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Title 40 —Protection of Environment

Chapter I —Environmental Protection Agency

Subchapter A —General

Part 21 Small Business

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PART 21—SMALL BUSINESS

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§ 21.1 Scope.

This part establishes procedures for the issuance by EPA of the statements, referred to in section 7(g) of the Small Business Act and section 8 of the Federal Water Pollution Control Act Amendments of 1972, to the effect that additions to or alterations in the equipment, facilities (including the construction of pretreatment facilities and interceptor sewers), or methods of operations of small business concerns are necessary and adequate to comply with requirements established under the Federal Water Pollution Control Act, 33 U.S.C. 1151, *et seq.*

§ 21.2 Definitions.

- (a) **Small business concern** means a concern defined by section 2[3] of the Small Business Act, 15 U.S.C. 632, 13 CFR part 121, and regulations of the Small Business Administration promulgated thereunder.
- (b) For purposes of paragraph 7(g)(2) of the Small Business Act, *necessary and adequate* refers to additions, alterations, or methods of operation in the absence of which a small business concern could not comply with one or more applicable standards. This can be determined with reference to design specifications

provided by manufacturers, suppliers, or consulting engineers; including, without limitations, additions, alterations, or methods of operation the design specifications of which will provide a measure of treatment or abatement of pollution in excess of that required by the applicable standard.

- (c) **Applicable Standard** means any requirement, not subject to an exception under § 21.6, relating to the quality of water containing or potentially containing pollutants, if such requirement is imposed by:
- (1) The Act;
 - (2) EPA regulations promulgated thereunder or permits issued by EPA or a State thereunder;
 - (3) Regulations by any other Federal Agency promulgated thereunder;
 - (4) Any State standard or requirement as applicable under section 510 of the Act;
 - (5) Any requirements necessary to comply with an areawide management plan approved pursuant to section 208(b) of the Act;
 - (6) Any requirements necessary to comply with a facilities plan developed under section 201 of the Act (see 35 CFR, subpart E);
 - (7) Any State regulations or laws controlling the disposal of aqueous pollutants that may affect groundwater.
- (d) **Regional Administrator** means the Regional Administrator of EPA for the region including the State in which the facility or method of operation is located, or his designee.
- (e) **Act** means the Federal Water Pollution Control Act, 33 U.S.C. 1151, *et seq.*
- (f) **Pollutant** means dredged spoil, solid waste, incinerator residue, sewage, garbage, sewage sludge, munitions, chemical wastes, biological materials, radioactive materials, heat, wrecked or discarded equipment, rock, sand, cellar dirt and industrial, municipal, and agricultural waste discharged into water. For the purposes of this section, the term also means sewage from vessels within the meaning of section 312 of the Act.
- (g) **Permit** means any permit issued by either EPA or a State under the authority of section 402 of the Act; or by the Corps of Engineers under section 404 of the Act.
- (h) **State** means a State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

Comment: As the SBA does not extend its programs to the Canal Zone, the listing of the Canal Zone as a State for the purposes of meeting a requirement imposed by section 311 or 312 of the Act is not effective in this regulation.

- (i) **Statement** means a written approval by EPA, or if appropriate, a State, of the application.
- (j) **Facility** means any building, structure, installation or vessel, or portion thereof.
- (k) **Construction** means the erection, building, acquisition, alteration, remodeling, modification, improvement, or extension of any facility; *Provided*, That it does not mean preparation or undertaking of: Plans to determine feasibility; engineering, architectural, legal, fiscal, or economic investigations or studies; surveys, designs, plans, writings, drawings, specifications or procedures.

Comment: This provision would not later preclude SBA financial assistance being utilized for any planning or design effort conducted previous to construction.

