§ 1226-r. Exemption from taxes, assessments and certain fees. 1. The authority shall not be required to pay any fees, taxes, special ad valorem levies or assessments, whether state or local, including but not limited to fees, taxes, special ad valorem levies or assessments on real property, franchise taxes, sales taxes or other excise taxes, upon any property owned by it or under its jurisdiction, control or supervision, or upon the uses thereof, or upon its activities in the operation and maintenance of its facilities or any fares, tolls, rentals, rates, charges, fees, revenues or other income received by the authority. Notwithstanding the previous sentence, the authority shall be required to pay water and pure water fees or charges as may be negotiated by any public corporation. The authority shall at all times be exempt from any filing, mortgage recording or transfer fees or taxes in relation to instruments filed, recorded or transferred by it or on its behalf. The construction, use, occupation or possession of any property owned by the authority or the county, 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 there from as well as the property of the authority shall at all times be exempt from taxes, except for transfer and estate taxes. The state hereby covenants with the purchasers and with all subsequent holders and transferees of bonds issued by the authority pursuant to this title, in consideration of the acceptance of and payment for the bonds, that the bonds of the authority issued pursuant to this title and the income therefrom and all revenues, monies, and other property pledged to secure the payment of such bonds shall at all times be free from taxation, except for transfer and estate taxes.

3. Notwithstanding the foregoing, the water board shall pay to each municipality and each school district as hereinafter provided located either in the service area or within municipalities in which real property of the water board is located in monthly payments commencing on the first day of the fiscal year of such municipality or school district

in the year succeeding the calendar year in which this title shall take effect:

(a) to all school districts annually determined by the water board to have lost real property tax revenues as a consequence of the transfer of any previously taxable real property by either the board of water supply or any municipality to the water board, the sum of nine hundred seventy-five thousand dollars in the first fiscal year and such sum annually thereafter in each of the next twenty-two years equal to the sum so paid the preceding year decreased by forty-two thousand three hundred ninety-one dollars, the amount to be paid to each individual school district to be determined annually by the water board in proportion to the amount of real property taxes received by each such school district from the board of water supply in fiscal year nineteen hundred ninety-three--nineteen hundred ninety-four;

(b) to each town which the water board annually determines will provide services to the water board during the next ensuing calendar year, for a period of forty years commencing in the calendar year succeeding the year after the date of enactment of this title, the annual sum of seventy-four thousand seven hundred thirty-seven dollars, which sum shall be increased every sixth year by five per centum; provided, that the town of Trenton shall initially receive sixty thousand dollars of such initial aggregate amount with the remainder being distributed to the town of Russia in the amount of nine thousand five hundred dollars, to the town of Norway in the amount of four thousand three hundred eighteen dollars, to the town of Ohio in the amount of eight hundred ninety-four dollars and to the town of Salisbury in the amount of twenty-five dollars; which such amounts being increased by such five per centum as herein provided, and thereafter as the water board shall determine;

(c) to the county of Oneida, in each year during which the auditorium commonly known as the Utica memorial auditorium, as the same may be reconstructed, enlarged or modified, or replaced by a building serving a similar function at a different location within the service area, shall be operated as an auditorium for the benefit of the residents of the county of Oneida or any portion thereof, the annual sum of five hundred thousand dollars, which sum shall be increased every sixth year by ten per centum, for a period of forty years; and thereafter as the water

board shall determine;

(d) to the city of Utica, the sum of two hundred thousand dollars during each of the next ten years, commencing in the calendar year succeeding the year after the date of enactment of this title; the sum of three hundred fifty thousand dollars in each of the following five years; the sum of four hundred fifty-five thousand dollars in each of the following five years; the sum of three hundred seventy-five thousand dollars in each of the following five years; the sum of four hundred twenty-five thousand dollars in each of the following five years; the sum of four hundred seventy-five thousand dollars in each of the following five years; the sum of five hundred twenty-five thousand dollars in each of the following five years; and thereafter as the water board shall determine.

Notwithstanding any other provision of this section, any payment in lieu of tax payments described in paragraph (a), (b), (c) or (d) of this subdivision, (i) may be decreased at any time for any period by resolution of the governing body of the water board approved by the affirmative vote of at least seventy-five per centum of such governing body and provided further that any such decrease shall be uniform for all payment in lieu of tax payments to the affect that any percentage decrease to any municipality or school district shall be equally reduced to each other municipality or school district, and (ii) as the water board shall determine, be in priority to or subordinate to any other payments required to be made pursuant to this title, including, without limitation, the payment of sums to the authority or to any trustee representing the holders of any bonds issued by the authority.