119TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { 119–681

SBA ARTIFICIAL INTELLIGENCE UTILIZATION ACT OF 2026

JUNE 3, 2026.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. WILLIAMS of Texas, from the Committee on Small Business, submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 8881]

The Committee on Small Business, to whom was referred the bill (H.R. 8881) to amend the Small Business Act to require the Administrator of the Small Business Administration to report on the use of artificial intelligence and machine learning by the Administration, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

CONTENTS

69–006

I. Purpose and Bill Summary

On May 19, 2026, Rep. Brad Finstad (R–MN) and Rep. George Latimer (D–NY), introduced H.R. 8881, the *SBA Artificial Intelligence Utilization Act of 2026*. The bill requires the U.S. Small Business Administration (SBA) to submit an annual report to Congress on its use of artificial intelligence (AI) and machine learning.

II. Need for Legislation

The *SBA Artificial Intelligence Utilization Act of 2026* requires the SBA to report to Congress on the SBA's use of AI and machine learning technologies. This bill also requires the SBA to evaluate how AI can improve agency operations while maintaining appropriate human oversight of decision-making.

As AI continues to transform operations across the public and private sectors, federal agencies are increasingly exploring ways to leverage AI and machine learning to improve customer service, fraud detection, and overall program administration.

The Trump Administration has prioritized modernizing government technology, reducing regulatory burdens, and accelerating the adoption of emerging technologies, including AI. Ensuring the SBA effectively evaluates and deploys AI tools can help the agency better serve entrepreneurs, process applications, and improve interactions with small business owners. This legislation would ensure Congress receives regular information regarding how the SBA is using AI and machine learning technologies.

III. Hearings

The Committee on Small Business held the following hearings examining matters related to H.R. 8881:

- On February 5, 2025, the Committee held a hearing titled "Hope on the Horizon: Prioritizing Small Business Growth in the 119th Congress."
- On June 4, 2025, the Committee held a hearing titled "Budgeting for Growth: Testimony from SBA Administrator Kelly Loeffler."

IV. Committee Consideration

The Committee on Small Business met in open session, with a quorum being present, on May 20, 2026, and ordered H.R. 8881 to be reported favorably to the House of Representatives by a roll call vote of 23 ayes to 0 nos.

V. Committee Votes

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the recorded votes on the motion to report legislation and amendments thereto. The Committee voted to favorably report H.R. 8881 to the House of Representatives at 4:13 PM.

Present	Representatives	Aye	Nay
	Mr. Stauber (MN-08)	X	
	Mr. Meuser (PA-09)		
	Ms. Van Duyne (TX-24)	X	
	Mr. Ellzey (TX-06)	X	
	Mr. Alford (MO-04)	X	
	Mr. Finstad (MN-01)	X	
	Mr. Wied (WI-08)	X	
	Mr. Bresnahan (PA-08)	X	
	Mr. Jack (GA-03)	X	
	Ms. King-Hinds (Del.-CNMI)	X	
	Mr. Schmidt (KS-02)		
	Mr. Patronis (FL-01)	X	
	Mr. Fuller (GA-14)	X	
		12	
	Ranking Member Velazquez (NY-07)	X	
	Mr. McGarvey (KY-03)	X	
	Ms. Scholten (MI-03)	X	
	Ms. McIver (NJ-10)	X	
	Mr. Cisneros (CA-31)	X	
	Ms. Morrison (MN-03)	X	
	Mr. Latimer (NY-16)	X	
	Mr. Tran (CA-45)	X	
	Ms. Simon (CA-12)	X	
	Mr. Olszewski (MD-02)	X	
	Ms. Goodlander (NH-02)	X	
		11	
	Chairman Williams (TX-25)	X	
	TOTALS	23	0

COMMITTEE ON SMALL BUSINESS
119th Congress (*Second Session*)

Date: 5/20/2026

Time: 4:13 PM ET

Measure: **H.R. 8881** – SBA Artificial Intelligence Utilization Act of 2026

Offered By:

Amendment #:

Result?		
	Agreed To:	[X]
	Not Agreed To:	[ ]
	Withdrawn:	[ ]

Voice Vote	*Ayes*	*Nays*	*Present*
	23	*0*	

FC Vote #	8

VI. Section-by-Section of H.R. 8881

Section 1—Short title

This Act may be cited as the “SBA Artificial Intelligence Utilization Act of 2026.”

