§ 967. Division of taxes by governmental bodies. (a) The governing board of any city, town, village or county in which an empire zone is located is hereby authorized and empowered to:

(i) adopt a local law providing that any taxes levied by or on behalf of such city, town, village or county upon taxable real property in such zone shall be divided based on the area's original taxable value and its incremental value as determined in subdivisions (c) and (f) of this section, provided however, that no city, town, village or county may adopt a local law providing for such a division of taxes if:

(A) the original taxable value of the zone involved exceeds a figure equal to twenty percent of the total assessed value of that municipality, exclusive of any incremental values for such areas; or

(B) the land area of the zone involved exceeds a figure equal to twenty percent of the total land area of the municipality.

(ii) adopt a local law establishing a special empire zone tax increment fund and providing for the deposit of moneys into such fund pursuant to subdivision (g) of this section.

(b) In no event shall the division of taxes pursuant to this section be construed as relieving property owners within the designated area of their obligation for paying the taxes, if any, levied upon the assessed value of their taxable real property.

(c) As soon as possible after any local legislative body has adopted a local law as provided for in subparagraph (i) of subdivision (a) of this section, the assessor who prepares the assessment roll used for the levy of such county, city, town and village taxes shall certify the "original taxable value" of each lot and parcel of taxable real property in the area involved. For the purposes of this section, "original taxable value" shall be the assessed value as of the last taxable status date before the date on which a local law authorizing the division of taxes was adopted.

(d) Whenever any property in such an area is owned by the city, town, village or county involved and is leased to any person or persons, such property shall be assessed and taxed in the same manner as privately owned property, and the lease or contract between the city, town, village or county involved and such person or persons shall provide that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of his, her or its

leasehold interest.

(e) In each year subsequent to the determination of the original taxable value of each lot and parcel of taxable real property in such an area in accordance with the provisions of subdivision (c) of this section, the assessor shall compute and certify the net amount by which the taxable value of all such lots and parcels has increased or decreased in comparison with the original taxable value of all such lots and parcels. The net amount of the increase or decrease is referred to in this section as the "incremental value" or the "lost value" for that year, as the case may be.

(f) In any year when there is an incremental value, the tax levying body shall extend the taxes of each city, town, village or county, which has adopted a local law pursuant to this section, against the incremental value as well as the original taxable value, and the amount of taxes received from such extension against the incremental value is referred to in this section as the tax increment for that year.

(g) The city, town, village or county official responsible for receiving real property tax payments shall segregate each year all tax increments from the designated area and transmit such increments to the city, town, village or county treasurer who shall deposit such monies in a special empire zone tax increment fund from which the local legislative body may authorize payments for infrastructure improvements authorized in such municipality's empire zone development plan for the area involved.

(h) In the event that any state or local law governing the classification of real property and thereby determining the percentage of market value to be assessed for real property taxation purposes is amended hereafter, the increase or decrease in assessed valuation resulting therefrom shall be applied proportionately in each year thereafter to the original taxable value and incremental value of the area involved.

(i) The local legislative body of the city, town, village or county or its designated agency may invest any funds in the special empire zone tax increment fund not required for immediate disbursement, in property or securities in which public bodies may invest funds subject to their control.

(j) In any year when there is a lost value, the provisions of this

section shall not apply.