**§ 566. Dams and reservoirs.** 1. Dam sites, dams, reservoirs and flowage lands, including the right or privilege in connection therewith and the capacity thereof to impound, store or provide water for power purposes, shall be assessed in the assessing unit in which they are situated. If the legal title to lands occupied or submerged by or in connection with a dam or reservoir for the storage of water for power purposes, or adapted for such purposes because of the existence of a dam site or otherwise, is held by the state or a person other than the owner of the dam, reservoir or dam site and appurtenant rights, but the use, occupation or possession of such lands, or the right to use, occupy and possess the same, is in such owner under an easement, right or lease for a term of fifty years or more or in perpetuity, then the interest of such owner shall be assessed as real property in the same manner as if such owner held legal title to such lands, except that explanatory notations showing the nature of the interest assessed shall be added to the description of such lands.

2. The classification of any interest enumerated in subdivision one hereof as real property shall not be affected (a) by any provision of the agreement under which the same is created or held or by reason of the fact that the water which is or may be impounded is used in another assessing unit for the development of power or (b) because of nonuse of the dam site.

3. This section shall not apply to the water supply system of any municipal corporation.