§ 1120-n. Exemption from taxes, assessments and certain fees. 1. It is hereby determined that the creation of the authority and the carrying out of its corporate purposes is in all respects for the benefit of the people of the town and the state and is a public purpose and the authority shall be regarded as performing a governmental function in the exercise of the powers conferred upon it by this title and shall not be required to pay any taxes, special ad valorem levies or special assessments upon any property owned by it or under its jurisdiction, control or supervision or upon its activities, or any filing, recording or transfer fees or taxes in relation to instruments filed, recorded or transferred by it or on its behalf; provided, however, that any real property owned or under the jurisdiction, supervision or control of the authority outside of the district shall be exempt from real property taxes, ad valorem levies or special assessments only pursuant to and to the extent provided by an agreement with the governing body of the municipality in which said real property is located. The construction, use, occupation or possession of any property owned by the authority or the town, including improvements thereon, by any person or public corporation under a lease, lease and sublease or any other agreement shall not operate to abrogate or limit the foregoing exemption, notwithstanding that the lessee, user, occupant or person in possession shall claim ownership for federal income tax purposes.

2. Any bonds issued pursuant to this title, together with the income therefrom, shall be exempt from taxation. For purposes of this subdivision, the phrase "exempt from taxation" means exempt from direct taxation in conformity with established judicial interpretation of the tax exempt status of the obligations of the state and its agencies, entities, authorities and political subdivisions and thus, the meaning of such phrase is in conformity with the legislative intent expressed by section twenty-two of chapter one hundred sixty-six of the laws of nineteen hundred ninety-one regarding the tax exempt status of obligations of the state and its agencies. The revenues, moneys and other properties and activities of the authority shall be exempt from taxes and governmental fees or charges, whether imposed by the state or any municipality, including real estate taxes, franchise taxes, sales taxes or other excise taxes except as otherwise provided in subdivision

one of this section with respect to real property located outside the district.

3. The state hereby covenants with the purchaser and with all subsequent holders and transferees of bonds issued by the authority pursuant to this title that the interest thereon shall be exempt from taxation. The state further covenants with the holders of such bonds that all revenues, moneys, and other property pledged to secure the payment of such bonds shall at all times be free from such taxation. For purposes of this subdivision, the phrase "exempt from taxation" means exempt from direct taxation in conformity with established judicial interpretation of the tax exempt status of the obligations of the state and its agencies, entities, authorities and political subdivisions and thus, the meaning of such phrase is in conformity with the legislative intent expressed by section twenty-two of chapter one hundred sixty-six of the laws of nineteen hundred ninety-one regarding the tax exempt status of obligations of the state and its agencies.