

119TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

To improve accountability in the disaster loan program of the Small Business Administration, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

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Mr. BUDD (for himself, Ms. ERNST, Mr. SCOTT of South Carolina, and Mr. TILLIS) introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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**A BILL**

To improve accountability in the disaster loan program of the Small Business Administration, and for other purposes.

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 “Disaster Loan Ac-  
5 countability and Reform Act” or the “DLARA”.

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Definitions.
- Sec. 4. Monthly disaster loan reports.
- Sec. 5. Budget request relating to disaster loans.
- Sec. 6. Limitations on loan forgiveness.

Sec. 7. Limits on disaster loans.

Sec. 8. Prohibition regarding SBA rules relating to disaster loans.

Sec. 9. GAO report on disaster loan changes.

Sec. 10. SBA Inspector General review.

Sec. 11. Budget and forecasting report regarding the cost of direct disaster loans.

1 **SEC. 3. DEFINITIONS.**

2 In this Act—

3 (1) the terms “Administration” and “Adminis-  
4 trator” mean the Small Business Administration  
5 and the Administrator thereof, respectively; and

6 (2) the term “appropriate committees of Con-  
7 gress” means the Committee on Small Business and  
8 Entrepreneurship and the Committee on Appropria-  
9 tions of the Senate and the Committee on Small  
10 Business and the Committee on Appropriations of  
11 the House of Representatives.

12 **SEC. 4. MONTHLY DISASTER LOAN REPORTS.**

13 Section 12091(a) of the Small Business Disaster Re-  
14 sponse and Loan Improvements Act of 2008 (15 U.S.C.  
15 636k(a)) is amended—

16 (1) in paragraph (1), by striking “during the  
17 applicable period for a major disaster”;

18 (2) in paragraph (2)—

19 (A) in subparagraph (E), by striking “how  
20 long the available funding for such loans will  
21 last” and inserting “the date at which available  
22 funding for such loans will reach 10 percent of

1 the most recent appropriation and the date at  
2 which the funds will be depleted”;

3 (B) in subparagraph (H), by striking  
4 “and” at the end;

5 (C) in subparagraph (I), by striking the  
6 period at the end and inserting “; and”; and

7 (D) by adding at the end the following:

8 “(J) a summary detailing any changes to  
9 estimates or assumptions on obligations and ex-  
10 penditures, including data supporting these  
11 changes.”; and

12 (3) by adding at the end the following:

13 “(3) PROHIBITION ON OFFICIAL TRAVEL.—If  
14 the Administrator does not submit a report required  
15 to be submitted under paragraph (1) by the required  
16 date, no funds may be obligated for official travel by  
17 the Administrator until the Administrator submits  
18 the report.”.

19 **SEC. 5. BUDGET REQUEST RELATING TO DISASTER LOANS.**

20 Section 1105 of title 31, United States Code, is  
21 amended—

22 (1) in subsection (a), by adding at the end the  
23 following:

24 “(39) separate statements of—

1           “(A) the amount of appropriations re-  
2           quested for the fiscal year for which the budget  
3           is submitted for the cost of SBA disaster loans,  
4           the 10-year average of the cost of SBA disaster  
5           loans, and an explanation for any difference be-  
6           tween the amount requested and the 10-year  
7           average cost; and

8           “(B) the amount of appropriations re-  
9           quested for the fiscal year for which the budget  
10          is submitted for the cost of COVID-EIDL  
11          loans, the 10-year average of the cost of  
12          COVID-EIDL loans, and an explanation for  
13          any difference between the amount requested  
14          and the 10-year average cost.

15          “(40) separate statements of—

16          “(A) the amount of appropriations re-  
17          quested for the fiscal year for which the budget  
18          is submitted for administrative costs relating to  
19          SBA disaster loans, the 10-year average of such  
20          administrative costs, and an explanation for any  
21          difference between the amount requested and  
22          the 10-year average costs; and

23          “(B) the amount of appropriations re-  
24          quested for the fiscal year for which the budget  
25          is submitted for administrative costs relating to

1 COVID-EIDL loans, the 10-year average of  
2 such administrative costs, and an explanation  
3 for any difference between the amount re-  
4 quested and the 10-year average costs.”; and

5 (2) by adding at the end the following:

6 “(j) In paragraphs (39) and (40) of subsection (a)—

7 “(1) the term ‘COVID-EIDL loan’ means a di-  
8 rect loan under section 7(b) of the Small Business  
9 Act (15 U.S.C. 636(b)) that was authorized under  
10 section 1110 of the CARES Act (15 U.S.C. 9009);  
11 and

12 “(2) the term ‘SBA disaster loan’ means a di-  
13 rect loan authorized by section 7(b) of the Small  
14 Business Act (15 U.S.C. 636(b)), other than a loan  
15 that was authorized under section 1110 of the  
16 CARES Act (15 U.S.C. 9009).”.

