

liability company are divided by what's called an operating agreement. Operating agreement is another word in corporate terms that would be the bylaws. Under a limited liability company you call them an operating agreement. And so you can determine, let's say that Senator Crosby and I got into this limited liability company and we want to split the profits 50-50, we could do that; or as Senator Crosby is going to do most of the work and I'm going to kind of sit around and, I don't know, do something else, we can give her 75 percent of the profits and I'll take 25 percent of the profits, we're allowed to do that, even though we may have contributed equally the amount of the beginning capital to do it. Our fees are very similar. You'll find that on page 20 of the bill. Those fees are very similar to the corporations. We will use a limited liability company for a wide variety of things, estate planning in particular, for small businesses, and if the federal government lowers the exemption levels from \$600,000 down to any lower amounts, you will see limited liability companies becoming more of an option for estate planning purposes, because of their flexibility. A lot of small businesses found that this is an easier, more inexpensive way to operate and to deal with their business situation than a regular corporation or a subchapter S. You have other people who are wanting to start businesses and have to collect capital who found that limited liability companies give them a greater flexibility of who they can raise money from and where those monies can come from to do that. I've passed out to you several things today. There's just tons of things we could. But first is a map. And if you get your little colors out, you should color in two more states. Last week we found out that South Dakota passed limited liability companies, and this year Montana has also. Nebraska is the island in the middle. We introduced a bill last year for study by the Banking Committee. Most of these limited liability companies are fairly new. And you'll find that the Midwest is where all this started to do,...

SPEAKER BAACK: One minute.

SENATOR KRISTENSEN: ...primarily because of oil interests and capital needs to build this, they were unsatisfied with the subchapter S corporations and the regular partnerships. The other things that I have passed out to you, if you turn to the other side of your map you will see a short fax sheet. If you want to do a newsletter or you need to remind yourself of what a limited liability company does, in a few short paragraphs, that