

119TH CONGRESS  
1ST SESSION

# S. 2411

To amend the Small Business Investment Act of 1958 to establish the Scale-Up Manufacturing Investment Company (“SUMIC”) Program.

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## IN THE SENATE OF THE UNITED STATES

JULY 23, 2025

Mr. BOOKER introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

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## A BILL

To amend the Small Business Investment Act of 1958 to establish the Scale-Up Manufacturing Investment Company (“SUMIC”) Program.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Scale-Up Manufac-  
5       turing Investment Company Act of 2025”.

6       **SEC. 2. FINDINGS.**

7       Congress finds that—

8               (1) the strength of the United States manufac-  
9       turing sector is critical to the economy and the glob-  
10      al competitiveness of the United States;

1           (2) United States manufacturers support  
2           17,600,000 jobs in the United States and account  
3           for 12 percent of the gross domestic product of the  
4           United States;

5           (3) access to capital is essential to growth and  
6           innovation in the manufacturing sector;

7           (4) small, emerging manufacturers face unique  
8           challenges scaling commercial production in the  
9           United States, driving many young manufacturers to  
10          other countries;

11          (5) structural barriers exist in the United  
12          States that prevent key investments in first-commer-  
13          cial manufacturing facilities;

14          (6) a healthy manufacturing sector is essential  
15          to innovation economy of the United States, pro-  
16          viding three-quarters of all private sector research  
17          and development, employing nearly two-thirds of all  
18          research and development workers, and producing  
19          the majority of all patents issued;

20          (7) technology-intensive manufacturing small  
21          businesses, some of which may be start-ups, with the  
22          potential to anchor the next generation of manufac-  
23          turing production where they locate, face special  
24          challenges in accessing the capital to move from idea  
25          to prototype and into commercial production;

1           (8) already more capital intensive than software  
 2           or services start-ups, manufacturing start-ups and  
 3           small businesses face a “second and wider valley of  
 4           death” when it comes to raising the capital to scale  
 5           up for commercial production because of their cap-  
 6           ital intensity and novel technology;

7           (9) a number of countries, including China,  
 8           South Korea, Germany, and Japan, provide publicly  
 9           funded incentives to attract these firms, recognizing  
 10          that despite the risks, the long-term benefits of es-  
 11          tablishing leadership in emerging technology areas  
 12          are large;

13          (10) a study of manufacturing technology-inten-  
 14          sive start-ups licensed by the Massachusetts Insti-  
 15          tute of Technology found that almost all that scaled  
 16          up into commercial production did so overseas large-  
 17          ly because of this far more attractive capital and in-  
 18          vestment environment for manufacturing start-ups,  
 19          which is a huge loss for the future of manufacturing  
 20          in the United States;

21          (11) if the United States loses the first genera-  
 22          tion of production for a new technology or manufac-  
 23          turing process, history suggests that it is an uphill  
 24          battle once lost to reclaim that capability here given

1 the unique learning and know-how acquired during  
 2 the building of that first factory; and

3 (12) to ensure that manufacturing technologies  
 4 invented in the United States are ultimately made in  
 5 the United States will require addressing the unique  
 6 capital access challenges faced by these technology-  
 7 intensive manufacturing start-ups.

8 **SEC. 3. SCALE-UP MANUFACTURING INVESTMENT PRO-**  
 9 **GRAM.**

10 (a) IN GENERAL.—Title III of the Small Business  
 11 Investment Act of 1958 (15 U.S.C. 681 et seq.) is amend-  
 12 ed by adding at the end the following:

13 **“PART D—SCALE-UP MANUFACTURING**  
 14 **INVESTMENT COMPANY PROGRAM**

15 **“SEC. 399A. DEFINITIONS.**

16 “In this part—

17 “(1) the term ‘Associate Administrator’ means  
 18 the Associate Administrator described in section  
 19 201;

20 “(2) the term ‘Council’ means the Scale-Up  
 21 Manufacturing Investment Company Credit Council  
 22 that may be established under section 399K;

23 “(3) the term ‘participating investment fund’  
 24 means a privately managed investment fund licensed  
 25 under section 399C to operate under the program;

1 “(4) the term ‘private capital’ has the meaning  
2 given the term in section 103(9);

3 “(5) the term ‘program’ means the scale-up  
4 manufacturing investment company program estab-  
5 lished under section 399B;

6 “(6) the term ‘qualifying manufacturing  
7 project’ means an investment in a small and emerg-  
8 ing manufacturer for the purposes of building first  
9 commercial production facilities, novel manufac-  
10 turing capabilities, or the introduction into produc-  
11 tion of emerging manufacturing technologies;

12 “(7) the term ‘small and emerging manufac-  
13 turer’ means any advanced manufacturer that does  
14 not exceed the size standard established by the Ad-  
15 ministrator for the applicable North American In-  
16 dustry Classification System code under section 3 of  
17 the Small Business Act (15 U.S.C. 632); and

18 “(8) the term ‘small business concern owned  
19 and controlled by socially and economically disadvan-  
20 taged individuals’ has the meaning given the term in  
21 section 8(d)(3)(C) of the Small Business Act (15  
22 U.S.C. 637(d)(3)(C)).

