

(2) The remainder of the proceeds of such loan shall be credited on the books of the State Comptroller, to be expended as needed by the State, upon approval by the Board of Public Works, and subject to such conditions as it may set, for the following needs, purposes and projects, the amounts listed below being intended to include Architects' and Engineers' fees where applicable:

(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 an 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:

(1) Except as provided in subsection (a) above, 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 be in an amount up to one-half of the eligible cost remaining after the maximum Federal grant has been applied ~~THAT--WHEN--COMBINED--WITH--THE--MAXIMUM--FEDERAL--GRANT--THE--COMBINED GRANTS--SHALL--NOT--EXCEED--87-1/2--PERCENT--OF--TOTAL--ELIGIBLE--PROJECT COSTS.~~ AFTER OCTOBER 1, 1984 shall be in an amount up to [one-half] 72.22 PERCENT of the eligible cost remaining after the maximum Federal grant has been applied[, except that when] OR UP TO 32.5 PERCENT OF THE TOTAL ELIGIBLE PROJECT COSTS. WHEN the maximum Federal grant offer for an innovative or alternative project as defined by the Federal Environmental Protection Agency is greater than [75] 55 percent, the State grant offer shall be [three-quarters] UP TO 85 PERCENT of the eligible cost remaining or [12 1/2 percent, whichever is the lesser] UP TO 21.25 PERCENT OF THE TOTAL ELIGIBLE PROJECT COSTS. 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.

(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 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