§ 406. Municipal corporations. 1. Real property owned by a municipal corporation within its corporate limits held for a public use shall be exempt from taxation and exempt from special ad valorem levies and special assessments to the extent provided in section four hundred ninety of this chapter.

2. Real property owned by a municipal corporation not within its corporate limits while used for the provision of fire protection services provided that some fire protection services are available to the municipal corporation in which the real property is located, for a public park, public aviation field, highway or for flood control and soil conservation purposes as provided in section two hundred twenty-three of the county law shall be exempt from taxation by any municipal corporation in which it is located, provided the governing board thereof shall so agree in writing.

3. Real property owned by a municipal corporation not within its corporate limits while used as a sewage disposal plant or system, including necessary connections and appurtenances, or real property owned by a municipal corporation having a population of less than one hundred thousand or a population of two hundred twenty-five thousand or more but less than three hundred thousand used as a water plant, pumping station, water treatment plant, water shed or reservoir, including necessary connections and appurtenances shall be wholly or partially exempt from taxation and wholly or partially exempt from special ad valorem levies and special assessments, by any municipal corporation in which located, provided the governing board thereof shall so agree in writing.

4. The aqueducts which are a part of the water supply system of the city of New York shall be entitled to the exemption provided by law.

5. Real property owned by a municipal corporation acquired by tax deed, by referee's deed in tax foreclosure, pursuant to article eleven of this chapter or pursuant to a deed made in lieu of tax foreclosure shall be deemed to be held by it for a public use for a period of three years from the date of the deed and during such period shall be exempt

from taxation and special ad valorem levies, but shall be liable for taxes for school purposes and special assessments. Any such property from which a municipal corporation is receiving revenue on the date of taxable status, however, shall not be so exempt.

6. County reforested lands shall be entitled to the exemption provided in the county law.

7. Real property owned by a municipal corporation on January first, nineteen hundred sixty-eight outside the boundaries of the municipal corporation shall be exempt from taxation where: (a) such property is used for public aviation purposes; and (b) is served by three or more major passenger air carriers; and (c) payments in lieu of real property taxes are paid in accordance herewith. The owning municipal corporation shall make payments in lieu of real property taxes to the county, town, school districts and villages in which it is located in an amount which will not be less than the amount of taxes finally determined to be payable pursuant to the law in effect on the effective date of this act or any agreement in effect on the effective date of this act made pursuant to law. The owning municipal corporation is hereby authorized and empowered to make payments in lieu of real property taxes in excess of the amounts required by this subdivision.

8. Real property owned by a municipal corporation not within its corporate limits while used for a municipal electrical generation and distribution system, including necessary connections and appurtenances, shall be wholly or partially exempt from taxation and wholly or partially exempt from special ad valorem levies and special assessments, by any municipal corporation in which located, provided the governing board thereof shall so agree in writing.