§ 2667. Tax exemption and tax contract by the state. 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 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. The property of the authority, its income and operations shall be exempt from taxation, assessments, special assessments and special ad valorem levies; 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. Bonds issued pursuant to this title together with the income therefrom shall at all times be exempt from taxation.

3. 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 pay or to secure the payment of such bonds shall at all times be free from taxation.

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

5. Notwithstanding subdivision four of this section, any project authorized by paragraphs (d), (m) and (n) of subdivision eight of

section twenty-six hundred fifty-five of this title except government office space, building or facilities shall be exempt from real property taxation, calculated not to exceed the following: ten years of full exemption followed by one year of exemption from eighty percent of such taxation, followed by one year of exemption from sixty percent of such taxation, followed by one year of exemption from forty percent of such taxation, followed by one year of exemption from twenty percent of such taxation.