

PARAGRAPHS OF THIS SECTION SHALL BE AFFORTIONED ON A YEARLY BASIS IN ACCORDANCE WITH THIS PARAGRAPH WHETHER OR NOT ANY NATURAL RESOURCE WAS BEING TAKEN FROM THE LAND AT THE TIME THE TRUST WAS ESTABLISHED. TWENTY-TWO PERCENT OF THE GROSS RECEIPTS (BUT NOT TO EXCEED 50% OF THE NET RECEIPTS REMAINING AFTER PAYMENT OF ALL EXPENSES, DIRECT AND INDIRECT, COMPUTED WITHOUT ALLOWANCE FOR DEPLETION) SHALL BE ADDED TO PRINCIPAL AS AN ALLOWANCE FOR DEPLETION. THE BALANCE OF THE GROSS RECEIPTS, AFTER PAYMENT THEREFROM OF ALL EXPENSES, DIRECT AND INDIRECT, IS INCOME.

(B) IF A TRUSTEE, ON JULY 1, 1965, HELD AN ITEM OF DEPLETABLE PROPERTY OF A TYPE SPECIFIED IN THIS SECTION HE SHALL ALLOCATE RECEIPTS FROM THE PROPERTY IN THE MANNER USED BEFORE THE EFFECTIVE DATE OF THIS SUBTITLE, BUT AS TO ALL DEPLETABLE PROPERTY ACQUIRED AFTER THE EFFECTIVE DATE OF THIS SUBTITLE BY AN EXISTING OR NEW TRUST, THE METHOD OF ALLOCATION PROVIDED HEREIN SHALL BE USED.

(C) THIS SECTION DOES NOT APPLY TO TIMBER, WATER, SOIL, SOD, DIRT, TURF, OR CROPPES.

14-209. PROPERTY SUBJECT TO DEPLETION.

EXCEPT AS PROVIDED IN §14-208, IF THE PRINCIPAL CONSISTS OF PROPERTY SUBJECT TO DEPLETION, INCLUDING LEASEHOLDS (EXCEPT THOSE SUBJECT TO GROUND RENTS RENEWABLE FOREVER), PATENTS, COPYRIGHTS, ROYALTY RIGHTS, AND RIGHTS TO RECEIVE PAYMENTS ON A CONTRACT FOR DEFERRED COMPENSATION, RECEIPTS FROM THE PROPERTY, NOT IN EXCESS OF 5% PER YEAR OF ITS INVENTORY VALUE, ARE INCOME, AND THE BALANCE IS PRINCIPAL.

14-210. CHARGES AGAINST INCOME AND PRINCIPAL; CHARGES OF UNUSUAL AMOUNT AGAINST INCOME; REGULARLY RECURRING CHARGES PAYABLE FROM INCOME.

(A) THE FOLLOWING CHARGES SHALL BE MADE AGAINST INCOME:

(1) ORDINARY EXPENSES INCURRED IN CONNECTION WITH THE ADMINISTRATION, MANAGEMENT, OR PRESERVATION OF THE TRUST PROPERTY, INCLUDING REGULARLY RECURRING TAXES ASSESSED AGAINST ANY PORTION OF THE PRINCIPAL, WATER RATES, PREMIUMS ON INSURANCE TAKEN UPON THE INTERESTS OF THE INCOME BENEFICIARY, REMAINDERMAN, OR TRUSTEE, INTEREST PAID BY THE TRUSTEE, GROUND RENTS, AND ORDINARY REPAIRS;

(2) A REASONABLE ALLOWANCE FOR DEPRECIATION ON PROPERTY SUBJECT TO DEPRECIATION UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, BUT NO ALLOWANCE SHALL BE