501C.1110 TIMBER.

Subdivision 1. **Net receipts.** If a part of the principal consists of land from which merchantable timber may be removed, the net receipts from taking the timber from the land must be allocated as follows:

(1) to income to the extent that the amount of timber removed from the land during the accounting period does not exceed the rate of growth of the timber;

(2) to principal to the extent that the amount of timber removed from the land during the accounting period exceeds the rate of growth of the timber or the net receipts are from the sale of standing timber;

(3) to or between income and principal if the net receipts are from the lease of timberland or from a contract to cut timber from land owned by a trust, by determining the amount of timber removed from the land under the lease or contract and applying the rules in clause (1) or (2); or

(4) to principal to the extent that advance payments, bonuses, and other payments are not allocated pursuant to clause (1), (2), or (3).

Subd. 2. **Depletion.** In determining net receipts to be allocated pursuant to subdivision 1, a trustee shall deduct and transfer to principal a reasonable amount for depletion.

Subd. 3. **Scope.** This section applies whether or not timber was harvested from the property before it became subject to the trust.

History: *2015 c 5 art 11 s 10*