§ 2642-h. Exemption from taxation. 1. It is hereby determined that the creation of the authority and the carrying out of its purposes under this title are in all respects for the benefit of the people of the state of New York and is a public purpose. Accordingly, the authority shall be regarded as performing an essential governmental function in the exercise of the powers conferred upon it by this title, and the authority shall not be required to pay any fees, taxes, special ad valorem levies or assessments of any kind, 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 taxes, upon or with respect to any property owned by it or under its jurisdiction, control or supervision, or upon the uses thereof, or upon or with respect to its activities or operations in furtherance of the powers conferred upon it by this title, or upon or with respect to any fares, tolls, rentals, rates, charges, fees, revenues or other income received by the authority.

2. Notwithstanding subdivision one of this section, the authority or any lessees of the authority shall be required to pay water and sewer fees, water and sewer assessments or water and sewer special ad valorem levies.

3. The authority may pay, or may enter into agreements with any municipality, including school districts, to pay, a sum or sums annually or otherwise or to provide other considerations with respect to real property owned by the authority located within such municipality.