

LOAD UP YOUR BALANCE SHEET WITH CASH



New Mexico is Going to Spend Money on Infrastructure

All the states have surplus budgets according to [CNBC](#). How did this occur? It transpired by states receiving various COVID-19 transfer funds and from increases in revenues from income taxes, mineral royalties, sales tax, etc.

- The states received directly and indirectly around \$4 trillion from the federal government to administrate for COVID-19 relief as [USAspending.gov](#) details.
- States' revenues have increased greatly from the expanding economy.
 - Tax revenue in 38 states is greater than pre-pandemic levels according to a [PEW](#) article dated March 10, 2022.
 - States' income tax revenue is up 15% over the last two years. Total state general funds are up 12.8% and state spending has increased by 16.2%, the highest annual jump in 35 years. There are 20 states with [budget surplus](#) of over \$1 billion. And six states have budget surplus of over \$10 billion.
- [New Mexico has a surplus](#) of \$1.4 billion at the end of 2021.
 - The legislature in 2022 approved a [historic \\$8.72 billion budget](#).
 - The 2022 budget includes over [\\$827 million for infrastructure projects](#).

A forward-thinking contractor has an opportunity to be able to obtain as much work as the company can handle over the next few years.

Since it takes one year to several years for projects to be designed and put out to bid, now is the time to get your balance sheet beefed up with cash. Why cash? Because sureties rely on working capital to allocate surety for a contractor's work program.

LOAD UP YOUR BALANCE SHEET WITH CASH

New Mexico is Going to Spend Money on Infrastructure

Here are steps to take to increase your firm's bonding:

1. Meet with your surety agent and CPA to discuss a plan to strengthen the balance sheet over the next couple of years. Also, discuss the possible need to increase the line of credit with the bank.
2. Next, have a meeting with your surety agent, CPA, and surety underwriter to share your plan for improving the balance sheet. This is the time to discuss with the underwriter what your firm will be needing in surety credit. Ask for the underwriter's thoughts and any underwriting pitfalls that need to be addressed over the next few years.
3. Most surety agents have a backup surety in case the current surety has a change in appetite or personnel change. This is the time to bring in the backup surety to share your firm's vision for a work program over the next few years.
4. Ensure your corporate financial statement be published in a timely manner. Your agent and surety can only work as fast as the information is presented to them. Best-in-class construction companies make it a priority to close the prior month by the 15th day of the following month.


If you have questions regarding this article or your current coverage, please contact:



William Burke

Sr Vice President

1690 S. Telshor Blvd, Las Cruces, NM

575-524-2222 

Want to Learn More?

VISIT OUR KNOWLEDGE CENTER

<https://www.risk-strategies.com/knowledge-center>

ABOUT RISK STRATEGIES

Risk Strategies is a specialty national insurance brokerage and risk management firm offering comprehensive risk management advice and insurance and reinsurance placement for property & casualty, employee benefits, and private client services risks. With more than 30 specialty practices, Risk Strategies serves commercial companies, nonprofits, public entities, and individuals, and has access to all major insurance markets. Ranked among the top brokers in the country, Risk Strategies has over 100 offices including Boston, New York City, Chicago, Toronto, Montreal, Grand Cayman, Miami, Atlanta, Dallas,

This paper is not intended to offer legal advice, nor is it intended to be taken as advice regarding any individual situation and should not be relied upon as such. Any descriptions of insurance provided herein are not intended as interpretations of coverage. An actual insurance policy must be consulted for full coverage details.