Section 2—Reports regarding artificial intelligence and machine learning use by the small business administration

This section requires the SBA to submit annual reports to Congress regarding the agency’s use of artificial intelligence and machine learning technologies.

The reporting requirements include the use of AI, the benefits and risks associated with AI, as well as the measures the Administrator may take to identify, evaluate, and manage those benefits and risks. The SBA is required to report on how the agency maintains human involvement in decisions informed by AI or machine learning; identify tasks appropriate for AI use; determine which tools are suitable for AI; and evaluate how these tools would meet the SBA’s needs.

This section would also require the SBA Administrator to provide a briefing to Congress within 30 days of submitting each report.

VII. Congressional Budget Office Cost Estimate

Pursuant to 3(c)(3) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974. At the time this report was filed, the Committee has requested but not received a cost estimate from the Director of the Congressional Budget Office.

VIII. New Budget Authority, Entitlement Authority, and Tax Expenditures

Pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a)(I) of the Congressional Budget Act of 1974, the Committee provides the following opinion and estimate with respect to new budget authority, entitlement authority, and tax expenditures. While the Committee has not received an estimate of new budget authority contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974, the Committee does not believe that there will be any new or increased costs attributable to this legislation.

IX. Oversight Findings & Recommendations

In accordance with clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the oversight findings and recommendations of the Committee on Small Business with respect to the subject matter contained in H.R. 8881 are incorporated into the descriptive portions of this report.

X. Performance Goals and Objectives

With respect to the requirements of clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the goal of H.R. 8881 is to improve SBA of AI and machine learning technologies where it is applicable.

XI. Statement of Duplication of Federal Programs

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, no provision of H.R. 8881 is known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of Public Law 111–139 or the most recent Catalog of Federal Domestic Assistance.

XII. Congressional Earmarks, Limited Tax Benefits, and Limited Tariff Benefits

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee finds that the bill does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), or 9(g) of rule XXI of the Rules of the House of Representatives.

XIII. Federal Mandates Statement

The Committee will adopt as its own the estimate of the Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

XIV. Federal Advisory Committee Statement

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

XV. Applicability to Legislative Branch

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

XVI. Statement of Constitutional Authority

Pursuant to clause 7 of rule XII of the Rules of the House, the Committee finds that the authority for this legislation in Art. I, § 8, cl.1 of the Constitution of the United States.

XVII. Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

SMALL BUSINESS ACT

* * * * * * *

SEC. 10. (a) The Administration shall, as soon as practicable each fiscal year make a comprehensive annual report to the President, the President of the Senate, the Senate Select Committee on Small Business, and the Speaker of the House of Representatives. Such report shall include a description of the state of small business in the Nation and the several States, and a description of the operations of the Administration under this chapter, including, but not limited to, the general lending, disaster relief, Government regulation relief, procurement and property disposal, research and development, technical assistance, dissemination of data and information, and other functions under the jurisdiction of the Administration during the previous fiscal year. Such report shall contain recommendations for strengthening or improving such programs, or, when necessary or desirable to implement more effectively congressional policies and proposals, for establishing new or alternative programs. In addition, such report shall include the names of the business concerns to whom contracts are let and for whom financing is arranged by the Administration, together with the amounts involved. With respect to minority small business concerns, the report shall include the proportion of loans and other assistance under this Act provided to such concerns, the goals of the Administration for the next fiscal year with respect to such concerns, and recommendations for improving assistance to minority small business concerns under this Act.

