

**58-9-503. Transfers from income to principal for depreciation.** (a) As used in this section, "depreciation" means a reduction in value due to wear, tear, decay, corrosion, or gradual obsolescence of a fixed asset having a useful life of more than one year.

(b) A trustee may transfer to principal a reasonable amount of the net cash receipts from a principal asset that is subject to depreciation, but may not transfer any amount for depreciation:

(1) Of that portion of real property used or available for use by a beneficiary as a residence or of tangible personal property held or made available for the personal use or enjoyment of a beneficiary;

(2) during the administration of a decedent's estate; or

(3) under this section if the trustee is accounting under K.S.A. 58-9-403 for the business or activity in which the asset is used.

(c) An amount transferred to principal need not be held as a separate fund.

**History:** L. 2000, ch. 61, § 27; July 1.