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**The Authorities Budget Office Secures Favorable Ruling vs.  
Madison County Industrial Development Agency in NYS Court of Appeals**

The ABO recently secured a favorable ruling against the Madison County Industrial Development Agency in the New York State Court of Appeals. The matter involved the question of whether IDA's are allowed to file consolidated reports with the ABO and whether an IDA may create a subsidiary. The Madison County IDA created the Madison Grant Facilitation Corp. as a way of protecting the IDA from liability regarding third-party contractors, in the event they fail to comply with their contractual obligations. The ABO's top concern was that of maintaining transparency and accountability, which they feared could be lost if IDA's could file consolidated reports. This also brought to question whether IDA's have the power to create subsidiaries. The New York State Attorney General released a formal opinion on the matter (2014-01), determining that local IDA's were not, in fact, allowed to create subsidiaries. This formal opinion guided the ABO in making a determination that the Madison County IDA could not consider the Madison Grant Facilitation Corp. as a subsidiary; thus they could not consolidate their filings to the ABO. The Madison County IDA challenged this determination and the formal opinion by the Attorney General, and brought action against the ABO in New York's Supreme Court. The Supreme Court dismissed the petition, agreeing with the Attorney General's formal opinion that local IDA's could not create subsidiaries. The Appellate Division also agreed with this ruling, which lead the Madison County IDA to seek leave to file an appeal in the New York State Court of Appeals. Leave was granted and after arguments and the courts deliberation, Chief Judge DiFiore issued a ruling that the judgment of the Appellate Division be upheld; the ABO's reliance on the AG's Opinion was not arbitrary and the IDA may not file consolidated reports to the ABO. This ruling has affirmed the breadth of enforcement powers provided to the ABO as well as limiting the scope of power held by local IDA's.

The full decision can be found here: <https://www.nycourts.gov/ctapps/Decisions/2019/Mar19/14opn19-Division.pdf>