



441 G St. N.W.
Washington, DC 20548

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February 17, 2026

The Honorable Joni Ernst
Chair
The Honorable Edward J. Markey
Ranking Member
Committee on Small Business and Entrepreneurship
United States Senate

The Honorable Roger Williams
Chairman
The Honorable Nydia M. Velázquez
Ranking Member
Committee on Small Business
House of Representatives

Subject: *Small Business Administration: Improving SBA Disaster Loan Ability To Provide Meaningful and Timely Assistance*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Small Business Administration (SBA) titled “Improving SBA Disaster Loan Ability To Provide Meaningful and Timely Assistance” (RIN: 3245-A171). We received the rule on January 30, 2026. It was published in the *Federal Register* on January 29, 2026. 91 Fed. Reg. 3813. The effective date of the rule is January 29, 2026.

According to SBA, it is issuing this rule to ensure the timely and effective delivery of assistance under its Disaster Loan Program authorized under section 7(b) of the Small Business Act following a Presidentially declared disaster. See generally 15 U.S.C. § 636(b). SBA stated that the rule preempts certain state and local requirements impacting the repair, rehabilitation, or replacement of damaged or destroyed property and associated activities financed by the Disaster Loan Program when such requirements cause delay in the use of SBA Disaster Loan Program proceeds. SBA also stated that the rule is necessary to reconcile non-federal requirements that undermine Congress's objective of rapid housing and business recovery, public health and safety restoration, and economic stabilization after disasters.

The Congressional Review Act (CRA) requires a 60-day delay in the effective date of a major rule from the date of publication in the *Federal Register* or receipt of the rule by Congress, whichever is later. 5 U.S.C. § 801(a)(3)(A). The 60-day delay in effective date does not apply, however, if the agency finds for good cause that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest, and the agency incorporates the finding and a brief statement of its reasons in the rule. 5 U.S.C. §§ 553(b)(B), 808(2). According to SBA, delaying implementation to allow for notice and comment and delaying the effective date of this rule would be impracticable and contrary to the public interest because disaster recovery efforts are ongoing and currently being impeded. 91 Fed. Reg. 3814. SBA

explained that borrowers are already experiencing undue delays in repairing homes and businesses, and further postponement would exacerbate economic harm, housing and business instability, and risks to public health and safety. SBA also stated that delay would pose a threat of rendering the Disaster Loan Program ineffective in a time of crisis and that immediate regulatory clarity is necessary. *Id.* Accordingly, SBA concluded that an immediate effective date is warranted.

Enclosed is our assessment of SBA's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact me at (202) 512-8156.

A handwritten signature in black ink that reads "Shirley A. Jones". The signature is written in a cursive style with a large initial 'S' and 'J'.

Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: Robert L. Wehagen III
Associate Administrator for OCLA
Small Business Administration

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
SMALL BUSINESS ADMINISTRATION
TITLED
“IMPROVING SBA DISASTER LOAN ABILITY TO PROVIDE MEANINGFUL
AND TIMELY ASSISTANCE”
(RIN: 3245-A171)

(i) Cost-benefit analysis

The Small Business Administration (SBA) prepared an analysis of the costs and benefits of this rule. 91 Fed. Reg. 3813, 3815–3816 (Jan. 29, 2026). SBA stated that the rule’s primary benefit is accelerated post-disaster economic recovery through shorter rebuilding timelines. 91 Fed. Reg. at 3815. SBA estimated that affected borrowers generate approximately \$333 million in annual output and that reducing recovery times by 2 to 4 months would yield \$56 million to \$111 million in additional output, with annual net benefits of \$19 million to \$37 million per year. *Id.* SBA also estimated potential state and local government costs of about \$4 million annually, resulting in net benefits of \$15 million to \$33 million per year. 91 Fed. Reg. at 3816.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603–605, 607, and 609

SBA determined that this rule may have a significant economic impact on a substantial number of small entities and prepared a Final Regulatory Flexibility Analysis for the rule. 91 Fed. Reg. at 3816.

(iii) Agency actions relevant to sections 202–205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532–1535

In its submission to us, SBA indicated that the Act is not applicable to this rule.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

SBA stated that it found good cause under 5 U.S.C. §§ 553(b)(B) and 553(d)(3) to issue this rule without prior notice and comment and with an immediate effective date. 91 Fed. Reg. at 3814. According to SBA, delaying the rule would be impracticable and contrary to the public interest because disaster recovery efforts are ongoing and currently being impeded. *Id.* SBA explained that borrowers are already experiencing significant delays in repairing homes and businesses, and further postponement would exacerbate economic harm, housing and business instability, and risks to public health and safety. *Id.* SBA also stated that delay would pose a threat of rendering the Disaster Loan Program ineffective in a time of crisis and that immediate regulatory clarity is necessary. *Id.* SBA further stated that it invites post-promulgation comment and will consider all timely submissions in determining whether revisions to the rule are warranted. *Id.*

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501–3520

SBA determined that this rule would impose additional reporting and recordkeeping requirements under the Act. 91 Fed. Reg. at 3817.

Statutory authorization for the rule

SBA promulgated this rule pursuant to sections 632, 634, 636, 657n, and 9009 of title 15, United States Code.

Executive Order No. 12866 (Regulatory Planning and Review)

SBA stated that the Office of Management and Budget has determined that this rule is a significant regulatory action. 91 Fed. Reg. at 3815.

Executive Order No. 13132 (Federalism)

SBA determined that this rule has federalism implications. 91 Fed. Reg. at 3815.