

Publications

April 17, 2026 • Updates

Congress Passes SBIC Reform Bill Expanding Private Capital and Leverage Limits

Key Takeaways

- The Senate passed the Investing in All of America Act of 2025 on April 15, 2026. The Act now awaits the President's signature to become law.
- Importantly, the Act would revise how private capital is defined and adjust SBIC leverage limits, primarily by increasing the leverage available to standard debenture SBICs and increasing the aggregate limitation for commonly controlled standard debenture SBICs. These changes reshape capital formation and borrowing capacity across SBIC structures.
- SBICs should assess how the revised leverage framework and new exclusions for certain qualifying investments may affect their financing strategies and portfolio planning. Firms should evaluate eligibility for excluded investments and model impacts on available leverage capacity.

On April 15, 2026, the Senate passed the Investing in All of America Act of 2025 (the "Act"), which amends the Small Business Investment Act of 1958 in four key ways.

First, the Act revises the definition of private capital to (1) expand the categories of permissible non-governmental capital to include funds from foundations, endowments, or college and university trusts and (2) exclude funds obtained directly or indirectly from federal, state or local governments, or government agencies from the calculation of private capital, subject to certain existing statutory exceptions.

Second, the Act raises the maximum amount of leverage for Standard Debenture SBICs from the lesser of 300% of private capital or \$175 million, to the lesser of 200% of private capital or \$250 million. The limitation for non-standard debenture SBICs remains at the lesser of 200% of private capital or \$175 million.

Third, the Act increases the maximum aggregate leverage available to commonly controlled Standard Debenture SBICs to \$475 million. The aggregate limit remains \$350 million for other commonly controlled SBICs.

Finally, the bill excludes from the calculation of an SBIC's outstanding leverage the cost

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basis of investments in small businesses operating primarily in covered critical technology categories, and small manufacturers. The aggregate amount excluded from the calculation of outstanding leverage is capped at the lesser of 50% of private capital or \$125 million. This exclusion will be applicable on a going forward basis.

The Act has passed in the House of Representatives and the Senate and must be signed into law by the President.

If you have questions about how this legislation may affect you, please contact Phil Feigen or Kimberly Simmons.