- (l) The term *additions and alterations* means the act of undertaking construction of any facility.
- (m) The term *methods of operation* means the installation, emplacement, or introduction of materials, including those involved in construction, to achieve a process or procedure to control: Surface water pollution from non-point sources—that is, agricultural, forest practices, mining, construction; ground or surface water pollution from well, subsurface, or surface disposal operations; activities resulting in salt water intrusion; or changes in the movement, flow, or circulation of navigable or ground waters.
- (n) The term *vessel* means every description of watercraft or other artificial contrivance used, or capable of being used, as a means of transportation on the navigable waters of the United States other than a vessel owned or operated by the United States or a State or a political subdivision thereof, or a foreign nation; and is used for commercial purposes by a small business concern.
- (o) *EPA* means the Environmental Protection Agency.
- (p) *SBA* means the Small Business Administration.
- (q) *Areawide agency* means an areawide management agency designated under section 208(c)(1) of the Act.
- (r) *Lateral sewer* means a sewer which connects the collector sewer to the interceptor sewer.
- (s) *Interceptor sewer* means a sewer whose primary purpose is to transport wastewaters from collector sewers to a treatment facility.

§ 21.3 Submission of applications.

- (a) Applications for the statement described in § 21.5 of this part shall be made to the EPA Regional Office for the region covering the State in which the additions, alterations, or methods of operation covered by the application are located. A listing of EPA Regional Offices, with their mailing addresses, and setting forth the States within each region is as follows:

Region	Address	State
I	Regional Administrator, Region I, EPA, 5 Post Office Square—Suite 100, Boston, MA 02109-3912	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.
II	Regional Administrator, region II, EPA, 26 Federal Plaza, room 908, New York, NY 10007	New Jersey, New York, Virgin Islands, and Puerto Rico.
III	Regional	Delaware, District of Columbia, Pennsylvania, Maryland, Virginia, and West

Region	Address	State
	Administrator, region III, EPA, Curtis Bldg., 6th and Walnut Sts., Philadelphia, PA 19106	Virginia.
IV	Regional Administrator, Region IV, EPA, 61 Forsyth Street SW, Atlanta, Georgia 30303-8960	Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee.
V	Regional Administrator, region V, EPA, 77 West Jackson Boulevard, Chicago, IL 60604	Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin.
VI	Regional Administrator, EPA Region 6, 1201 Elm Street, Suite 500, Dallas, Texas 75270-2102	Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.
VII	Regional Administrator, EPA Region VII, 11201 Renner Boulevard, Lenexa, Kansas 66219	Iowa, Kansas, Missouri, and Nebraska.
VIII	Regional Administrator, region VIII, EPA, 1860 Lincoln St.,	Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming.

Region	Address	State
IX	Suite 900, Denver, CO 80203 Regional Administrator, Region IX, EPA, 75 Hawthorne St., San Francisco, CA 94105	Arizona, California, Hawaii, Nevada, the territories of American Samoa and Guam; the Commonwealth of the Northern Mariana Islands; the territories of Baker Island, Howland Island, Jarvis Island, Johnston Atoll, Kingman Reef, Midway Atoll, Palmyra Atoll, and Wake Islands; and certain U.S. Government activities in the freely associated states of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.
X	Regional Administrator, region X, EPA, 1200 6th Ave., Seattle, WA 98101	Alaska, Idaho, Oregon, and Washington.

- (b) An application described in paragraph (1) of § 21.3(c) may be submitted directly to the appropriate State, where a State has assumed responsibility for issuing the statement. Information on whether EPA has retained responsibility for certification or whether it has been assumed by the State may be obtained from either the appropriate Regional Administrator or the State Water Pollution Control Authority in which the facility is located.
- (c) An application need be in no particular form, but it must be in writing and must include the following:
- (1) Name of applicant (including business name, if different) and mailing address. Address of the affected facility or operation, if different, should also be included.
 - (2) Signature of the owner, partner, or principal executive officer requesting the statement.
 - (3) The Standard Industrial Classification number for the business for which an application is being submitted. Such SIC number shall be obtained from the Standard Industrial Classification Manual, 1972 edition. If the applicant does not know the SIC for the business, a brief description of the type of business activity being conducted should be provided.
 - (4) A description of the process or activity generating the pollution to be abated by the additions, alterations, or methods of operation covered by the application, accompanied by a schematic diagram of the major equipment and process, where practicable.
 - (5) A specific description of the additions, alterations, or methods of operation covered by the application. Where appropriate, such description will include a summary of the facility construction to be undertaken; a listing of the major equipment to be purchased or utilized in the operation of the facility; the purchase of any land or easements necessary to the operation of the facility; and any other items that the applicant deems pertinent. Any information that the applicant considers to be a trade secret shall be identified as such.

