§ 8. Application of revenues of a public improvement or part thereof, or service. For the purpose of determining the amount of taxes which may be raised on real estate pursuant to section ten of article eight of the constitution the revenues received in each fiscal year by any county, city or village from that portion of a public improvement or part thereof, or service, owned or rendered by such municipal corporation for which bonds or capital notes are issued after January first, nineteen hundred fifty, shall be applied first to the payment of all costs of operation, maintenance and repairs thereof incurred during such fiscal year, and then to the payment of the amounts required in such fiscal year to pay the interest on and the amortization of, or payment of, such indebtedness contracted for such public improvement or part thereof, or service, or such revenues may be deposited in a special fund to be used solely for such payments. The provisions of this section shall not prohibit the use of excess revenues for any lawful county, city or village purpose. The provisions of this section shall not apply to a public improvement or part thereof constructed to provide for the supply of water or to a joint sewage or drainage project described in section 15.00 of the local finance law.