17 **SEC. 6. LIMITATIONS ON LOAN FORGIVENESS.**

18 Section 7 of the Small Business Act (15 U.S.C. 636)  
19 is amended by adding at the end the following:

20 “(o) LIMITATIONS ON LOAN FORGIVENESS.—

21 “(1) IN GENERAL.—The Administrator may  
22 not—

23 “(A) forgive any loan under this section  
24 unless Congress has authorized such forgive-  
25 ness; or

1           “(B) compromise on, suspend, or end col-  
2           lections on a debt owed to the Administration  
3           pursuant to paragraph (2) or (3) of section  
4           3711(a) of title 31, United States Code.

5           “(2) REFERRAL OF DEBT.—If the Adminis-  
6           trator seeks to discharge a debt and the discharge  
7           of such debt is limited under paragraph (1), the Ad-  
8           ministrators shall refer such debt to the Department  
9           of the Treasury for collection action, including a  
10          final determination regarding whether to suspend,  
11          end, or continue collection of the debt.”.

12 **SEC. 7. LIMITS ON DISASTER LOANS.**

13          (a) LOW FUNDING.—Section 7(b) of the Small Busi-  
14          ness Act (15 U.S.C. 636(b)) is amended—

15               (1) by redesignating the second paragraph des-  
16               ignated as paragraph (16), relating to statute of lim-  
17               itations, as added by the COVID–19 EIDL Fraud  
18               Statute of Limitations Act of 2022 (Public Law  
19               117–165; 136 Stat. 1363), as paragraph (18); and

20               (2) by inserting after paragraph (16), relating  
21               to disaster declarations in rural areas, as added by  
22               the Disaster Assistance for Rural Communities Act  
23               (Public Law 117–249; 136 Stat. 2350), the fol-  
24               lowing:

1           “(17) REQUIREMENTS WHEN FUNDING IS  
2           LOW.—

3                   “(A) IN GENERAL.—Not later than 24  
4           hours after the unobligated balance of amounts  
5           available for the cost of direct loans authorized  
6           by this subsection is less than 10 percent of the  
7           most recent appropriation for such costs, the  
8           Administrator shall notify the Committee on  
9           Appropriations and the Committee on Small  
10          Business and Entrepreneurship of the Senate  
11          and the Committee on Appropriations and the  
12          Committee on Small Business of the House of  
13          Representatives.

14                   “(B) LIMITATION ON OBLIGATING  
15          FUNDS.—During the period beginning on the  
16          first business day occurring on or after the date  
17          by which the Administrator is required to notify  
18          Congress under subparagraph (A) and ending  
19          on the date on which additional amounts are  
20          appropriated for such costs, the Administrator  
21          may not obligate funds for a direct loan author-  
22          ized under this subsection in an amount that is  
23          more than the amount of such a loan for which  
24          collateral is required.”.

1 (b) REPEAL OF AUTHORITY TO INCREASE AMOUNT  
2 OF LOANS FOR WHICH COLLATERAL IS NOT RE-  
3 QUIRED.—Section 7(d)(6) of the Small Business Act is  
4 amended by striking “(or such higher amount as the Ad-  
5 ministrator determines appropriate in the event of a major  
6 disaster)”.

7 **SEC. 8. PROHIBITION REGARDING SBA RULES RELATING**  
8 **TO DISASTER LOANS.**

9 (a) DEFINITIONS.—In this section:

10 (1) COST.—The term “cost” has the meaning  
11 given the term in section 502 of the Federal Credit  
12 Reform Act of 1990 (2 U.S.C. 661a).

13 (2) RULE.—The term “rule” has the meaning  
14 given the term in section 551 of title 5, United  
15 States Code.

16 (b) PROHIBITION.—Notwithstanding any other provi-  
17 sion of law or regulation, beginning on the date of enact-  
18 ment of this Act, the Administrator of the Small Business  
19 Administration may not issue any rule that will result in  
20 any increased cost to the program carried out under sec-  
21 tion 7(b) of the Small Business Act (15 U.S.C. 636(b)).

22 **SEC. 9. GAO REPORT ON DISASTER LOAN CHANGES.**

23 (a) DEFINITION.—In this section, the term “covered  
24 final rule” means—



1           (1) the final rule entitled “Disaster Assistance  
2           Loan Program Changes to Maximum Loan Amounts  
3           and Miscellaneous Updates” (88 Fed. Reg. 39335  
4           (June 16, 2023); RIN 3245–AH91); or

5           (2) the final rule entitled “Disaster Assistance  
6           Loan Program Changes to Unsecured Loan  
7           Amounts and Credit Elsewhere Criteria” (89 Fed.  
8           Reg. 59826 (July 24, 2024); RIN 3245–AI08).

