

A BILL

To abolish the Small Business Administration, repeal section 4 of the Small Business Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Small Business Administration Abolition Act of 2026”.

SECTION 2. FINDINGS.

Congress finds the following:

(1) The Small Business Administration (SBA) makes and guarantees loans to small businesses, provides disaster loans, and administers contracting preference and counseling programs.

(2) By lending public credit to local businesses, the SBA expends money drawn from the Treasury on objects that are not among the enumerated powers of Congress, exceeding the “general Welfare” clause of Article I, Section 8, Clause 1, which James Madison explained in Federalist No. 41 is limited by the specific powers enumerated after it and confers no separate power to spend for any object Congress may choose.

(3) The functions of the SBA are not “necessary and proper for carrying into Execution” any power vested by the Constitution in the Government of the United States and therefore find no support in Article I, Section 8, Clause 18, which Madison in Federalist No. 44 described as a means of executing powers already granted rather than a source of new ones, as the Anti-Federalist writer Brutus warned in his first essay of 1787 it would otherwise become.

(4) In carrying out its functions, the SBA disregards the Ninth Amendment, which provides that “The enumeration in the Constitution, of certain rights, shall not be construed to deny or disparage others retained by the people,” including the right of the people to order their own lives, property, and affairs free of federal direction in matters the Constitution does not commit to the Federal Government.

(5) The Constitution delegates to the United States no power over local business finance. By lending public credit to local businesses, the SBA exercises powers that the Tenth Amendment reserves “to the States respectively, or to the people,” contrary to Federalist No. 45, in which Madison described the powers delegated to the Federal Government as “few and defined” and those remaining in the States as “numerous and indefinite.”

(6) The Declaration of Independence affirms that governments are instituted to secure the unalienable rights of the people and derive “their just powers from the consent of the governed,” and it charged the Crown with having “erected a multitude of New Offices, and

sent hither swarms of Officers to harass our people, and eat out their substance.” The SBA perpetuates the centralized administration the Declaration condemned.

(7) Abolishing the Small Business Administration and repealing section 4 of the Small Business Act will reduce the size and cost of the Federal Government, return to the States and to the people the powers the Constitution reserves to them, and restore the constitutional principles of limited government and enumerated powers.

SECTION 3. ABOLITION OF THE SMALL BUSINESS ADMINISTRATION.

(a) In General.—The Small Business Administration is hereby abolished effective immediately following the enactment of this Act.

(b) Wind-Down Operations.—Immediately following the enactment of this Act, the President shall designate an appropriate official to expeditiously wind down the operations of the Small Business Administration, ceasing all functions, none of which shall be transferred to any other department or agency of the Federal Government.

(c) Transfer of Assets and Liabilities.—All assets, liabilities, contracts, property, and records of the Small Business Administration shall be transferred to the designated official under subsection (b) for appropriate disposition.

(d) Employee Transition.—Employees of the Small Business Administration shall be offered opportunities for reassignment within the federal government or provided with severance and retraining assistance as prescribed by existing federal law.

SECTION 4. REPEAL OF PROVISIONS OF LAW ESTABLISHING THE SMALL BUSINESS ADMINISTRATION.

(a) In General.—Section 4 of the Small Business Act (15 U.S.C. 633), and any other provision of law establishing the Small Business Administration or vesting functions in the Small Business Administration, are hereby repealed.

(b) Conforming Amendments.—The United States Code and all other relevant Federal laws are amended by—

(1) striking all references to the Small Business Administration and to any office, officer, or function established in or vested in the Small Business Administration;

(2) terminating every function of the Small Business Administration, no part of which shall be reassigned to any other department or agency of the Federal Government; and

(3) making such other conforming changes as necessary to reflect the repeal and the permanent abolition of the Small Business Administration.

(c) Effective Date.—The repeal under this section shall take effect immediately following the enactment of this Act.

SECTION 5. TRANSITION PROVISIONS.

(a) No Restoration of Prior Structures.—No element of the Small Business Administration shall revert to its organizational structure as it existed prior to the establishment of the Small Business Administration, and no function of the Small Business Administration shall be restored to any predecessor department, agency, or office.

(b) Permanent Abolition.—No department, agency, office, or other entity shall be established to carry out the functions of the Small Business Administration abolished by this Act.

SECTION 6. SEVERABILITY.

If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remainder of the Act and the application of such provision to other persons or circumstances shall not be affected thereby.