§ 1296. Exemption from taxation; payments in lieu of taxes. It is hereby found, determined and declared that the creation of the corporation and the carrying out of its purposes is in all respects for the benefit of the people of the state of New York and for the improvement of their health, welfare and prosperity and is a public purpose, and that the corporation will be performing an essential governmental function in the exercise of the powers conferred upon it by this title. 1. Real property owned by the corporation shall be exempt from taxation, special ad valorem levies and special assessments.

2. Real property owned by the corporation (1) used for or in connection with any project or projects, (2) which is located outside the boundaries of the contracting municipality or municipalities, and (3) which was subject to taxation, special ad valorem levies, or special assessments on the latest assessment roll finally completed, verified and filed preceding the date of acquisition thereof by the corporation shall be subject to payments in lieu of taxes, special ad valorem levies and special assessments by the corporation in accordance with the provisions of this section.

3. The in lieu payments shall be computed and determined annually by the commissioner of taxation and finance as follows:

(a) determine the full value of such property as of the applicable taxable status date for the assessment role for which in lieu payments are being computed;

(b) determine the full value of such property as of such taxable status date attributable to improvements constructed or reconstructed by the corporation;

(c) deduct item (b) from item (a);

(d) multiply the full value determined in item (c) by the ratio of assessed value to full value of other property on the same assessment roll;

(e) the result determined in item (d) shall be the approved assessed valuation for such property. The determinations of the full value and the ratio of assessed value to full value shall be determined by the commissioner.

4. Application for an approved assessed valuation shall be made by the assessor of the assessing unit within which such property is located. Application shall be made as soon as practicable after acquisition of such property by the corporation. The application shall be made on a form approved by the commissioner of taxation and finance and shall contain such information as such commissioner shall require.

5. Upon approval of such application by the commissioner the commissioner shall certify such approved assessed valuation to the assessing unit and to the corporation. The approved assessed valuation shall be entered by the assessor or other local official on the assessment roll with the notation that such property is exempt from taxation, special ad valorem levies and special assessments but qualifies for payments in lieu of taxes, special ad valorem levies and special assessments pursuant to this section. The approved assessed valuation shall be treated for all purposes as taxable assessed valuation and taxable full valuation on the assessment roll for which it is made. Amounts shall be extended against such approved assessed valuation in the same manner and at the same time as taxes, special ad valorem levies or special assessments are extended against taxable property. The appropriate collecting officer shall transmit a statement of the amounts computed as payable as in lieu of taxes, special ad valorem levies and special assessments to the corporation. The provisions of any general or special law relating to the collection and enforcement of taxes shall not be applicable to property subject to the provisions of this section.

6. The terms "taxation," "special ad valorem levies," "special assessments" and "assessing unit" shall have the same meanings as set forth in section one hundred two of the real property tax law.

7. Notwithstanding any provision to the contrary in this section, in view of the costs of governmental services being provided by public corporations, as defined in the general corporation law, the corporation may pay or may enter into agreements with any public corporation to pay, a sum or sums, annually or otherwise, or to provide other considerations to such public corporation with respect to real property owned by the

corporation within the boundaries of such public corporation and used for any project or projects.

8. The corporation shall be required to pay no fees or taxes, whether state or local, including but not limited to fees or taxes on real estate, franchise taxes, sales taxes or other excise taxes, upon any of its property, real or personal, or upon the use thereof, or upon its activities in the operation and maintenance of its facilities or on any rentals, rates, charges or other fees, revenues or other income received by the corporation and that the bonds and notes of the corporation and the income therefrom shall at all times be exempt from taxation, except for gift and estate taxes and taxes on transfers. Nothing contained in this subdivision shall affect the obligation imposed by this section on the corporation to make in lieu payments.

9. This section shall constitute a covenant and agreement with the holders of all bonds and notes issued by the corporation.