

build a similar installation for the Egyptian government. Would you gentlemen please stand and be welcomed by the Legislature. Thank you for being with us. We will proceed to the next bill, LB 121.

CLERK:      LB 121, introduced by Senators Kristensen, Beutler, Landis, Lindsay and Wickersham. (Read title.) The bill was introduced on January 7, referred to the Banking Committee, advanced to General File. I have committee amendments pending by the Banking Committee, Mr. President.

SPEAKER BAACK:      Senator Landis, on the committee amendments.

SENATOR LANDIS:      Thank you, Speaker Baack, members of the Legislature. The Limited Liability Company Act, LB 121, was reported to the floor unanimously by the Banking Committee, on a seven-oh vote, it had the support of the Nebraska Chamber of Commerce and Industry, the State Bar Association, the State Society of CPA's, the Greater Omaha Chamber of Commerce, and the Limited Liability Company Association. I'll explain the committee amendments, but before I do, let me just briefly give you as thumbnail a version as I can of my perception of a limited liability company. It falls in between one of our two existing forums of business organizations. One of those forums is a partnership, and in a partnership one of the chief virtues is its tax status. Income made by the partnership is distributed by the partners and taxed as personal income, so it is taxed once. That's better than being a corporation, because in a corporation, the corporation pays tax and then, once the dividends goes to the stockholders, they pay income tax on it, so there's kind of a double taxation on a corporation. The chief virtue of partnerships taxation. The other normal form of business organization is the corporation. Corporation suffers from this double taxation problem, but its chief virtue is that it has limited liability. If you're a stockholder, you can't lose anymore money than the amount of stock that you own. There are a few minor exceptions to that rule, but that's the general rule, unlike a partnership where, if you are a partner, you, if the partnership loses money, your personal money, your personal home, your personal assets are all available for a judgment. Chief virtue of partnership is taxation. Chief virtue of corporations is limited liability. A limited liability company blends those two and creates members who have the tax status of a partnership, but the limited liability of a corporation. This idea was amended in a number of ways by the committee, most of