

**AMENDMENT TO
RULES COMMITTEE PRINT 119-33
OFFERED BY MR. NUNN OF IOWA**

At the end of subtitle D of title XVIII, add the following:

1 **SEC. 18___. REPORT ON ALIGNING SMALL BUSINESS IN-**
2 **VESTMENT COMPANY PROGRAM WITH DE-**
3 **FENSE INDUSTRIAL BASE REQUIREMENTS.**

4 (a) IN GENERAL.—Not later than 180 days after the
5 date of the enactment of this Act, and annually thereafter
6 for 5 years, the Secretary of Defense, in coordination with
7 the Administrator of the Small Business Administration,
8 shall submit to the congressional defense committees a re-
9 port that—

10 (1) identifies priority capital-intensive defense
11 industrial base sectors, including—

12 (A) munitions and energetics;

13 (B) forgings and castings;

14 (C) propulsion components;

15 (D) specialty chemicals; and

16 (E) other critical manufacturing sectors
17 identified by the Secretary of Defense;

1 (2) assesses the extent to which investments
2 made through the SBIC program are aligned with
3 the sectors identified under paragraph (1);

4 (3) maps, to the extent practicable, SBIC-
5 backed portfolio companies to defense-relevant pro-
6 duction and manufacturing activities, including
7 those supporting—

8 (A) facility construction and expansion;

9 (B) tooling, industrial equipment, and ad-
10 vanced manufacturing capabilities;

11 (C) workforce development associated with
12 production scaling; and

13 (D) supply chain resilience and domestic
14 sourcing of critical inputs;

15 (4) assesses the extent to which the SBIC pro-
16 gram is contributing to—

17 (A) increased production capacity and
18 throughput;

19 (B) reduced production timelines and bot-
20 tlenecks;

21 (C) expanded surge capacity and mobiliza-
22 tion readiness; and

23 (D) mitigation of supply chain
24 vulnerabilities, including reliance on foreign en-
25 tities of concern;

1 (5) describes the types of capital deployed
2 through SBIC funds in defense-relevant sectors, in-
3 cluding equity investments, subordinated debt, and
4 other financing structures, and evaluates whether
5 such capital is suited to capital-intensive manufac-
6 turing requirements;

7 (6) identifies barriers to greater SBIC partici-
8 pation in defense industrial base sectors, including—

9 (A) risk-return profiles associated with
10 capital-intensive manufacturing investments;

11 (B) statutory or regulatory limitations
12 within the SBIC program;

13 (C) information asymmetries between the
14 Department of Defense and private fund man-
15 agers; and

16 (D) challenges related to contracting
17 timelines, demand signals, or program stability;
18 and

19 (7) provides recommendations to improve align-
20 ment between the SBIC program and defense indus-
21 trial base requirements.

22 (b) DEFINITIONS.—In this section:

23 (1) The term “SBIC” means a small business
24 investment company (as defined in section 103 of

1 the Small Business Investment Act of 1958 (15
2 U.S.C. 662)).

3 (2) The term “SBIC program” means the small
4 business investment company program of the Small
5 Business Administration.

