U.S. Government Accountability Office

SBA Disaster Loans: Assistance for Businesses Affected by Low Snowfall or Warm Winters

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Q&A report to Congressional Committees

July 14, 2026

Why This Matters

U.S. ski areas experienced a 9 percent decrease in visits (about 9 million visits) from the prior 10-year average during the 2025–2026 season, according to preliminary data from the National Ski Areas Association. Industry representatives attributed the decrease to inconsistent snowfall and unusually warm conditions across western states, which can cause precipitation to fall as rain rather than snow.

Unlike many natural disasters, relatively low snowfall or warm winters cause more economic than physical harm. For example, ski resorts, ice fishing providers, and hospitality businesses that support those industries may experience revenue losses because they are unable to operate or have significantly fewer customers, rather than because their facilities sustain physical damage.

Small businesses affected by relatively low snowfall or warm winters may be eligible for certain types of federal assistance to help them recover economically. For example, they may qualify for Small Business Administration (SBA) Economic Injury Disaster Loans (EIDL), which provide necessary working capital to help small businesses affected by a disaster meet financial obligations until normal operations resume.

The Joint Explanatory Statement accompanying the Financial Services and General Government Appropriations Act, 2026, includes a provision for us to review how small businesses affected by relatively low snowfall and warm winters can seek and receive federal relief. This report addresses the extent to which these businesses may be eligible for assistance under the EIDL program and policy considerations for Congress should it consider a potential expansion of the program.

Key Takeaways

- Relatively low snowfall and warm winters are not explicitly recognized as disasters under federal law.
- Small businesses affected by relatively low snowfall or warm winters may be eligible for SBA EIDLs under certain drought-related disaster declarations, depending on the circumstances.

- Expanding EIDL eligibility for businesses affected by relatively low snowfall or warm winters would require statutory and regulatory changes and raise questions about future costs related to the federal government's role in disaster response.

Do federal disaster definitions capture relatively low snowfall and warm winters?

Relatively low snowfall and warm winters are not included in the statutory definition for "major disaster" contained in the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) or the definition of "disaster" in the Small Business Act.[1] The Stafford Act defines a major disaster as a natural catastrophe or, regardless of cause, any fire, flood, or explosion, which the President determines causes damage of sufficient severity and magnitude to warrant major disaster assistance under the Stafford Act to supplement the efforts and available resources of states, local governments, and disaster relief organizations in alleviating the damage, loss, hardship, or suffering caused thereby.[2] Similarly, the Small Business Act defines a disaster as a sudden event that causes severe damage.[3]

While both acts include examples of qualifying disasters, neither act explicitly includes relatively low snowfall or warm winters. In addition, low snowfall and warm winters are not sudden events and typically do not cause physical damage, which is the basis for requests for major disaster declarations under the Stafford Act and the Federal Emergency Management Agency (FEMA) regulations regarding federal disaster assistance.[4]

However, small businesses suffering substantial economic injury related to these weather events might be eligible for SBA assistance if located in a declared disaster area due to drought, which is listed as a disaster type under these acts.

Drought generally refers to a deficiency of precipitation compared with normal conditions over an extended period, usually a season or more, resulting in a water shortage causing adverse impacts on vegetation, animals, or people. Designations of disaster areas due to drought are traditionally made by the Secretary of Agriculture, often through a nearly automatic process based on the event's severity.

For example, a designation of a disaster area for drought by the Secretary of Agriculture is automatically triggered if, during the growing season, any part of a county experiences a severe drought for at least 8 consecutive weeks or an extreme drought for any length of time. An area can also be designated as a disaster area for drought through a process initiated by a governor or the governor's authorized representative, an Indian Tribal Council leader, or a County Emergency Board.

While the President can declare a major disaster or emergency due to drought under section 401 of the Stafford Act, the President has denied requests for such declarations since the 1980s, generally in deference to the Department of Agriculture's authorities.[5] A presidential declaration—stemming from a state's request for a declaration made through FEMA—that a drought has overwhelmed state or local resources likely would trigger different types of federal aid, including agricultural disaster assistance.

However, relatively low snowfall and warm winters may not be connected to a drought. According to the American Meteorological Society, warm temperatures may cause precipitation to fall as rain rather than snow or may contribute to unusually early snowmelt. Neither situation necessarily results from a lack of overall precipitation. In addition, reduced winter precipitation would likely not trigger a drought designation by the Secretary of Agriculture if it does not occur during the growing season.

When may an affected small business be eligible for SBA's EIDL program?

Small businesses affected by relatively low snowfall or warm winters may qualify for EIDLs associated with drought under an appropriate disaster determination.[6] The Small Business Act authorizes SBA to provide loans to alleviate substantial economic injury under five types of disaster determinations (see table 1).