9           (b) REPORT.—Not later than 1 year after the date  
10          of enactment of this Act, the Comptroller General of the  
11          United States shall submit to the Committee on Small  
12          Business and Entrepreneurship and the Committee on Ap-  
13          propriations of the Senate and the Committee on Small  
14          Business and the Committee on Appropriations of the  
15          House of Representatives a report on—

16               (1) the cost (as defined in section 502 of the  
17               Federal Credit Reform Act of 1990 (2 U.S.C.  
18               661a)) of the increase in the home loan lending lim-  
19               its for, the extension of the deferment period for, the  
20               expansion of mitigation options for, the modifica-  
21               tions to the criteria for determining whether appli-  
22               cants can obtain credit elsewhere with respect to, the  
23               changes to collateral requirements for, and other  
24               changes to the terms and conditions of loans under

1 section 7(b)(1) of the Small Business Act (15 U.S.C.  
2 636(b)(1)) made by the covered final rules; and

3 (2) the effect on the subsidy for such loans of  
4 the changes contained in the covered final rules.

5 **SEC. 10. SBA INSPECTOR GENERAL REVIEW.**

6 (a) DEFINITIONS.—In this section—

7 (1) the term “covered amounts” means  
8 amounts made available for the cost of direct loans  
9 authorized by section 7(b) of the Small Business Act  
10 (15 U.S.C. 636(b)); and

11 (2) the term “Inspector General” means the In-  
12 spector General of the Administration.

13 (b) REVIEW.—

14 (1) IN GENERAL.—The Inspector General shall  
15 conduct a review of the circumstances surrounding  
16 the funding shortfall with respect to covered  
17 amounts, as described in—

18 (A) the letter from President Joseph R.  
19 Biden, Jr. entitled “Letter to Congress on Dis-  
20 aster Needs”, dated October 4, 2024; and

21 (B) the letter from the Administrator sub-  
22 mitted to the Chair and Ranking Members of  
23 the Committees on Appropriations of the Sen-  
24 ate and the House of Representatives, dated  
25 October 10, 2024.

1           (2) CONTENTS.—The review required under  
2 paragraph (1) shall include the following with re-  
3 spect to the funding shortfall described in that para-  
4 graph:

5           (A) The identification of any reporting or  
6 notification requirements in statute that the  
7 Administration failed to provide to Congress  
8 with respect to the funding shortfall.

9           (B) The reason for any obligation or ex-  
10 penditure of covered amounts for a purpose  
11 that significantly diverged from the purpose for  
12 which the covered amounts were made available.

13           (C) An analysis of the accuracy of projec-  
14 tions and estimates relevant to the divergences  
15 described in subparagraph (B).

16           (D) The identification and description of  
17 any internal controls in place to manage cov-  
18 ered amounts.

19           (E) An analysis of the impact that any re-  
20 organization of the Administration, including  
21 the transfer of administrative authority for the  
22 program carried out under section 7(b) of the  
23 Small Business Act (15 U.S.C. 636(b)) to the  
24 Office of Capital Access of the Administration,

1           may have had with respect to the funding  
2           shortfall.

3           (F) The identification of actions that the  
4           Administration can take to—

5                   (i) improve the accuracy of informa-  
6                   tion submitted by the President under sec-  
7                   tion 1105(a) of title 31, United States  
8                   Code, with respect to the Administration;

9                   (ii) prevent any future funding short-  
10                  fall with respect to any account of the Ad-  
11                  ministration; and

12                  (iii) improve the report submitted to  
13                  the appropriate committees of Congress  
14                  under section 12091(a) of the Small Busi-  
15                  ness Disaster Response and Loan Improve-  
16                  ments Act of 2008 (15 U.S.C. 636k(a)).

17           (G) Any other matter determined relevant  
18           by the Inspector General.

19           (c) REPORT.—Not later than 180 days after the date  
20           of enactment of this Act, the Inspector General shall sub-  
21           mit to the appropriate committees of Congress a report  
22           that contains the findings of the review carried out under  
23           subsection (b).

1 **SEC. 11. BUDGET AND FORECASTING REPORT REGARDING**  
2 **THE COST OF DIRECT DISASTER LOANS.**

3 (a) BUDGET FORMULATION AND FORECASTING.—  
4 Not later than 30 days after the date of enactment of this  
5 Act, the Administrator shall submit to the appropriate  
6 committees of Congress a report detailing corrections the  
7 Administration will make to improve forecasting, data  
8 quality, and budget assumptions relating to budget sub-  
9 missions relating to amounts made available for the cost  
10 of direct loans authorized by section 7(b) of the Small  
11 Business Act (15 U.S.C. 636(b)).

12 (b) UPDATES.—Not later than 90 days after the date  
13 of enactment of this Act, and every 90 days thereafter  
14 until the date that is 90 days after the date on which all  
15 the corrections described in subsection (a) have been im-  
16 plemented, the Administrator shall submit to the appro-  
17 priate committees of Congress a report—

18 (1) detailing the actions the Administration has  
19 taken to implement the corrections described in sub-  
20 section (a); and

21 (2) explaining how each action detailed under  
22 paragraph (1) is directly related to implementing 1  
23 or more corrections described in subsection (a).