your partner's property is subject to that claim as is your own. Partners are unlimitedly liable for the actions of other partners in furtherance of partnership business. Because of that rule a new business organization has sprung up called the limited partnership which has an element of partnership and an element of a corporation. A limited partnership has an unlimited liability for what is called a general partner and the general partner is the person who makes significant decisions for the partnership. It is not an equal voice. In this situation there is a much stronger voice for the general partner than the limited partner. The limited partner buys in for a particular amount of money. It can be publicly traded, it can be privately traded but they have a limited liability and their liability is for the amount that they have purchased of limited liability partnership and no more. If, for some reason, the general partner is driving a partnership car and gets into an accident and there is some kind of liability, the limited partner's responsibility is only bounded by their amount of investment. This is a trait that is shared with a corporation. It is one of the reasons why you have a limited partnership, to have limited liability for the limited partners and unlimited liability for the general partners. Now, what is the basic difference between the two as far as the Principal and Income Act is concerned? In a partnership, if you make profits, you distribute it completely among all the partners. You give them fifty-fifty and you distribute all your profits. In a limited partnership you sometimes act like a corporation. You will make profits but you won't distribute them all. You will keep some back for reserves and you won't make a distribution of all your profits to all of the partners. That is the nub of the problem that LB 97 gets to. Because in our Principal and Income Act it says, for the purposes of income, all profits by partnerships shall be treated as income and, therefore, to be distributed under a trust. But, if you have ownership of a limited partnership and that partnership decides to retain some of its profits rather than distribute it, to keep it for the partnership business, you have a little glitch. You don't have income in the hands of the trust because there has been no distribution of the trust, the partnership has held at least a portion of it back, and yet the trustee has been told any profits that that partnership has made should be interpreted as profits and, therefore, distributed to the beneficiary. It is an instruction that can't be carried out. The instruction is to distribute money you haven't gotten, because the limited partnership hasn't given it to the trustee to pass onto the