Table 1: Disaster Determinations Under Which the Small Business Administration (SBA) May Make Economic Injury Disaster Loans (EIDL)

Determination type	How is the determination triggered?	Examples of eligible disasters or incidents	SBA process for making EIDLs available
Presidential (major disaster)	Written request to the President through the Federal Emergency Management Agency from a governor of a state or territory or the chief executive of a tribal government that the disaster exceeds the response capabilities of the state and affected local governments	Hurricanes, earthquakes, snowstorms	Automatic
Secretary of Agriculture	Automatic drought declaration; recommendation from a County Emergency Board to a State Emergency Board and a Farm Service Agency State Executive Director; or written request from farmers, an Indian Tribal Council leader, or local governing body to a County Emergency Board[a]	Drought, flooding, below-normal temperatures, wind, excessive heat	Automatic
Administrative (SBA Administrator)	Written request from a governor (in conjunction with an approved governor's certification that at least 25 homes, businesses, or other eligible institutions sustained uninsured physical losses of 40 percent or more)	Fires, tornadoes, or flooding that is too small for a presidential declaration	Automatic upon SBA approval of request
Emergency involving federal primary responsibility	Federal government has primary responsibility for the response or federal property is affected	COVID-19 pandemic, terrorist attack	Automatic
Governor's certification	A governor's certification that at least five small businesses in a disaster area have suffered substantial economic injury and need financial assistance not otherwise available on reasonable terms[b]	Bridge collapse, mass shootings, drought	Automatic upon SBA approval of request

Source: GAO analysis of Small Business Act and implementing regulations. | GAO-26-109126

[a]A designation of a disaster area due to drought is commonly automatically triggered if, during the growing season, any part of a county experiences a severe drought for at least 8 consecutive weeks or an extreme drought for any length of time.

[b]The governor must provide documentation supporting that conditions during the incident period meet or exceed the U.S. Drought Monitor standard of "severe." 13 C.F.R. § 123.3(a)(5). The U.S. Drought Monitor depicts the location and intensity of drought across the country using five classifications: Abnormally Dry (D0), showing areas that may be going into or are coming out of drought, and four levels of drought (D1–D4). Under a severe drought, crop or pasture losses are likely, water shortages are common, and water restrictions are imposed. The U.S. Drought Monitor is a joint effort of the National Drought Mitigation Center, Department of Agriculture, National Oceanic and Atmospheric Administration, and National Aeronautics and Space Administration.

According to SBA officials, SBA is sometimes able to assist small businesses affected by low snowfall or warm winters through a drought declaration because those events often occur simultaneously with a drought.

For example, in March 2024, SBA advised affected small businesses in Michigan, Minnesota, and Wisconsin that they could apply for EIDLs for drought if they suffered financial losses the previous winter directly related to multiple drought declarations.[7] The Secretary of Agriculture issued these drought declarations between July 2023 and February 2024, and the related EIDL application deadlines had not closed.[8]

Many affected small businesses that may be eligible for EIDLs because of an existing drought declaration may not realize such assistance is available. According to SBA officials, many business owners who may be eligible for assistance do not associate "no snow" with "drought" and therefore may not apply for available EIDL funds.

What policy issues could Congress consider regarding expanding access to affected small businesses?

Certain changes could expand access to the EIDL program for small businesses affected by relatively low snowfall or warm winters, but these changes would involve important policy considerations for Congress.

For example, Congress could add relatively low snowfall and warm winters as eligible disaster types to relevant statutory frameworks and establish criteria for determining when such conditions accordingly qualify for assistance. As discussed above, these conditions are not currently included among the types of disasters for which SBA may issue administrative declarations or for which the President may declare a major disaster. Moreover, not all low snowfall or warm winter events would trigger a drought declaration. As a result, statutory changes would be needed to include these conditions, SBA’s implementing regulations would need to be amended to include them, and regulations defining these events for federal disaster purposes—and potentially the process of proving harm and need for financial assistance—would need to be promulgated.[9]

These steps would have financial implications and raise broader questions about the federal government’s role in disaster response:

Financial impact. Borrowers are required to repay EIDLs. However, SBA’s disaster loan program, which includes EIDLs, has historically been estimated to have a lifetime cost to the government, largely due to defaulted loans.[10] Increased use of the program could require Congress to provide additional subsidy funding to support additional loans to small businesses or appropriations to address increased SBA workforce demands.

Expanded federal role in disaster response. Providing loans for economic injury to small businesses affected by relatively low snowfall or warm winters could create a precedent to provide federal support for businesses adversely affected by other weather variations, such as extended heat waves that limit outdoor recreation activities. Over time, this support could increase federal fiscal exposure and put a strain on resources.

Agency Comments

We provided a draft of this report to SBA, the Department of Agriculture, and the Department of Homeland Security for review and comment. SBA and the Department of Homeland Security provided technical comments, which we incorporated as appropriate. The Department of Agriculture did not provide any comments on the report.