(b) CYBERSECURITY REPORTS.—

(1) ANNUAL REPORT.—Not later than 180 days after the date of enactment of this subsection, and every year thereafter, the Administrator shall submit a report to the appropriate congressional committees that includes—

(A) a strategy to increase the cybersecurity of information technology infrastructure of the Administration;

(B) a supply chain risk management strategy and an implementation plan to address the risks of foreign manufactured information technology equipment utilized by the Administration, including specific risk mitigation activities for components originating from entities with principal places of business located in the People's Republic of China; and

(C) an account of—

(i) any incident that occurred at the Administration during the 2-year period preceding the date on which the first report is submitted, and, for subsequent reports, the 1-year period preceding the date of submission; and

(ii) any action taken by the Administrator to respond to or remediate any such incident.

(2) FISMA REPORTS.—Each report required under paragraph (1) may be submitted as part of the report required under section 3554 of title 44, United States Code.

(3) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to affect the reporting requirements of the Administrator under chapter 35 of title 44, United States Code, in particular the requirement to notify the Federal information security incident center under section 3554(b)(7)(C)(ii) of such title, any guidance issued by the Office of Management and Budget, or any other provision of law or Federal policy.

(4) DEFINITIONS.—In this subsection:

(A) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term "appropriate congressional committees" means—

(i) the Committee on Small Business and Entrepreneurship of the Senate;

(ii) the Committee on Homeland Security and Governmental Affairs of the Senate;

(iii) the Committee on Small Business of the House of Representatives; and

(iv) the Committee on Oversight and Reform of the House of Representatives.

(B) INCIDENT.—The term "incident" has the meaning given the term in section 3552 of title 44, United States Code.

(C) INFORMATION TECHNOLOGY.—The term "information technology" has the meaning given the term in section 3502 of title 44, United States Code.

(d) For the purpose of aiding in carrying out the national policy to insure that a fair proportion of the total purchases and contracts for property and services for the Government be placed with small business enterprises, and to maintain and strengthen the overall economy of the Nation, the Department of Defense shall make an annual report to the Committees on Small Business of the Senate and the House of Representatives, showing the amount of funds appropriated to the Department of Defense which have been expended, obligated, or contracted to be spent with small business concerns and the amount of such funds expended, obligated, or contracted to be spent with firms other than small business in the same fields of operation; and such reports shall show separately the funds expended, obligated, or contracted to be spent for basic and applied scientific research and development.

(e) The Administration and the Inspector General of the Administration shall retain all correspondence, records of inquiries, memoranda, reports, books, and records, including memoranda as to all investigations conducted by or for the Administration, for a period of at least one year from the date of each thereof, and shall at all times keep the same available for inspection and examination by the Senate Select Committee on Small Business and the Committee on Small Business of the House of Representatives or their duly authorized representatives.

(2) The Committee on Small Business of either the Senate or the House of Representatives may request that the Office of the Inspector General of the Administration conduct an investigation of any

program or activity conducted under the authority of section 7(j) or 8(a). Not later than thirty days after the receipt of such a request, the Inspector General shall inform the committee, in writing, of the disposition of the request by such office.

(f) To the extent deemed necessary by the Administrator to protect and preserve small-business interests, the Administration shall consult and cooperate with other departments and agencies of the Federal Government in the formulation by the Administration of policies affecting small-business concerns. When requested by the Administrator, each department and agency of the Federal Government shall consult and cooperate with the Administration in the formulation by such department or agency of policies affecting small-business concerns, in order to insure that small-business interests will be recognized, protected, and preserved. This subsection shall not require any department or agency to consult or cooperate with the Administration in any case where the head of such department or agency determines that such consultation or cooperation would unduly delay action which must be taken by such department or agency to protect the national interest in an emergency.

(g) The Administration shall transmit, not later than December 31 of each year, to the Senate Select Committee on Small Business and Committee on Small Business of the House of Representatives a sealed report with respect to—

(1) complaints alleging illegal conduct by employees of the Administration which were received or acted upon by the Administration during the preceding fiscal year; and

(2) investigations undertaken by the Administration, including external and internal audits and security and investigation reports.

