus – climbed to 23 Tuesday after two men in northern New Mexico tested positive.

The latest cases are a Taos County man in his 50s and a Santa Fe County man in his 40s.

With a ban on large public gatherings in place since shortly after New Mexico confirmed its first case last week, many New Mexico businesses and local branches of national chains have announced temporary closures or changes to their normal hours.

In response, the state has put on hold job search requirements for unemployment benefit recipients, launched new business loan programs and is pursuing other possible steps.

“It’s going to be affecting everybody, so we need to be doing everything we can as quickly as we can to help those who are affected,” state Workforce Solutions Secretary Bill McCamley told the Journal on Tuesday.

McCamley said his agency received about 4,000 phone calls from New Mexicans seeking to file for unemployment benefits, or extend their benefits, on Monday.

That compares with 2,500 or so state residents who had called about jobless benefits on the same day a week earlier, he said.

The expected surge in unemployment could particularly affect New Mexico restaurant and hospitality workers due to a state directive requiring that bars and restaurants operate at no more than 50% of capacity.

It could also eventually put a strain on the state’s unemployment reserve fund, although there’s about \$465 million in that fund, McCamley said.

Gov. Michelle Lujan Grisham said Tuesday that the state has waived its work search requirement for those receiving unemployment benefits for at least the next four weeks.

That will allow employees at businesses that close temporarily to get jobless benefits while they wait for their places of work to reopen.

“We want to give businesses every opportunity to retain employees during this time of significant economic disruption,” Lujan Grisham said in a statement. “These new unemployment insurance guidelines will allow employers to simultaneously reduce payroll expenses, avoid permanent layoffs, and ensure employees continue receiving income.”

In addition, the Department of Workforce Solutions has asked President Donald Trump’s administration to activate a “disaster unemployment assistance program” that would allow New Mexico’s estimated 62,000 self-employed residents to access jobless benefits.

Self-employed workers affected by the coronavirus pandemic could include food truck vendors, massage therapists and musicians at the Santa Fe Opera, McCamley said.

He also said the agency was looking at ways to help immigrant workers who are laid off, because such workers are typically not eligible for unemployment.

“We want to make sure we’re doing everything we can to make sure our available tools can be utilized,” McCamley told the Journal. “We’re really looking at all our options right now.”

He urged those seeking jobless benefits to use the agency’s online system to avoid overloading a state unemployment telephone hotline.

Business fears

Steps taken to date have not assuaged all fears, however.

The New Mexico Business Coalition expressed concern Tuesday that employers could face rising unemployment taxes, which they pay into the state’s fund based on a complex formula, due to the expected spike in jobless benefit claims.

Carla Sonntag, the business coalition’s president, called on Lujan Grisham’s administration to protect businesses, just as it’s doing for employees.

“The same ‘hold harmless’ emergency protection and waiver of normal rules needs to be extended to employers who could otherwise be hit with enormous unemployment tax increases for the next three years,” Sonntag said in a statement.

In response, McCamley said he would discuss the issue with business leaders, but he added that the state’s current focus is on affected workers.

In part, that’s because new jobless tax rates for employers are not scheduled to take effect until 2021, he said.

Meanwhile, New Mexico’s congressional delegation on Tuesday called on banks to temporarily suspend the enforcement of foreclosures and evictions.

“When so many New Mexico families are already frightened about how they will be able to stay healthy and make ends meet, the last thing they should have to worry about is whether they can keep a roof over their heads,” the members of the all-Democratic delegation said in a statement.

But they also commended New Mexico utility companies and electric co-ops for temporarily halting nonpayment disconnects and late fees.

“During this unprecedented public health crisis, it is critical for each of us to do the right thing for our neighbors and our fellow New Mexicans,” the statement said.

Commercial loans

In an effort to ease the state’s economic pain, Lujan Grisham’s administration has announced several commercial loan programs.

That includes state participation in a federal Small Business Association disaster program that offers loans of up to \$2 million and making some of a state “closing fund” for business expansion and relocation available for business loans.

“We are dedicated to assisting every business that we can to endure the significant hardship this emergency has already caused,” Lujan Grisham said in a statement announcing New Mexico had become one of the nation’s first to qualify for the federal loan program.

Meanwhile, state leaders have discussed using money from a roughly \$5 billion New Mexico permanent fund to expand a program that provides low-interest loans to businesses.

The Small Business Investment Corp., which can manage up to 2% of the Severance Tax Permanent Fund, already provides loans, through microlending organizations, to small New Mexico businesses, and the program could be expanded to assist other types of businesses, State Investment Council spokesman Charles Wollmann said.

Lujan Grisham spokesman Tripp Stelnicki said the Governor’s Office was evaluating the idea, along with other ways to provide additional economic relief, and would likely make additional announcements in the coming days.