



**NEW MEXICO
BUSINESS COALITION**

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RE: Oppose HB 236 Public Banking Act

Dear Chair and Committee Members:

The New Mexico Business Coalition (NMBC) represents hundreds of businesses and thousands of New Mexicans. Our focus is to make New Mexico a better place to do business so that New Mexicans have jobs and can provide for their families.

NMBC respectfully opposes this bill as we believe that community banks excel in being a quality community partner that meets the needs of small businesses and consumers. There are over 220 locations throughout the state, safely providing 60 percent of all small business loans and more than 80 percent of all agriculture loans.

One of most important issues for providing safe loans is to have an established relationship with the consumer. There is no better scenario than a community bank where the banker making these decisions has established relationships and knows, first hand, the needs of the community as well as the consumers. This is something that will not be easily accomplished by a public bank, risking the resources of the state, if a borrower fails to repay the loan. This puts New Mexico taxpayers at a higher risk for loss of tax dollars.

Community banks have their own dollars at risk, not those of our state's taxpayers. In addition, they are well experienced and have a proven track record of providing for the needs of businesses and consumers in their respective communities. During the pandemic, our community banks provided the largest portion of New Mexico Paycheck Protection Program (PPP) small business loans totaling over \$1.2 billion in just under 9,500 loans.

Community banks are the partners New Mexico needs in every community. They are well established and well respected and should not be forced, after many years of operation, to compete with a state bank. In addition, capitalizing a public bank will divert needed state revenues from more immediate needs. New Mexico has limited resources, exacerbated by the pandemic response. Investing funds where they are not needed and which will create risk for the state is ill advised.

We urge you to say 'NO' on HB 236 Public Banking Act.

Thank you,

A handwritten signature in blue ink, appearing to read "Carla J. Sonntag".

Carla J. Sonntag
President