

facilities that are located outside the State but are required to serve the State, one or more of its political subdivisions, or one or more agencies of the State or of one of its political subdivisions is eligible for a State grant hereunder, if there is a written user's agreement between the agency undertaking the project and the State, or between the agency undertaking the project and the Maryland political subdivision, subdivisions or agencies receiving sewerage service. All grants hereunder are subject to the following conditions and limitations:

(a) A State grant shall be made only for a project that meets the specifications required by the Federal Water Pollution Control Act and all applicable State legislation and regulations, as amended from time to time.

(b) Except as provided in paragraph (c) below, a State grant shall be made only for a project or part of a project for which a federal grant is made, and the State grant 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 shall equal the total cost of the project less the amount of any federal grant.

(c) The Board of Public Works is authorized, in its discretion and on 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: (i) 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 (ii) that a timely and sufficient federal grant is not available for the project or part of a project. In approving any grant under this paragraph (c), the Board of Public Works shall make all reasonable efforts not to jeopardize any federal grant for the remaining part of the project.

(d) The Secretary of Health and Mental Hygiene shall report on or before January 1 of each year to the Governor and the General Assembly on the status of bond funds for the construction of sewerage facilities under this and previous bond authorization acts. The Secretary's report shall indicate the total amounts of funds expended, funds committed, and funds remaining and shall include a list of projects for which funds have been expended or are committed. It shall also contain the Secretary's projection of projects to be constructed in the near future for which grants will be made.

(4) There is hereby levied and imposed an annual State tax on all assessable property in the State in rate and amount sufficient to pay the principal of and interest on the bonds as and when due and until paid in full, such principal to be discharged within fifteen years of the date of issue of the bonds.