PREPARED BY: DATE PREPARED: PHONE: Scott Danigole February 01, 2018 471-0055

LB 1121

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 201	19-20						
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS		(6,000)		(12,000)				
CASH FUNDS	350,000	(3,000)		(6,000)				
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	350,000	(9,000)		(18,000)				

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 1121 changes provisions of the Nebraska Uniform Limited Liability Company Act and creates the Nebraska Uniform Protected Series Act.

The Nebraska Uniform Protected Series Act allows for the creation of a new type of limited liability company and the associated filings and information that would be reported.

The Department of Revenue does not know if income would be calculated for the entire LLC or with each series as a separate entity for tax purposes. The Department estimates no General Fund revenue impact and minimal costs to implement.

The Secretary of State would need to reprogram the business services filing system at an estimated cost of \$350,000. There is no basis to disagree with this estimate.

Based on the bill's provisions related to filing fees for the new types of filings, the Secretary of State estimated a slight reduction in General Fund, as well as Cash Fund, revenue. There is no basis to disagree with these estimated.

	ADMINISTE	RATIVE SERVICES S	TATE BUDGET DIV	ISION: REV	IEW OF AGENCY & POLT. SUB. RESPONSE		
LB:	1121	AM:	AGENCY/POLT.	SUB: Nebra	ska Department of Revenue		
REV	IEWED BY:	Ann Linneman	DATE:	2-1-18	PHONE: (402) 471-4180		
COMMENTS: No basis to disagree with the Nebraska Department of Revenue's assessment of fiscal impact.							

	ADMINIST	RATIVE SERVICES S	TATE BUDGET DIV	ISION: REV	IEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	1121	AM:	AGENCY/POLT.	SUB: Nebra	aska Secretary of State's Office			
REV	IEWED BY:	Ann Linneman	DATE:	1-30-18	PHONE: (402) 471-4180			
CON	COMMENTS: No basis to disagree with the Nebraska Secretary of State's Offices' assessment of fiscal impact.							

LB 1121 Fiscal Note 2018

State Agency Estimate								
State Agency Name: Department of Revenue Date Due LFA: 2/2/20								
Approved by: Tony Fulton Date Prepared: 1/31/2018 Phone: 471-5896								
FY 2018-2019 FY 2019-2020 FY 2020-2021								
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds	1							
Cash Funds					_			
Federal Funds					_			
Other Funds								
Total Funds								

LB 1121 is a supplement to LB 292 (2017) which is held in Committee and would authorize the creation, governance, distributions to and liability of members, and dissolution of series limited liability companies (LLC). A series LLC may organize itself with multiple levels of ownership, each series governed and owned separately and managed by its members or managers pursuant to the operating agreement. Series LLCs allow LLCs to separate different projects undertaken by the LLC so that if one fails, the other projects (or series within the LLC) will not be affected. This strategy may not be effective in bankruptcy.

LB 1121 authorizes the creation, governance, distributions to and liability of members of one or more "protected series" within a series LLC. Each protected series has separate existence, separate management, and can acquire assets and incur liabilities separate from the company or series itself without exposing the rest of the company to liability. An LLC creates a protected series LLC by an affirmative vote of all members of an LLC and filing a protected series designation with the Secretary of State. A protected series LLC is like a series LLC, but allows the series LLC to create a separate protected series for each separate line of business conducted by the LLC.

Each protected series may acquire and hold assets that are not subject to execution for the debts of the company. However, any assets contributed to the protected series by the LLC or its members are subject to execution. The protected series can be merged or dissolved within the LLC.

For tax purposes, it is unclear if the income is calculated for the entire LLC, or whether each series is a separate entity for taxation purposes. The bill contains a severability clause.

It is estimated that this bill would have no impact on General Fund revenues.

It is estimated that there would be minimal costs to the Department to implement this bill.

The operative date for this bill is January 1, 2019.

Major Objects of Expenditure								
Class Code	Classification Title	18-19 <u>FTE</u>	19-20 <u>FTE</u>	20-21 <u>FTE</u>	18-19 <u>Expenditures</u>	19-20 <u>Expenditures</u>	20-21 Expenditures	
Operating Costs								
Capital Improvements								

Capital improvements......

TOTAL.....

LB ⁽¹⁾ 1121						FISCAL NOTE			
State Agency OR Political	Nebra	Nebraska Secretary of State's Office							
Prepared by: (3) Joyce Woofter		Date	e Prepared: ⁽⁴⁾	01/24/2018	Phone: (5)	402-471-2384			
	ESTIMATE PROV	VIDED BY S	TATE AGEN	CY OR POLITIC	AL SUBDIVISIO	<u>ON</u>			
	F	Y 2018-19			FY 2019	0-00			
	EXPENDITURES		<u>REVENUE</u>	EXPEND		REVENUE			
GENERAL FUNDS			(6,000)			(12,000)			
CASH FUNDS	350,000	<u> </u>	(3,000)			(6,000)			
FEDERAL FUNDS		<u></u>		_					
OTHER FUNDS		<u></u>		_					
TOTAL FUNDS	350,000		(9,000)			(18,000)			
Adding this entity typ- filings (\$15). We est entities in FY20. Rev Cash Fund. The estir Beginning in FY 21, t the series instead increduction of \$3,000. number of protected	imate there would renue for all these nate for lost rever here would be addividual biennial reaches are a series LLC's goes	I be around e filings is on nue in FY1 ditional los eports. If the lso deposit s up, the po	d 100 entities deposited 2/3 9 is \$9,000 a t revenue, be nere were 300 ed 2/3 to the otential for ad	impacted by the to the General and for FY20 is secause there we series LLC's in General Fund aditional reduction	is in FY 19 and Fund and 1/3 to 18,000. Fuld be one bien existence, the and 1/3 to the continuous in revenue in	I 200 additional to Corporations nnial report filed for at would be a Cash Fund. As the			
Personal Services:	<u>BREAKDO</u>	OWN BY M.	AJOR OBJECT	<u>rs of expendi</u>	TURE				
POSITION TITLE		NUMBER (18-19	OF POSITION <u>19-20</u>		8-19 DITURES	2019-20 EXPENDITURES			
Benefits									
Operating				350	,000				
Travel									
Capital outlay				-		=			

350,000