



WHITEPAPER

The Latino-owned businesses have been key drivers of US economic growth during the last decade. But today, Latino businesses have been disproportionately hurt by the pandemic and the stimulus packages have fallen short at addressing the needs of these businesses. The Tacoma Latino Chamber of Commerce (TLCC) proposes the following framework to provide the necessary support to restart the fastest growing segment of our American economy.

Part 1 – The Problem

- ✓ Latino businesses face disproportionate challenges when accessing capital to start or scale their businesses.
- ✓ Only 2 out of 10 loan requests are approved for small business owners, and unregulated alternative lenders sometimes engage in predatory practices.
- ✓ Minority-owned businesses are less likely to receive loans than nonminority-owned businesses with the same credentials. According to the Latino Business Action Network **“2020 State of Latino Entrepreneurship Report”**, the odds of loan approval from national banks are 60% lower for Hispanic Business Enterprises when compared to their non-minority counterparts.
- ✓ In addition, the average loan amount for firms with more than \$500,000 in gross receipts was \$149,000, while the average for non-minority firms was more than twice that amount at \$310,000.

Part 2 – The Opportunity

- ✓ Latino GDP is the third-fastest growing among the 10 largest GDPs from 2010 to 2020.

- ✓ The Latino Donnor Collaborative's *"2022 Latino GDP Report"* highlights that the single largest component of Latino GDP is personal consumption, noting that Latino real consumption grew more than three times faster than Non-Latino from 2010 to 2020.
- ✓ The Latino GDP's top industry sector is finance and real estate, representing \$459.7 billion of economic activity.
- ✓ Other top sectors regarding the U.S. Latino GDP include:
 - Professional and business services: \$378.4 billion
 - Government services: \$368.3 billion
 - Education and healthcare: \$233.0 billion
 - Construction: \$210.2 billion
- ✓ Three-quarters of the Latino population lived within 10 states across the U.S. in 2022. This includes Arizona, Florida, New York, New Mexico, California, Texas, Georgia, Illinois, New Jersey, and North Carolina.
- ✓ The Latino GDP in the United States was \$2.8 trillion in 2020, up from \$2.1 trillion in 2015 and \$1.7 trillion in 2010.
- ✓ If Latinos living in the USA were an independent country, the US Latino GDP would be the fifth largest GDP in the world, larger even than the GDPs of the United Kingdom, France or India.
- ✓ Real U.S. Latino Gross Domestic Product (GDP) grew 8.7 percent between 2017 and 2018, more than 4 and a half times the growth of non-Latino GDP.
- ✓ Latino GDP grew 72% faster than non-Latino GDP over the entire period from 2010 to 2018.
- ✓ From 2010 to 2018, Latino real consumption grew 133% faster than non-Latino consumption.
- ✓ The growth rate in the number of Latino-owned employer businesses was higher than the U.S. national average growth rate for all employer businesses in 41 states.
- ✓ There is at least a \$1.5 trillion opportunity gap that could be added to the U.S. economy if Latino owned businesses generated, on average, the same annual revenues than their non-Latino counterparts.

Part 3 – The Path Forward: A Framework for Progress

A. Establishing a Partnership with the Latino-owned Businesses by:

- a. Ensuring that the Latino-owned Businesses have a seat at the table as policies and programs are being designed and implemented.
- b. Including new bold technical assistance programs, public-private partnerships, federal multi-agency initiatives, special purpose financial vehicles with innovative capital models, and other solutions to close the \$1.5 trillion parity of capital gap.
- c. Utilizing diverse investment talent firms, including regional and community banks, minority asset managers, Environmental, Social, and Governance (ESG) and other impact funds, Community Development Financial Institutions (CDFIs), credit unions, Minority Depository Institutions (MDIs), and Financial Technology firms (FinTech).
- d. The SLMCC's network of local Latino and Hispano chambers alongside many other business associations should be leveraged to supporting and connecting business owners, while preparing them to achieve long term benefits for access to capital to scale their respective enterprise.

B. Addressing Businesses at their Needs

- a. Latino-owned businesses range from starts up to "unicorns" and encompass a wide range of industries.
- b. Accordingly, "one size does not fit all" and solutions require the ability to mobilize resources that include short-, medium-, and long-term debt and equity, and technical assistance including advisors and mentors.