(h) The Administration shall transmit, not later than March 31 of each year, to the Committees on Small Business of the Senate and House of Representatives a report on the secondary market operations during the preceding calendar year. This report shall include, but not be limited to, (1) the number and the total dollar amount of loans sold into the secondary market and the distribution of such loans by size of loan, size of lender, geographic location of lender, interest rate, maturity, lender servicing fees, whether the rate is fixed or variable, and premium paid; (2) the number and dollar amount of loans resold in the secondary market with a distribution by size of loan, interest rate, and premiums; (3) the number and total dollar amount of pools formed; (4) the number and total dollar amount of loans in each pool; (5) the dollar amount, interest rate, and terms on each loan in each pool and whether the rate is fixed or variable; (6) the number, face value, interest rate, and terms of the trust certificates issued for each pool; (7) to the maximum extent possible, the use by the lender of the proceeds of sales of loans in the secondary market for additional lending to small business concerns; and (8) an analysis of the information reported in (1) through (7) to assess small businesses' access to capital at reasonable rates and terms as a result of secondary market operations.

* * * * * * *

XVIII. MINORITY VIEWS

Artificial intelligence (AI) is technology that enables computers and machines to perform sophisticated tasks that model human reasoning and decision making, and it has the potential to revolutionize every aspect of our lives. Policy stakeholders have expressed interest in promoting government AI adoption to improve efficiency and enhance public services, with an eye to generative AI (GenAI) tools such as OpenAI's ChatGPT and Anthropic's Claude.

However, like with consumer and business AI use, government AI use poses significant risks. First, as a result of the data and content used in AI training and fine-tuning, tools could make biased and discriminatory decisions, or steal intellectual property and content from unknowing creators. Second, errors in AI outputs could mislead entrepreneurs and direct them to break laws and regulations. Third, AI-generated deepfakes could be used for disinformation, fraud, and scams. Fourth, cybersecurity vulnerabilities and other safety issues in AI tools could render them open to adversarial attacks. Lastly, additional risks could emerge as AI evolves and gains added capabilities.

The operational, reputational, and legal harm caused by flaws in AI tools imprudently deployed by government agencies, like the U.S. Small Business Administration (SBA), can be steep, hurting the small businesses they serve. For instance, under Eric Adams's mayoralty, the City of New York deployed the first-of-its-kind MyCity chatbot, meant to answer questions about operating small businesses, City small business services, and regulatory compliance.[1] But a subsequent press expose determined the chatbot was consistently encouraging users to break laws and regulations, and the current Mayor closed it as part of a broader cost-cutting effort, calling it "unusable."[2]

[1] *Transcript: Mayor Adams Releases First-of-Its-Kind Plan for Responsible Artificial Intelligence Use in NYC Government*, CITY OF N.Y. (Oct. 16, 2023), https://www.nyc.gov/office-of-the-mayor/news/782-23/transcript-mayor-adams-releases-first-of-its-kind-plan-responsible-artificial-intelligence-use; Ethan Stark-Miller, *Mayor Adams Rolls Out AI Action Plan, 'Chatbot' to Assist Small Business Owners*, AMNY (Oct. 16, 2023), https://www.amny.com/politics/mayor-adams-rolls-out-ai-action-plan-chatbot-to-assist-small-business-owners.

[2] Colin Lecher & Katie Honan, *Mamdani Targets 'Unusable' AI Chatbot for Termination*, THE CITY (Jan. 30, 2026), https://www.thecity.nyc/2026/01/30/mamdani-unusable-ai-chatbot-budget.

Shortly after the MyCity chatbot's launch, I led the now-Vice Ranking Member and 6 other Committee Democrats in writing the White House Office of Management and Budget (OMB) and U.S. Department of Commerce requesting they incorporate various commonsense considerations in their upcoming guidance on federal agencies' AI use.[3]

NYDIA M. VELÁZQUEZ,
Ranking Member.

[3] Letter from 8 Members of Congress to Shalanda Young, Dir., White House Off. of Mgmt. & Budget, & Gina Raimondo, Sec'y, U.S. Dep't of Com. (Dec. 13, 2023), https://democrats-smallbusiness.house.gov/uploadedfiles/231213_sbc_ds_sb_ai_chatbot_letter_closed.pdf.