How GAO Did This Study

To describe the extent to which small businesses affected by relatively low snowfall or warm winters may be eligible for EIDLs and policy options and considerations for Congress, we reviewed the Small Business Act, the Stafford Act, and their implementing regulations. We also reviewed the Department of Agriculture's documentation on its drought-declaration process. We interviewed officials from SBA offices primarily responsible for the disaster loan program and reviewed selected SBA disaster press releases advising small businesses affected by lack of snow about the availability of EIDL assistance. We interviewed FEMA officials from the office that oversees the agency's disaster response.

We conducted this performance audit from April 2026 to July 2026 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

List of Addressees

The Honorable Bill Hagerty
Chair
The Honorable Jack Reed
Ranking Member
Subcommittee on Financial Services and General Government
Committee on Appropriations
United States Senate

The Honorable Dave Joyce
Chairman
The Honorable Steny Hoyer
Ranking Member
Subcommittee on Financial Services and General Government
Committee on Appropriations
House of Representatives

We are sending copies of this report to the appropriate congressional committees, the Secretary of Agriculture, the Secretary of Homeland Security, and the Administrator of the Small Business Administration. In addition, the report is available at no charge on the GAO website at https://www.gao.gov.

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Endnotes

[1]The Stafford Act establishes the programs and processes through which the federal government provides major disaster assistance to state, local, and tribal governments and individuals. 42 U.S.C. §§ 5122(2), 5170. When a major disaster is declared, FEMA—within the Department of Homeland Security—is the lead agency for coordinating response efforts. The Small Business Act authorizes SBA's disaster loan program, including the EIDL program. Small Business Act § 7(b), 15 U.S.C. § 636(b).

[2]42 U.S.C. §§ 5122(2), 5170(a). Examples of major disasters listed in the Stafford Act include hurricanes, earthquakes, snowstorms, and drought.

[3]Disasters listed as examples in the Small Business Act include floods, hurricanes, tornadoes, earthquakes, fires, explosions, volcanoes, windstorms, landslides or mudslides, tidal waves, commercial fishery failures or fishery resource disasters (as determined by the Secretary of Commerce under the Fishery Resource Disasters Improvement Act), ocean conditions resulting in the closure of customary fishing waters, riots, civil disorders or other catastrophes, but do not include economic dislocations. Small Business Act § 3(k)(1), 15 U.S.C. § 632(k)(1).

[4]A governor of a state or chief executive of an affected Indian tribal government must make a request to the President for a major disaster declaration. 42 U.S.C. § 5170. States conduct a preliminary damage assessment which serves as the basis for a Governor's request to the President to have a disaster declared as a major disaster. 44 C.F.R. § 206.33.

[5]Congressional Research Service, *Drought Response and Preparedness: Policy and Legislation,* IF10702 (Washington, D.C.: Jun. 4, 2021).

[6]SBA's size standards define whether a business is "small." Size standards have been established for types of economic activity, or industry, generally under the North American Industry Classification System. 13 C.F.R. § 121.101. EIDLs can be up to $2 million and have terms of up to 30 years. Small Business Act § 7(b), 15 U.S.C. § 636(b). Businesses may also be eligible for disaster assistance through the Department of Agriculture, depending on the type of business.

[7]Small Business Administration, *Michigan Businesses Affected by Lack of Snow Can Apply for Working Capital Loans from the SBA*, 24-266 (Washington, D.C.: Mar. 18, 2024); *Minnesota Businesses Affected by Lack of Snow Can Apply for Working Capital Loans from the SBA*, 24-267 (Washington, D.C.: Mar. 18, 2024); and *Wisconsin Businesses Affected by Lack of Snow Can Apply for Working Capital Loans from the SBA*, 24-268A (Washington, D.C.: Mar. 19, 2024).

[8]Businesses have 8 months from the date of the Secretary of Agriculture's approval of the disaster declaration to apply for EIDLs.

[9]Legislation was introduced in 2024 and 2025 that would have modified the definition of a disaster in the Small Business Act to include "relatively low snowfall or snow cover." This change would have authorized the SBA Administrator to declare a disaster due to reduced snow and make affected businesses eligible for EIDLs. The legislation also would have required SBA to work with the National Weather Service to develop implementing regulations.

[10]The estimated lifetime cost to the government is reported as the subsidy rate. It is calculated on a net present value basis and expressed as a percentage of total dollars disbursed. The subsidy rate represents the sum of defaults net of recoveries, interest, fees, and other components. The estimated initial subsidy rates for the disaster loan program were 20.55 percent in 2024 and 22.22 percent in 2025. Office of Management and Budget, *Federal Credit Supplement, Budget of the U.S. Government, Fiscal Year 2027* (Washington, D.C.: Apr. 3, 2026).