23 **“SEC. 399B. ESTABLISHMENT.**

24 “(a) IN GENERAL.—The Administrator shall estab-  
25 lish and carry out a scale-up manufacturing investment

1 company program under which the Administrator shall  
 2 provide leverage to participating investment funds to sup-  
 3 port debt and equity investments in qualifying manufac-  
 4 turing projects of small and emerging manufacturers in  
 5 the United States.

6 “(b) ADMINISTRATION OF PROGRAM.—The program  
 7 shall be administered by the Administrator acting through  
 8 the Associate Administrator.

9 **“SEC. 399C. SELECTION OF PARTICIPATING INVESTMENT**  
 10 **FUNDS.**

11 “(a) APPLICATION FOR LICENSE.—

12 “(1) SUBMISSION OF APPLICATION.—An invest-  
 13 ment fund desiring to receive a license to operate  
 14 under the program shall submit an application to  
 15 the Administrator at such time and in such manner  
 16 as the Administrator may require.

17 “(2) REQUIREMENT.—An application submitted  
 18 under paragraph (1) shall demonstrate that the in-  
 19 vestment fund—

20 “(A) has the requisite minimum private  
 21 capital raised from investors; and

22 “(B) committed to operate under the pro-  
 23 gram as of the date of submission of the appli-  
 24 cation.

1           “(3) STATUS.—Not later than 90 days after the  
 2           date on which the Administrator receives an applica-  
 3           tion submitted under paragraph (1), the Adminis-  
 4           trator shall provide the applicant with a written re-  
 5           port detailing the status of the application and any  
 6           requirements remaining for completion of the appli-  
 7           cation.

8           “(b) SELECTION.—

9           “(1) IN GENERAL.—Not later than 180 days  
 10          after the date on which the Administrator receives  
 11          an application under subsection (a), the Adminis-  
 12          trator shall approve or deny the application for a li-  
 13          cense to operate under the program and notify the  
 14          applicant of the determination.

15          “(2) CRITERIA.—The Administrator shall es-  
 16          tablish selection criteria to evaluate applications to  
 17          operate under the program, which shall include, at  
 18          a minimum—

19                 “(A) the proven investment experience of  
 20                 the investment fund manager;

21                 “(B) the proven, balanced, and positive-in-  
 22                 vestment track record of a previous investment  
 23                 fund or the principals and fund performance  
 24                 analysis measured against benchmarks and peer  
 25                 funds;

1           “(C) the experience of the investment fund  
 2           with investments relating to small manufactur-  
 3           ers and emerging technologies related to ad-  
 4           vanced manufacturing;

5           “(D) an evaluation of the use of leverage  
 6           by the investment fund managers in past deals;

7           “(E) evidence indicating a cohesive and ef-  
 8           fective team and team dynamic;

9           “(F) principals with strong reputations;

10          “(G) a record of positive realizations and  
 11          exits from previous investments in the invest-  
 12          ment track record;

13          “(H) clearly articulated focus, investment  
 14          thesis, investment themes, and investment in-  
 15          struments to be used to capitalize companies;  
 16          and

17          “(I) fund structure and economics that re-  
 18          flect standard practices and industry norms,  
 19          such as—

20               “(i) preferred returns to limited part-  
 21               ners;

22               “(ii) general partner carried interest  
 23               allocations, fees and vesting schedules;

24               “(iii) adequate fund infrastructure  
 25               and supporting back office services; and



1 “(iv) evidence of fund raising traction  
2 and capability.

3 “(c) FEES.—

4 “(1) IN GENERAL.—The Administration shall  
5 prescribe fees to be paid by each applicant for a li-  
6 cense to operate as a participating investment fund  
7 under the program.

8 “(2) USE OF AMOUNTS.—Fees collected under  
9 this subsection—

10 “(A) shall be deposited in the account for  
11 salaries and expenses of the Administration;  
12 and

13 “(B) are authorized to be appropriated  
14 solely to cover the costs of licensing examina-  
15 tions.

