

or made hereunder shall be subject to the following conditions and limitations:

(1) [A] State [grant offer] FINANCIAL ASSISTANCE shall be made only TO STATE AND LOCAL GOVERNMENTAL ENTITIES for [the construction of] projects that meet the [specifications required by the Federal Water Pollution Control Act and] REQUIREMENTS OF all applicable State AND FEDERAL legislation and regulations, as amended from time to time. THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE, WITH THE APPROVAL OF THE BOARD OF PUBLIC WORKS, SHALL ESTABLISH APPLICATION PROCEDURES AND CRITERIA FOR THE USE OF STATE GRANTS, LOANS, AND LOAN GUARANTEES UNDER THIS SUBSECTION. THE CRITERIA SHALL INCLUDE, BUT NOT BE LIMITED TO, THE WATER QUALITY OR PUBLIC HEALTH IMPACTS CAUSED BY EXISTING CIRCUMSTANCES, PREVIOUS EFFORTS EXPENDED TO CORRECT THE EXISTING PROBLEM, FINANCIAL CAPACITY OF THE APPLICANT, THE PROBLEM PREVENTION ASPECTS OF A PROPOSED PROJECT, COST EFFECTIVENESS OF A PROPOSED PROJECT, AND PLANNING REQUIREMENTS.

(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] IF a federal grant offer is made FOR A SEWAGE TREATMENT PLANT AND RELATED FACILITY PROJECT, [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, except that when the maximum Federal grant offer for an innovative or alternative project as defined by the Federal Environmental Protection Agency is greater than 75 percent, the State grant offer shall be three-quarters of the eligible cost remaining 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] FINANCIAL ASSISTANCE 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, LOAN, OR LOAN GUARANTEE not to exceed 87-1/2 percent of the eligible cost of a project or part of a project, if the Board finds [(a)] (A)(I) THAT THE PROJECT IS OF A REGIONAL NATURE OR (II) that the immediate initiation or continuation of the project is critical to the public health or to compliance with water quality standards of the State, and (b) that a timely and sufficient Federal grant is not available for the project or part of a project. In approving such [grants,] FINANCIAL ASSISTANCE, the Board of Public Works shall make all reasonable efforts not to jeopardize Federal grants for the remaining part of the projects.