

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office

February 13, 1997 LB 631

allocation of their responsibilities. So,...

SENATOR WILL: Oh, as far as like decision-making and things like that?

SENATOR KRISTENSEN: Yes, you can...in an LLC you can designate and either have a manager, so all the members of the LLC say we want this manager to run it, or the members themselves can run it. Where if you have a partnership, it's sort of a joint operation. You know, one partner could bind everybody sorts of things, and from a responsibility position, it's just a different entity. But the tax treatment is the same because you're going to flow that through. What the LLC is maybe a cousin of was the old subchapter S corporations.

SENATOR WILL: Right.

SENATOR KRISTENSEN: But that was an IRS election to flow through the taxation to the part...or to the shareholders.

SENATOR WILL: Is there...and there is no election in the case of an LLC?

SENATOR KRISTENSEN: No. Not with an LLC. You make one check mark on your return, you get the flow through taxation, and you don't have to live with the restrictions of a subchapter S. Because in a subchapter S...for example, limited partnerships couldn't be a member. There was a limit to the number of people who could be in a subchapter S corporation.

SENATOR WILL: Okay. Thank you.

SPEAKER WITHEM: Senator Kristensen, no further lights on. Would you care to close?

SENATOR KRISTENSEN: Mr. President, I would like to close, if for nothing else, to thank the members who have been patient to listen to what could be an extremely boring, mundane discussion about tax law. But I'll tell you...and you go to your estate planner, you go to your business planner, your accountant. I will tell you that LLCs will be one of your options that they will give to you and you should seriously look at that. It's