16 **“SEC. 399D. PROVISION OF LEVERAGE TO PARTICIPATING**  
17 **INVESTMENT FUNDS.**

18 “(a) IN GENERAL.—Not later than 60 days after the  
19 date on which the Administrator approves and issues a  
20 license under section 399C to operate as a participating  
21 investment fund under the program, the Administrator  
22 may provide not more than \$1 of leverage for every \$1  
23 of private capital raised by the participating investment  
24 fund.

1       “(b) MAXIMUM LEVERAGE.—The maximum amount  
 2 of outstanding leverage made available in any given fiscal  
 3 year—

4               “(1) to any participating investment fund may  
 5 not exceed \$500,000,000; and

6               “(2) to all participating investment funds in ag-  
 7 gregate may not exceed \$1,000,000,000.

8       “(c) PRIVATE CAPITAL REQUIREMENT.—

9               “(1) IN GENERAL.—The private capital of a  
 10 participating investment fund shall be not less than  
 11 \$250,000,000.

12               “(2) FINANCIAL INSTITUTION INVESTMENTS.—

13 Any national bank, or any member bank of the Fed-  
 14 eral Reserve System or nonmember insured bank to  
 15 the extent permitted under applicable State law,  
 16 may invest in any one or more participating invest-  
 17 ment funds, or in any entity established to invest  
 18 solely in participating investment funds, except that  
 19 in no event shall the total amount of such invest-  
 20 ments of any such bank exceed 5 percent of the cap-  
 21 ital and surplus of the bank.

22       “(d) LEVERAGE FEE.—The Administrator shall  
 23 charge and collect a leverage fee of not more than 5.5 per-  
 24 cent and not less than 3 percent of the face amount of  
 25 the leverage issued.

1 **“SEC. 399E. BORROWING POWER.**

2 “(a) IN GENERAL.—Each participating investment  
3 fund shall have the authority to borrow money and issue  
4 debentures and preferred securities, subject to such limita-  
5 tions and regulations as the Administration may prescribe.

6 “(b) LIMITATION.—Of the leverage provided by the  
7 Administrator to a participating investment fund under  
8 section 399D—

9 “(1) not less than 70 percent shall be issued as  
10 debentures under subsection (a); and

11 “(2) not more than 30 percent may be issued  
12 as preferred securities under subsection (a).

13 “(c) FEDERAL FINANCING BANK.—The Federal Fi-  
14 nancing Bank may acquire a debenture issued by a par-  
15 ticipating investment fund company under subsection (a).

16 “(d) PURCHASE AND GUARANTEE BY SBA.—

17 “(1) IN GENERAL.—The Administration may  
18 purchase or guarantee the timely payment of all  
19 principal and interest as scheduled on debentures or  
20 preferred securities issued by participating invest-  
21 ment funds under subsection (a), subject to such  
22 limitations and regulations as the Administration  
23 may prescribe.

24 “(2) FULL FAITH AND CREDIT.—The full faith  
25 and credit of the United States is pledged to the

1 payment of all amounts which may be required to be  
 2 paid under any guarantee under this subsection.

3 “(e) THIRD-PARTY DEBT.—The Administrator—

4 “(1) shall not permit a participating investment  
 5 fund having outstanding leverage to incur third-  
 6 party debt that would create or contribute to an un-  
 7 reasonable risk of default or loss to the Federal Gov-  
 8 ernment; and

9 “(2) shall permit such participating investment  
 10 funds to incur third-party debt only on such terms  
 11 and subject to such conditions as may be established  
 12 by the Administrator, by regulation or otherwise.

13 “(f) CALCULATION OF SUBSIDY RATE.—All fees, in-  
 14 terest, and profits received and retained by the Adminis-  
 15 tration under this section and section 399D shall be in-  
 16 cluded in the calculations made by the Director of the Of-  
 17 fice of Management and Budget to offset the cost (as that  
 18 term is defined in section 502 of the Federal Credit Re-  
 19 form Act of 1990 (2 U.S.C. 661a)) to the Administration  
 20 of purchasing and guaranteeing debentures and preferred  
 21 securities under this Act.

22 **“SEC. 399F. INVESTMENTS IN SMALL BUSINESS CONCERNS.**

23 “(a) IN GENERAL.—A participating investment fund  
 24 shall use leverage received under section 399D to make

1 debt and equity investments in small and emerging manu-  
 2 facturers to carry out qualifying manufacturing projects.

3 “(b) LIMITATION.—Not more than 50 percent of the  
 4 amount provided by a participating investment fund to a  
 5 small and emerging manufacturer under subsection (a) for  
 6 a qualifying manufacturing project shall consist of lever-  
 7 age provided to the participating investment fund under  
 8 the program.