- (6) A declaration of the requirement, or requirements, for compliance with which the alterations, additions, or methods of operation are claimed to be necessary and adequate.
- (i) If the requirement results from a permit issued by EPA or a State under section 402 of the Act, the permit number shall be included.
 - (ii) If the requirement results from a permit issued by EPA or a State for a publicly-owned treatment works, the municipal permit number shall be included along with a written declaration from the authorized agent for the publicly owned treatment works that received the permit detailing the specific pretreatment requirements being placed upon the applicant.
 - (iii) If the requirement initiates from a plan to include the applicant's effluent in an existing municipal sewer system through the construction of lateral or interceptor sewers, a written declaration from the authorized agent for the publicly owned treatment works shall be included noting that the sewer construction is consistent with the integrity of the system; will not result in the capacity of the publicly owned treatment works being exceeded; and where applicable, is consistent with a facilities plan developed under section 201 of the Act (see 35 CFR part 917).
 - (iv) If the requirement results from a State order, regulation, or other enforceable authority controlling pollution from a vessel as provided by section 312(f)(3) of the Act, a written declaration from the authorized agent of the State specifying the control measures being required of the applicant shall be included.
 - (v) If the requirement is a result of a permit issued by the Corps of Engineers related to permits for dredged or fill material as provided by section 404 of the Act, a copy of the permit as issued shall be included.
 - (vi) If the requirement results from a standard of performance for control of sewage from vessels as promulgated by the Coast Guard under section 312(b) of the Act, the vessel registration number or documentation number shall be included.
 - (vii) If the requirement results from a plan to control or prevent the discharge or spill of pollutants as identified in section 311 of the Act, the title and date of that plan shall be included.
 - (viii) If the requirement is the result of an order by a State or an areawide management agency controlling the disposal of aqueous pollutants so as to protect groundwater, a copy of the order as issued shall be included.
- (7) Additionally, if the applicant has received from a State Water Pollution Control Agency a permit issued by the State within the preceding two years, and if such permit was not issued under the authorities of section 402 of the Act, and where the permit directly relates to abatement of the discharge for which a statement is sought, a copy of that permit shall also be included.

Comment: Some States under State permit programs, separate and distinct from the NPDES permit program under the Act, conduct an engineering review of the facilities or equipment that would be used to control pollution. The results of such a review would be materially helpful in determining the necessity and adequacy of any alterations or additions.

- (8) Any written information from a manufacturer, supplier, or consulting engineer, or similar independent source, concerning the design capabilities of the additions or alterations covered by the application, including any warranty limitations or certifications obtained from or provided by such sources which would bear upon these design or performance capabilities. The Regional Administrator may waive

the requirement for this paragraph if it appears that there is no independent source for the information described herein; as, for example, when the applicant has designed and constructed the additions or alterations with in-house capability.

- (9) An estimated schedule for the construction or implementation of the alterations, additions, or methods of operation.
 - (10) An estimated cost of the alterations, additions, or methods of operation, and where practicable, the individual costs of major elements of the construction to be undertaken.
 - (11) Information on previously received loan assistance under this section for the facility or method of operation, including a description and dates of the activity funded.
- (d) A separate application must be submitted for every addition, alteration, or method of operation that is at a separate geographical location from the initial application.

Comment: As an example, a chain has four dry cleaning establishments scattered through a community. A separate application would have to be filed for each.

- (e) No statement shall be approved for any application that has not included the information or declaration requirements imposed by paragraph (c)(6) of § 21.3.
- (f) All applications are to be submitted in duplicate.
- (g) All applications are subject to the provisions of 18 U.S.C. 1001 regarding prosecution for the making of false statements or the concealing of material facts.
- (h) Instructional guidelines to assist in the submission of applications for EPA certification are available from EPA or a certifying State.

