§ 120-v. Contracts for disposal of sewage outside the state. A public corporation or improvement district in this state may contract for the disposal of its sewage with a municipality, public corporation or improvement district located in another state upon such terms and conditions as may be agreed upon except that no condition shall be imposed whereby a public corporation or improvement district in this state shall be required to extend its sewer mains outside the state. The term "public corporation" as used in this section shall mean a public corporation as defined in section three of the general corporation law; provided, however, that for the purposes of this section there shall be included a corporation which, except for its location outside the state, would be a public corporation within such definition. Nothing herein shall be construed to alter or abridge the powers and duties of the state department of health concerning sewage disposal matters.