9 “(c) PORTFOLIO MANAGEMENT.—A single invest-  
 10 ment made by a participating investment fund under sub-  
 11 section (a) may not exceed 10 percent of the total capital  
 12 of the participating investment fund, which includes pri-  
 13 vate capital and any leverage projected to be provided to  
 14 the participating investment fund, if applicable.

15 “(d) INCREASED OUTREACH.—The Administration  
 16 shall issue policy directives to provide for enhanced out-  
 17 reach efforts to increase investments by participating in-  
 18 vestment funds in—

19 “(1) a small business concern owned and con-  
 20 trolled by socially and economically disadvantaged  
 21 individuals; and

22 “(2) small business concerns owned and con-  
 23 trolled by—

24 “(A) women;

25 “(B) veterans; or

1 “(C) individuals with disabilities.

2 **“SEC. 399G. EXAMINATIONS AND VALUATIONS.**

3 “(a) EXAMINATIONS.—

4 “(1) IN GENERAL.—Each participating invest-  
5 ment fund shall be subject to examinations made at  
6 the direction of the Investment Division of the Ad-  
7 ministration in accordance with this subsection.

8 “(2) ASSISTANCE OF PRIVATE SECTOR ENTI-  
9 TIES.—Examinations under this subsection may be  
10 conducted with the assistance of a private sector en-  
11 tity that has the qualifications and the expertise nec-  
12 essary to conduct such examinations.

13 “(3) COSTS.—

14 “(A) ASSESSMENT.—

15 “(i) IN GENERAL.—The Administrator  
16 may assess the cost of examinations under  
17 this subsection, including compensation of  
18 the examiners, against the participating in-  
19 vestment fund examined.

20 “(ii) PAYMENT.—Any participating  
21 investment fund against which the Admin-  
22 istrator assesses costs under subparagraph  
23 (A) shall pay such costs.

24 “(B) DEPOSIT OF FUNDS.—Funds col-  
25 lected under this subsection—

1 “(i) shall be deposited in the account  
2 for salaries and expenses of the Adminis-  
3 tration; and

4 “(ii) are authorized to be appropriated  
5 solely to cover the costs of examinations  
6 and other program oversight activities.

7 “(b) VALUATIONS.—

8 “(1) FREQUENCY OF VALUATIONS.—

9 “(A) IN GENERAL.—Each participating in-  
10 vestment fund shall submit to the Adminis-  
11 trator a written valuation of the loans and in-  
12 vestments of the participating investment fund  
13 not less often than semiannually or otherwise  
14 upon the request of the Administrator, except  
15 that any participating investment fund with no  
16 leverage outstanding shall submit such valu-  
17 ations annually, unless the Administrator deter-  
18 mines otherwise.

19 “(B) MATERIAL ADVERSE CHANGES.—Not  
20 later than 30 days after the end of a fiscal  
21 quarter of a participating investment fund dur-  
22 ing which a material adverse change in the ag-  
23 gregate valuation of the loans and investments  
24 or operations of the participating investment  
25 fund occurs, the participating investment fund

1 shall notify the Administrator in writing of the  
2 nature and extent of that change.

3 “(C) INDEPENDENT CERTIFICATION.—

4 “(i) IN GENERAL.—Not less than once  
5 during each fiscal year, each participating  
6 investment fund shall submit to the Ad-  
7 ministrator the financial statements of the  
8 participating investment fund, audited by  
9 an independent certified public accountant  
10 approved by the Administrator.

11 “(ii) AUDIT REQUIREMENTS.—Each  
12 audit conducted under clause (i) shall in-  
13 clude—

14 “(I) a review of the procedures  
15 and documentation used by the par-  
16 ticipating investment fund in pre-  
17 paring the valuations required by this  
18 subsection; and

19 “(II) a statement by the inde-  
20 pendent certified public accountant  
21 that such valuations were prepared in  
22 conformity with the valuation criteria  
23 applicable to the participating invest-  
24 ment fund established in accordance  
25 with paragraph (2).



1           “(2) VALUATION CRITERIA.—Each valuation  
2           submitted under this subsection shall be prepared by  
3           the participating investment fund in accordance with  
4           valuation criteria, which shall—

5                   “(A) be established or approved by the Ad-  
6           ministrator; and

7                   “(B) include appropriate safeguards to en-  
8           sure that the noncash assets of a participating  
9           investment fund are not overvalued.