[42 FR 8083, Feb. 8, 1977, as amended at 62 FR 1833, Jan. 14, 1997; 75 FR 69349, Nov. 12, 2010; 76 FR 49671, Aug. 11, 2011; 78 FR 37975, June 25, 2013; 84 FR 44226, Aug. 23, 2019; 89 FR 86744, Oct. 31, 2024]

§ 21.4 Review of application.

- (a) The Regional Administrator or his designee will conduct a review of the application. This review will consist of a general assessment of the adequacy of the proposed alterations, additions, or methods of operation. The review will corroborate that the proposed alterations, additions, or methods of operation are required by an applicable standard. The review will identify any proposed alterations, additions, or methods of operation that are not required by an applicable standard, or that are extraneous to the achievement of an applicable standard.
- (b) The assessment of adequacy will be conducted to ensure that the proposed additions, alterations, or methods of operation are sufficient to meet one or more applicable standards whether alone or in conjunction with other plans. The assessment will not generally examine whether other alternatives exist or would be more meritorious from a cost-effective, efficiency, or technological standpoint.
- (c) An application which proposes additions, alterations, or methods of operation whose design, in anticipation of a future requirement, will achieve a level of performance above the requirements imposed by a presently applicable standard shall be reviewed and approved by EPA or a State without prejudice. The amount of financial assistance for such an application will be determined by SBA.

- (d) The Regional Administrator shall retain one copy of the application and a summary of the action taken on it. Upon completion of his review, the Regional Administrator shall return the original application along with any other supporting documents or information provided to the applicant along with a copy to the appropriate SBA district office for processing.

§ 21.5 Issuance of statements.

- (a) Upon application by a small business concern pursuant to § 21.3 the Regional Administrator will, if he finds that the additions, alterations, or methods of operation covered by the application are adequate and necessary to comply with an applicable standard, issue a written statement to the applicant to that effect, within 45 working days following receipt of the application, or within 45 working days following receipt of all information required to be submitted pursuant to § 21.3(c), whichever is later. Such a written statement shall be classified as a full approval. If an application is deficient in any respect, with regard to the specifications for submission listed in § 21.3(c), the Regional Administrator shall promptly, but in no event later than 30 working days following receipt of the application, notify the applicant of such deficiency.
- (b)
 - (1) If an application contains proposed alterations, additions, or methods of operation that are adequate and necessary to comply with an applicable standard but also contains proposed alterations, additions, or methods of operation that are not necessary to comply with an applicable standard, the Regional Administrator shall conditionally approve the application within the time limit specified in paragraph (a) of this section, and shall also identify in the approval those alterations, additions, or methods of operation that he determines are not necessary.
 - (2) Conditional approvals as contained in a statement will satisfy the requirements for approval by EPA for those alterations, additions, or methods of operation determined to be necessary and adequate. Such conditional approvals may be submitted to SBA in satisfaction of the requirements of section 7(g)(2)(B) of the Small Business Act.
 - (3) Conditional approvals will not satisfy the requirements for approval by EPA for those alterations, additions, or methods of operation included in the application that are determined not to be necessary. Unnecessary alterations, additions, or methods of operation are those which are extraneous to the achievement of an applicable standard.
 - (4) Conditional approvals may be appealed to the Deputy Administrator by an applicant in accordance with the procedures identified in § 21.8.
- (c) If the Regional Administrator determines that the additions, alterations, or methods of operation covered by an application are not necessary and adequate to comply with an applicable standard, he shall disapprove the application and shall so advise the applicant of such determination within the time limit specified in paragraph (a) of this section, and shall state in writing the reasons for his determination.
- (d) Any application shall be disapproved if the Regional Administrator determines that the proposed addition, alteration, or method of operation would result in the violation of any other requirement of this Act, or of any other Federal or State law or regulation with respect to the protection of the environment.
- (e) An applicant need not demonstrate that its facility or method of operation will meet all applicable requirements established under the Act. The applicant need only demonstrate that the additions, alterations, or methods of operation will assist in ensuring compliance with one or more of the applicable standards for which financial assistance is being requested.

Comment: As an example, a small business has two discharge pipes—one for process water, the other for cooling water. The application for loan assistance is to control pollution from the process water discharge. However, EPA or a State may review the applicant's situation and identify for SBA that the applicant is subject to other requirements for which the applicant has not sought assistance.

