

This notable goal is possible because, from the first Federal enabling legislation in 1957, Maryland has made an outright grant from State funds for every water pollution abatement project that received a Federal grant offer. Cooperation with Federal officials has been a model of excellence, and with their help the State program has been liberalized through successive acts of the General Assembly to keep pace with the advancing Federal program. A highly effective formula has evolved whereby Maryland guarantees that a 75 percent combined Federal-State grant will be made available to every eligible project whenever a community is willing and able to proceed.

By an overwhelming majority, the last session of the General Assembly enacted the Governor's water pollution control program which provides:

1. An outright 25 percent grant from the State for every project receiving a Federal grant offer.
2. An advance of any deficiency in Federal funds to meet the Federal offer. Maryland is fully qualified under the Federal Water Pollution Control Act, and therefore, every community is eligible for a 50 percent Federal grant. (Thus, the guaranteed Federal-State combined grant is 75 percent, with the full amount made available from State funds at the time the community is ready to proceed.) This guarantee is possible even though the Federal funds available at this time are equal to less than 7 percent of the eligible cost of approved projects.
3. The bonus for comprehensive planning awarded under the Federal Act goes to the community with prepayment from State funds. (Thus, many communities are guaranteed an 80 percent combined grant.)
4. When a Maryland community is awarded a Federal grant to demonstrate new or improved sewage treatment methods, the State shares the non-Federal portion of the cost equally with the community.
5. Funds have been set aside to meet the non-Federal cost of water pollution abatement works at State-operated facilities without going through the time-consuming project by project budget justification in the annual State budget.
6. Four million dollars has been authorized to match Federal grants for river basin projects under section 3(c) of the Federal Act.
7. Twenty-five million dollars has been placed in a revolving fund to make long-term, low-interest loans to finance the extension of sewers and other works not eligible for Federal grants.
8. Other provisions of the State Act are included to provide for a fully effective Federal-State-local program.

As illustrated by the points enumerated above, Maryland's program is intimately geared to the Federal program thus heightening our concern over the adverse impact that a few changes proposed in H.R. 15907 might have. For instance, every project found to be eligible for a Federal grant must receive State support. To relieve communities of the high interest cost involved in obtaining construction loans, Maryland advances 25 percent of the grant eligible portion of a project's cost as soon as contracts are let. Otherwise, the State accepts the inspections and audits of the Federal Government and payments from State funds are made when Federal payments are authorized. Throughout, effort has been made to prevent duplication of work and eliminate confusion caused by multiple sets of possible conflicting regulations by simply accepting the Federal regulation and procedures. Adherence to this principle has resulted in substantial reduction of administrative costs and time delays in processing grant applications.

Commenting specifically on the provisions of H.R. 15907, Section 2(c) eliminating the prepayment provision authorized by the 1966 amendments would be a cruel blow to our program. Maryland's law established a sanitary facilities fund. Monies received from the Federal Government at a later date in payment for funds advanced by the State to cover the Federal portion of a grant are returned to this fund. Thus monies repaid by the Federal Government are placed in a fund which is used solely for sewage treatment works and are not returned to the general revenue of the State. Predicated on the trust and assumption that Federal appropriations would match the authorized amounts as soon as the current financial bind is resolved, repayment of Federal advances to the sanitary facilities fund will guarantee our communities a 75 percent State and Federal grant for approximately 10 years.

This purpose might be accomplished under the contract arrangement of Section F(1) provided that the tax exempt status of State funds could be preserved.