10 **“SEC. 399H. MISCELLANEOUS.**

11           “The Administrator may take such action as set forth  
12 in sections 309, 311, 312, 314, 315, and 316 and an  
13 owner (including a member, partner, or shareholder), offi-  
14 cer, director, employee, agent, or other participant in the  
15 management or conduct of the affairs of a participating  
16 investment fund shall be subject to the requirements of  
17 such sections.

18 **“SEC. 399I. VIOLATIONS; REMOVAL OR SUSPENSION OF**  
19 **MANAGEMENT OFFICIALS.**

20           “(a) VIOLATIONS.—If any participating investment  
21 fund violates or fails to comply with any of the provisions  
22 of this part or of regulations prescribed hereunder, all of  
23 its rights, privileges, and franchises derived therefrom may  
24 thereby be forfeited. Before any such participating invest-  
25 ment fund shall be declared dissolved, or its rights, privi-

1 leges, and franchises forfeited, any noncompliance with or  
 2 violation of this Act shall be determined and adjudged by  
 3 a court of the United States of competent jurisdiction in  
 4 a suit brought for that purpose in the district, territory,  
 5 or other place subject to the jurisdiction of the United  
 6 States, in which the principal office of such participating  
 7 investment fund is located. Any such suit shall be brought  
 8 by the United States at the instance of the Administration  
 9 or the Attorney General.

10 “(b) SUSPENSION OF MANAGEMENT OFFICIALS.—  
 11 Using the procedures for removing or suspending a direc-  
 12 tor or an officer of a licensee set forth in section 313,  
 13 the Administrator may remove or suspend any manage-  
 14 ment official of a participating investment fund.

15 **“SEC. 399J. REPORTS.**

16 “Each participating investment fund shall, on a semi-  
 17 annual basis, provide to the Administrator such informa-  
 18 tion as the Administrator may require, including—

19 “(1) information related to the measurement  
 20 criteria that the participating investment fund pro-  
 21 posed in the application for the program;

22 “(2) information on the use of leverage by the  
 23 participating investment fund; and

24 “(3) in each case in which the participating in-  
 25 vestment fund makes an investment in a small busi-

1       ness concern that is not a small business concern  
 2       owned and controlled by socially and economically  
 3       disadvantaged individuals, a report on the number  
 4       and percentage of employees of the small business  
 5       concern who are socially and economically disadvan-  
 6       taged individuals.

7       **“SEC. 399K. SCALE-UP MANUFACTURING INVESTMENT COM-**  
 8                   **PANY CREDIT COUNCIL.**

9       “(a) ESTABLISHMENT.—The Administrator may es-  
 10      tablish a Scale-Up Manufacturing Investment Company  
 11      Credit Council, which, if established, shall consist of 5  
 12      members from the private sector with aggregate and col-  
 13      lective experience in technology development, manufac-  
 14      turing financing, and capital investment.

15      “(b) DUTIES.—The Council, if established, shall ad-  
 16      vise the Administrator on carrying out the program, which  
 17      shall include—

18               “(1) providing advice from time to time on ad-  
 19      vanced scale-up manufacturing industries; and

20               “(2) establishing and conducting an annual  
 21      briefing beginning not later than 18 months after  
 22      the date of enactment of this section.

1 **“SEC. 399L. REGULATIONS.**

2 “The Administrator may issue such regulations as  
3 the Administrator determines necessary to carry out the  
4 provisions of this part in accordance with its purposes.”.

5 (b) BANK HOLDING COMPANY ACT OF 1956.—Sec-  
6 tion 13(d)(1)(E) of the Bank Holding Company Act of  
7 1956 (12 U.S.C. 1851(d)(1)(E)) is amended by inserting  
8 “investments in 1 or more participating investment funds,  
9 as defined in section 399A of the Small Business Invest-  
10 ment Act of 1958,” before “or investments”.

11 (c) INELIGIBILITY FOR BANKRUPTCY.—Section  
12 109(b)(2) of title 11, United States Code, is amended by  
13 inserting “a participating investment fund as defined in  
14 section 399A of the Small Business Investment Act of  
15 1958,” before “credit union”.

16 (d) ELIGIBILITY FOR CRA CREDIT.—Section 804 of  
17 the Community Reinvestment Act of 1977 (12 U.S.C.  
18 2903) is amended by adding at the end the following:

19 “(e) INVESTMENTS IN PARTICIPATING INVESTMENT  
20 FUNDS.—In assessing and taking into account, under sub-  
21 section (a), the record of a financial institution, the appro-  
22 priate Federal financial supervisory agency shall consider,  
23 as a factor, investments made in 1 or more participating  
24 investment funds under part D of title III of the Small  
25 Business Investment Act of 1958.”.

