

to which it was found to be entitled under the provisions of the Federal Water Pollution Control Act, the petition may include a request for the advance payment of the Federal deficit, provided that the petitioner shall contract to repay to the State for deposit to the Water Quality Loan account all subsequent Federal funds which the petitioner may receive to make up the original Federal deficiency.

4. When the petitioner has received a grant offer under the Federal Water Pollution Control Act for the construction of facilities to demonstrate an improved method of controlling the discharge to any waters of the State of untreated or inadequately treated sewage or other wastes from sewers which carry stormwater or both stormwater and sewage or other wastes; to demonstrate advanced waste treatment and water purification methods; or to provide for new or improved methods of joint treatment for municipal and industrial wastes; and for the purpose of reports, plans and specifications in connection therewith, then the funds made available under this Act shall be allocated as an outright grant to the petitioner in an amount equal to one-half ($\frac{1}{2}$) of the difference between the eligible cost and the amount of the federal grant offer.

LOANS FOR SEWER CONSTRUCTION

(c) Of the actual cash proceeds from the sale of Certificates of Indebtedness to be issued under this Act, the sum of twenty-five million dollars (\$25,000,000), less a proportionate share of the costs specified in Section 4 of this Act, shall be used exclusively to provide loans to assist in the construction of sewer facilities.

Any county, municipality, or any agency of the State or its subdivisions which is charged with providing sewerage facilities may petition the State Department of Health for a loan to assist in the construction of such facilities, within the following conditions and limitations:

1. The project must be included in the county water and sewerage plan as approved by the governing body and the State Health Department pursuant to the provision of Section 387(c) of Article 43 of the Annotated Code of Maryland, as amended from time to time.

2. The full amount of the State loan for any one project shall not exceed the cost of the project less the amount of any Federal grant or loan for that project and the loan for any one project shall not exceed the amount of two hundred and fifty thousand dollars (\$250,000).

3. The cost of the project eligible for a loan under this subsection shall include reports, plans, specifications, legal and administrative costs, equipment, construction, land, easements and rights-of-way.

4. The sewer facility must meet all requirements and regulations of the State and have the final approval of the State Department of Health pursuant to Section 390 of Article 43. No loan may be granted for a project that is not connected directly or indirectly through a sewer system of adequate capacity to a sewage treatment plant capable of maintaining the Water Quality Standards of the State. No loan shall be made for a project which is likely to cause untreated sewage to spill from an existing sewer or cause untreated or inadequately treated sewage to by-pass a sewage treatment plant.