- (f) An application should not include major alternative designs significantly differing in scope, concept, or capability. It is expected that the applicant at the time of submission will have selected the most appropriate or suitable design for the addition, alteration, or method of operation.
- (g) EPA will not provide assistance in the form of engineering, design, planning or other technical services to any applicant in the preparation of his application.
- (h) An applicant may be issued a certification for additions, alterations, or methods of operation constructed or undertaken before loan assistance was applied for by the applicant. Any such applications would be reviewed by SBA for eligibility under SBA criteria, including refinancing and loan exposure.

§ 21.6 Exclusions.

- (a) Statements shall not be issued for applications in the following areas:
 - (1) **Local requirements.** Applications for statements for additions, alterations, or methods of operation that result from requirements imposed by municipalities, counties or other forms of local or regional authorities and governments, except for areawide management agencies designated and approved under section 208 of the Act, shall not be approved; except for those requirements resulting from the application of pretreatment requirements under section 307(b) of the Act; or those resulting from an approved project for facilities plans, and developed under section 201 of the Act. (See 35 CFR, subpart E); or under a delegation of authority under the Act.
 - (2) **Cost recovery and user charges.** Applications for statements involving a request for financial assistance in meeting revenue and service charges imposed upon a small business by a municipality conforming to regulations governing a user charge or capital cost system under section 204(b)(2) of the Act (see 35 CFR 925-11 and 925-12) shall not be approved.
 - (3) **New facility sewer construction.** Applications for statements involving projects that involve the construction of a lateral, collection, or interceptor sewer, at a facility that was not in existence on October 18, 1972, shall not be approved. Applications for additions, alterations, or methods of operation for new facilities that do not involve sewer construction are not affected by this preclusion. Further, if an applicant is compelled to move as a result of a relocation requirement but operated at the facility prior to October 18, 1972, the cost of construction for a lateral, collection, or interceptor sewer can be approved for the new, relocated site. For the purpose of this exclusion lateral, collection, or interceptor sewer is determined as any sewer transporting waste from a facility or site to any publicly owned sewer.
 - (4) Other non-water related pollution abatement additions, alterations, or methods of operation which are not integral to meeting the requirements of the Act, although they may be achieving the requirements of another Federal or State law or regulation.

Comment: An example would be where stack emission controls were required on equipment that operated the water pollution control facility. This emission control equipment as an integral part of the water pollution control systems would be approvable. However, emission control equipment for a general

purpose incinerator that only incidentally burned sewage sludge would not be approvable. The general purpose incinerator might also receive loan assistance but under separate procedures than those set out for water pollution control.

- (5) **Privately owned treatment facility service or user costs.** Applications for statements involving financial assistance in meeting user cost or fee schedules related to participating in a privately owned treatment facility not under the ownership or control of the applicant shall not be approved.
- (6) **Operation and maintenance charges.** Applications for statements containing a request for financial assistance in meeting the operations and maintenance costs of operating the applicant's additions, alterations, or methods of operation shall not be approved for any elements relating to such areas of cost.
- (7) **Evidence of financial responsibility.** Applications for statements containing a request for financial assistance in meeting any requirements relating to evidence of financial responsibility as provided in section 311(p) of the Act shall not be approved.

§ 21.7 [Reserved]

COMMENT: Applications for a statement resulting from a requirement to control pollution from non-point sources as identified in section 304(e)(2)(A-F) of the Act and described in § 21.2(m) will not presently be issued a statement under § 21.5 unless the requirement is established through a permit under section 402. There is no requirement under the current Act that the Federal Government control pollution from such sources, and the nature and scope of State or areawide management agency proposals or programs to control such sources cannot be determined at this time. As State and areawide plans for control of nonpoint sources being prepared under section 208 of the Act, will not be completed for several years, this section is being reserved pending a future determination on the eligibility of applications relating to non-profit sources to receive a statement under this part.

§ 21.8 Resubmission of application.

- (a) A small business concern whose application is disapproved may submit an amended or corrected application to the Regional Administrator at any time. The applicant shall provide the date of any previous application.
- (b) [Reserved]

§ 21.9 Appeals.

- (a) An applicant aggrieved by a determination of a Regional Administrator under § 21.5 may appeal in writing to the Deputy Administrator of the Environmental Protection Agency, within 30 days of the date of the determination from which an appeal is taken; *Provided*, That the Deputy Administrator may, on good cause shown, accept an appeal at a later time.
- (b) The applicant in requesting such an appeal shall submit to the Deputy Administrator a copy of the complete application as reviewed by the Regional Administrator.
- (c) The applicant should also provide information as to why it believes the determination made by the Regional Administrator to be in error.
- (d) The Deputy Administrator shall act upon such appeal within 60 days of receipt of any complete application for a review of the determination.

- (e) Where a State has been delegated certification authority, the procedure for appeals shall be established in the State submission required in § 21.12.

§ 21.10 Utilization of the statement.

- (a) Statements issued by the Regional Administrator will be mailed to the small business applicant and to the district office of the Small Business Administration serving the geographic area where the business is located. It is the responsibility of the applicant to also forward the statement to SBA as part of the application for a loan.
- (b) Any statement or determination issued under § 21.5 shall not be altered, modified, changed, or destroyed by any applicant in the course of providing such statement to SBA. To do so can result in the revocation of any approval contained in the statement and subject the applicant to the penalties provided in 18 U.S.C. 1001.
- (c) If an application for which a statement is issued under § 21.5 is substantively changed in scope, concept, design, or capability prior to the approval by SBA of the financial assistance requested, the statement as issued shall be revoked. The applicant must resubmit a revised application under § 21.3 and a new review must be conducted. Failure to meet the requirements of this paragraph could subject the applicant to the penalties specified in 18 U.S.C. 1001 and 18 U.S.C. 286. A substantive change is one which materially affects the performance or capability of the proposed addition, alteration, or method of operation.
- (d) An agency, Regional Administrator, or State issuing a statement under § 21.5 shall retain a complete copy of the application for a period of five years after the date of issuance of the statement. The application shall be made available upon request for inspection or use at any time by any agency of the Federal Government.
- (e) No application for a statement or for financial assistance under this section or statement issued under this section shall constitute or be construed as suspending, modifying, revising, abrogating or otherwise changing the requirements imposed on the applicant by the terms, conditions, limitations or schedules of compliance contained in an applicable standard, permit, or other provision established or authorized under the Act or any State or local statute, ordinance or code.
- (f) No statement as issued and reviewed shall be construed as a waiver to the applicants fulfilling the requirements of any State or local law, statute, ordinance, or code (including building, health, or zoning codes).
- (g) An amended application need not be submitted if the facility, property, or operation for which the statement is issued is sold, leased, rented, or transferred by the applicant to another party prior to approval by SBA of the financial assistance: *Provided*, That there is or will be no substantive change in the scope, concept, design, capability, or conduct of the facility or operation.

Comment: However, eligibility for financial assistance would be reexamined by SBA with regard to any such sale, lease, rental or transfer.

- (h) The Regional Administrator may include in any statement a date of expiration, after which date the approval by the Regional Administrator contained in the statement shall no longer apply. The date of expiration shall not become effective if the applicant has submitted the statement to the SBA, prior to the date of expiration, as part of the application for financial assistance.

§ 21.11 Public participation.

- (a) Applications shall not generally be subject to public notice, public comment, or public hearings. Applications during the period of review as stated in § 21.5, or during the period of appeal as provided in § 21.8, shall be available for public inspection. Approved applications as provided in § 21.10(d) shall be available for public inspection at all times during the five year period.
- (b) The Regional Administrator, if he believes that the addition, alteration, or method of operation may adversely and significantly affect an interest of the public, shall provide for a public notice and/or public hearing on the application. The public notice and/or public hearing shall be conducted in accordance with the procedures specified for a permit under 40 CFR 125.32 and 125.34(b).
- (c) Where the applicant is able to demonstrate to the satisfaction of the Regional Administrator that disclosure of certain information or parts thereof as provided in § 21.3(c)(5) would result in the divulging of methods or processes entitled to protection as trade secrets, the Regional Administrator shall treat the information or the particular part as confidential in accordance with the purposes of section 1905 of Title 18 of the United States Code and not release it to any unauthorized person. *Provided, however,* That if access to such information is subsequently requested by any person, there will be compliance with the procedures specified in 40 CFR part 2. Such information may be disclosed to other officers, employees, or authorized representatives of the United States concerned with carrying out the Act or when relevant in any proceeding under the Act.

§ 21.12 State issued statements.

- (a) Any State after the effective date of these regulations may submit to the Regional Administrator for his approval an application to conduct a program for issuing statements under this section.
 - (1) A State submission shall specify the organizational, legal, financial, and administrative resources and procedures that it believes will enable it to conduct the program.
 - (2) The State program shall constitute an equivalent effort to that required of EPA under this section.
 - (3) The State organization responsible for conducting the program should be the State water pollution control agency, as defined in section 502 of the Act.
 - (4) The State submission shall propose a procedure for adjudicating applicant appeals as provided under § 21.9.
 - (5) The State submission shall identify any existing or potential conflicts of interest on the part of any personnel who will or may review or approve applications.
 - (i) A conflict of interest shall exist where the reviewing official is the spouse of or dependent (as defined in the Tax Code, 26 U.S.C. 152) of an owner, partner, or principal officer of the small business, or where he has or is receiving from the small business concern applicant 10 percent of gross personal income for a calendar year, except that it shall mean 50 percent gross personal income for a calendar year if the recipient is over 60 years of age and is receiving such portion pursuant to retirement, pension, or similar arrangements.
 - (ii) If the State is unable to provide alternative parties to review or approve any application subject to conflict of interest, the Regional Administrator shall review and approve the application.
- (b) The Regional Administrator, within 60 days after such application, shall approve any State program that conforms to the requirements of this section. Any such approval shall be after sufficient notice has been provided to the Regional Director of SBA.

- (c) If the Regional Administrator disapproves the application, he shall notify the State, in writing, of any deficiency in its application. A State may resubmit an amended application at any later time.
- (d) Upon approval of a State submission, EPA will suspend all review of applications and issuance of statements for small businesses in that State, pending transferral. *Provided, however,* That in the event of a State conflict of interest as identified in § 21.12(a)(4) of this section, EPA shall review the application and issue the statement.
- (e) Any applications shall, if received by an EPA Regional Office, be forwarded promptly to the appropriate State for action pursuant to section 7(g)(2) of the Small Business Act and these regulations.
- (f)
 - (1) EPA will generally not review or approve individual statements issued by a State. However, SBA, upon receipt and review of a State approved statement may request the Regional Administrator of EPA to review the statement. The Regional Administrator, upon such request can further approve or disapprove the State issued statement, in accordance with the requirements of § 21.5.
 - (2) The Regional Administrator will periodically review State program performance. In the event of State program deficiencies the Regional Administrator will notify the State of such deficiencies.
 - (3) During that period that any State's program is classified as deficient, statements issued by a State shall also be sent to the Regional Administrator for review. The Regional Administrator shall notify the State, the applicant, and the SBA of any determination subsequently made, in accordance with § 21.5, on any such statement.
 - (i) If within 60 days after notice of such deficiencies has been provided, the State has not taken corrective efforts, and if the deficiencies significantly affect the conduct of the program, the Regional Administrator, after sufficient notice has been provided to the Regional Director of SBA, shall withdraw the approval of the State program.
 - (ii) Any State whose program is withdrawn and whose deficiencies have been corrected may later reapply as provided in § 21.12(a).
- (g) Funds appropriated under section 106 of the Act may be utilized by a State agency authorized to receive such funds in conducting this program.

§ 21.13 Effect of certification upon authority to enforce applicable standards.

The certification by EPA or a State for SBA Loan purposes in no way constitutes a determination by EPA or the State that the facilities certified (a) will be constructed within the time specified by an applicable standard or (b) will be constructed and installed in accordance with the plans and specifications submitted in the application, will be operated and maintained properly, or will be applied to process wastes which are the same as described in the application. The certification in no way constitutes a waiver by EPA or a State of its authority to take appropriate enforcement action against the owner or operator of such facilities for violations of an applicable standard.