§ 970-p. Allocation of taxes. (a) Any redevelopment plan may contain a provision that real property taxes levied upon taxable real property in the project area each year by or for the benefit of the municipality or municipalities and school districts after the effective date of the resolution approving the redevelopment plan, shall be divided as follows:

(i) that portion of the real property taxes not in excess of the amount which would be produced by applying the rate upon which the tax is levied each year by or for each municipality and school district to the total sum of the assessed value of the taxable real property in the project area as shown upon the assessment roll used in connection with the taxation of such property by such municipality and school district, last adopted prior to the effective date of the resolution approving such plan, shall be allocated to and when collected shall be paid into the funds of the respective municipalities and school districts as real property taxes collected by or for said municipalities and school districts adopting the redevelopment plan;

(ii) that portion of the real property taxes levied each year in excess of the portion allocated and paid pursuant to paragraph (i) of this subdivision shall be allocated to and when collected shall be paid into the fund or funds established for such purposes to pay the principal and interest on indebtedness incurred by such municipality pursuant to section nine hundred seventy-o of this article or, if the redevelopment plan so provides, the amount allocated and paid in excess of interest and principal and necessary reserves may be expended for amounts of money to be paid in lieu of taxes. Unless and until the total assessed valuation of the taxable property in a project area exceeds the total assessed value of the taxable real property in such project area as shown by the last assessment roll referred to in paragraph (i) of this subdivision, all of the real property taxes levied and collected upon the taxable real property in such project area shall be paid into the funds of the respective municipalities and school districts. When such indebtedness, if any and interest thereon, have been paid, all moneys thereafter received from real property taxes upon the taxable real property in such project area shall be paid into the funds of the respective municipalities and school districts as real property taxes on all other real property are paid;

(iii) whenever the total amount of real property taxes allocated pursuant to paragraph (ii) of this subdivision exceeds the amounts allocated and paid for interest and principal and necessary reserves, and for amounts to be paid in lieu of taxes, the amount of taxes in excess of such amounts shall be paid into the funds of the respective municipalities and school districts as taxes on all other real property are paid;

(iv) the allocation of taxes authorized by this section shall apply to taxable years beginning after the effective date of the resolution approving the redevelopment plan.

(b) Whenever real property in any redevelopment project has been redeveloped and thereafter is leased by the municipality to any person or persons or whenever the agency leases real property in any redevelopment project to any person or persons for redevelopment, the property shall be assessed and taxed in the same manner as privately owned real property and the lease or contract shall provide that the lessee shall pay real property taxes upon the assessed value of the entire real property and not merely the assessed value of his or her leasehold interest.

(c) In any municipality or school district subject to the allocation of revenues pursuant to this section the assessed value of taxable real property located in a project area shall be included on the taxable portion of the assessment roll, provided, however, that notwithstanding any provision of law to the contrary, the assessed value determined in accordance with paragraph (ii) of subdivision (a) of this section shall not be included in the taxable value of real property when determining the tax rate for such municipality or school district.

(d) The rate of tax resulting from the levy of real property taxes shall be applied to the assessed value of any real property subject to the allocation provisions of this section as determined pursuant to subdivision (a) of this section, however, the amount of tax levied as a result of the application of the tax rate to the increase in assessed value determined in accordance with paragraph (ii) of subdivision (a) of this section shall not be paid into the fund of the municipality or the school district as real property taxes but shall be allocated pursuant to that paragraph.

(e) The official or officials responsible for the preparation of the

assessment roll or rolls specified in subdivision (a) of this section shall provide to the municipality or municipalities and school districts, in addition to the assessment roll or rolls, such information as is deemed necessary by the legislative bodies of the municipality or municipalities and school districts to effectuate the purpose of this section.

(f) The allocation of real property taxes authorized by this section shall be permitted only with respect to municipalities and school districts which have adopted a redevelopment plan providing for such allocation pursuant to section nine hundred seventy-h or section nine hundred seventy-n of this article and such allocation shall not apply to special ad valorem levies and special assessments as defined by subdivisions fourteen and fifteen of section one hundred two of the real property tax law.

(g) If, after adoption of a redevelopment plan, the official or officials responsible for the preparation of the assessment roll or rolls specified in subdivision (a) of this section undertake to revalue real property for real property tax purposes by altering the standard of assessment utilized to establish the value of real property for assessment purposes, the assessment of real property within a project area as provided by paragraph (i) of subdivision (a) of this section shall be adjusted in such manner as if such new standard of assessment had been utilized in the preparation of the assessment roll last adopted prior to adoption of the redevelopment plan.