

(a) Not more than Ten Million Dollars (\$10,000,000) of the proceeds of such loan may be expended to provide State grants to assist in the construction, extension, and improvement of existing public sanitary sewer systems and where necessary, in the judgment of the Board of Public Works, for the construction of temporary sewage treatment plants and related facilities to abate or prevent health hazards arising out of the failure or inadequacy of ~~[[existing]]~~ individual sewerage systems existing as of the effective date of this Act, subject to the following conditions and limitations:

(1) The project must be for an approved sewerage service area in the county water and sewerage plan adopted by the County governing body and approved by the State Department of Health and Mental Hygiene pursuant to the provisions of Section 387C of Article 43 of the Annotated Code of Maryland, as amended from time to time.

(2) The sewerage system must meet all requirements and regulations of the State and have the final approval of the State Department of Health and Mental Hygiene pursuant to Section 390 of Article 43 of the Annotated Code of Maryland, as amended from time to time.

(3) Either (A) the project is ineligible for a Federal grant or (B) a timely and sufficient Federal grant is not available for such project. EVEN THOUGH A PROJECT MAY BE INELIGIBLE FOR A FEDERAL GRANT, IT MUST NOT BE IN VIOLATION OF ANY APPLICABLE FEDERAL REQUIREMENTS.

(4) The Secretary of Health and Mental Hygiene shall prescribe rules and regulations for the determination of the amount of the State grant for each project qualifying under this Section.

(5) Not more than \$2,500,000 shall be granted for projects in any one political subdivision.

[(6) The Secretary of the Department of Health and Mental Hygiene shall report on or before January 1 of each year to the Governor and General Assembly on the status of Bond Funds for the construction of sewerage facilities under this and previous Bond Authorization Acts. His report shall indicate funds expended, funds committed, and funds remaining; and a list of projects for which funds have been expended and are committed. It shall also contain his projection of projects to be constructed for the following two years for which grants are anticipated.]

(6) TO BE ELIGIBLE FOR A GRANT, EACH COUNTY SHALL SUBMIT AN ANNUAL INVENTORY, AS PART OF THE COUNTY WATER AND SEWERAGE PLAN PURSUANT TO SECTION 387C OF ARTICLE 43 OF THE ANNOTATED CODE OF MARYLAND, OF SPECIFIC LOCATIONS WHERE FAILING OR INADEQUATE INDIVIDUAL SEWERAGE SYSTEMS OCCUR, AND PROPOSED SOLUTIONS.

(b) The balance of the proceeds shall be used exclusively to provide State grants to assist in the construction of sewage treatment plants and related facilities in Maryland and to finance studies relating to water quality problems in Maryland approved or conducted by the Department of Natural Resources; provided however, that the Washington Suburban Sanitary Commission's portion of the capital costs for improvements to and enlargement of sanitary sewage facilities and systems operated by the District of Columbia pursuant to agreements between the Commission, the District of Columbia, and the United States Government shall be deemed a project eligible for a State grant hereunder. All grants authorized or made hereunder other than for water quality studies shall be subject to the following conditions and limitations: