

Limited liability companies is the best of all the worlds. It's a hybrid. It does this, it gives you the taxation of a partnership, it gives you the limited liability of a corporation, it doesn't have the restrictions that a subchapter S corporation has on the number of members and the type of people who can be members, and it gives you the full flexibility of management that a limited partnership can't begin to give to you. And it's kind of picked and chosen the best parts of those. Why is that true? And this is the part now where the IRS will probably start to read, and this is chapter 2, page 1. A corporation has four unique features. You're going to be treated as a corporation unless two of those four fail. In other words, they're going to, the IRS is going to look at the limited liability company in Nebraska and say, we're going to treat you and tax you as a corporation, unless you have two items of the following four that aren't like a corporation, and in fact are like a partnership. And if you act like a partnership, for those two, then we're going to give you that tax benefit. The first part of it is continuity of life. A corporation exists forever. It's perpetual, the shareholders can go into existence for as long as there's something there. And in fact and unless you don't pay your fees, it's a continual, perpetual corporation. Our limited liability company, as we have it drafted, is only for 30 years, and thus the IRS will look at that and say, if there's not perpetual life, thus you're more like a partnership because you have a set number of years. Does that mean a limited liability company, at the end of 30 years, must cease? No, that's not true. With two-thirds of the members agreeing, under the bill, you can...

SPEAKER BAACK: One minute.

SENATOR KRISTENSEN: ...you can extend that life for another 30 years. So we're more like a partnership in that respect. The second one is central management. Board of directors is...operates the corporation. In a limited liability company you can have everybody be managers. You can have full management by everybody that joins in the limited liability company, so that's not like a corporation. But if you want to be central management, you can do it as well, that's the reason we say it's flexible and that it will allow you to have a central management feature, or you can have everybody be a manager. So that one is sort of so-so. You can determine which way you want to go. The third item is limited liability. Obviously, a corporation has it and every limited liability