

later than May 1 of each year, for all projects to be financed in the fiscal year starting the following July 1.

3. Except as provided 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 be in an amount up to one-half of the eligible cost remaining after the maximum Federal grant has been applied. ~~WHEN--THE--FEDERAL--GRANT--IS--UP--TO--85--75 PERCENT--OF THE--TOTAL--PROJECT--COST--;~~ WHEN THE MAXIMUM FEDERAL GRANT OFFER COVERS 85 PERCENT OR MORE MORE THAN 75 PERCENT OF THE TOTAL PROJECT COST FOR AN INNOVATIVE OR ALTERNATIVE PROJECT AS DEFINED BY THE FEDERAL ENVIRONMENTAL PROTECTION AGENCY, THE STATE GRANT OFFER SHALL BE THREE-FOURTHS OF THE REMAINING AMOUNT OR 12 1/2 PERCENT, WHICHEVER IS LEAST. In the case of a project to be operated by a State owned institution or facility, the State grant offer may equal the total cost of the project.

4. 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 cost of a project or part of a project, if the Board finds (a) that the immediate initiation or continuation of such project is critical to the public health or water quality standards of the State, and (b) that a timely and sufficient Federal grant is not available for such project.

SECTION 3. AND BE IT FURTHER ENACTED, That section(s) 5 of Chapter 651 of the Acts of 1965, as amended by Chapter 286 of the Acts of 1974, and Chapter 262 of the Acts of 1975, be repealed, amended or enacted to read as follows:

Chapter 651 of the Acts of 1965

5.

That the actual cash proceeds from the sale of Certificates of Indebtedness to be issued under this Act shall be paid to the Treasurer of the State upon the warrant of the Comptroller, and such proceeds shall be used exclusively for the following purposes, to wit:

(a) The Comptroller, immediately upon the sale of an payment for said Certificates, first, shall return to and credit the Treasury for a sum equivalent to the amount expended under Section 4 of this Act.

(b) The remainder of the proceeds of said loan shall be credited on the books of the State Treasury Department to be expended as needed by the State, upon approval by the Board of Public Works, to be used exclusively to provide State grants to assist in the construction of necessary sewage treatment plants and related facilities; and any county, municipality, or any agency which is entitled to receive a State grant pursuant to the provisions of Section