

not be in violation of any applicable Federal requirements; and

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

(5) To be eligible for a grant under this subsection 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.

(c) The remainder of the proceeds of such loan shall be credited on the books of the State Comptroller, to be used as needed by the State, upon approval by the Board of Public Works, exclusively to provide State grants to assist in the construction and equipping of sewage treatment plants and related facilities[[[,] and in the extension and improvements of existing public sanitary sewer systems. However, the portion of capital costs for construction of improvements to and enlargement of sanitary sewage facilities outside the State of Maryland required to serve the State of Maryland, its political subdivisions or agencies thereof shall be deemed eligible for State grants and loans hereunder, provided there is a written agreement between the agency constructing the sewerage facilities and the agency receiving sewerage service. All grants and loans authorized or made hereunder shall be subject to the following conditions and limitations:

(1) A State grant offer shall be made only for the construction of projects that meet the specifications required by the Federal Water Pollution Control Act and all applicable State legislation and regulations, as amended from time to time.

(2) Except as provided in paragraph (3) below, a State grant offer shall be made only for a project or part of a project on which a Federal grant offer is made, and the State grant offer shall amount to up to one-half of the eligible cost remaining after the maximum Federal grant has been applied. In the case of a project to be operated by a State owned institution or facility, the State grant offer shall equal the total cost of the project less the amount of any Federal grant offer made therefor.

(3) The Board of Public Works is authorized, in its discretion and upon recommendation of the Department of Health and Mental Hygiene, to approve a State grant not to exceed 87-1/2 percent of the eligible