

2023 Kansas Statutes

58-9a-411. Receipts from interest in minerals, water and other natural resources. (a) To the extent a fiduciary does not account for a receipt from an interest in minerals, water or other natural resources as a business under K.S.A. 2023 Supp. 58-9a-403, and amendments thereto, the fiduciary shall allocate the receipt:

(1) To income, to the extent received:

(A) As delay rental or annual rent on a lease;

(B) as a factor for interest or the equivalent of interest under an agreement creating a production payment; or

(C) on account of an interest in renewable water;

(2) to principal, if received from a production payment, to the extent paragraph (1) does not apply; or

(3) between income and principal equitably, to the extent received:

(A) On account of an interest in non-renewable water;

(B) as a royalty, shut-in-well payment, take-or-pay payment or bonus; or

(C) from a working interest or any other interest not provided for in paragraph (1) or (2) or subparagraph (A) or (B).

(b) This section applies to an interest owned or held by a fiduciary whether or not a settlor was extracting minerals, water or other natural resources before the fiduciary owned or held the interest.

(c) An allocation of a receipt under subsection (a)(3) is presumed to be equitable if the amount allocated to principal is equal to the amount allowed by the internal revenue code of 1986 as a deduction for depletion of the interest.

(d) If a fiduciary owns or holds an interest in minerals, water or other natural resources before July 1, 2021, the fiduciary may allocate receipts from the interest as provided in this section or in the manner used by the fiduciary before July 1, 2021. If the fiduciary acquires an interest in minerals, water or other natural resources on or after July 1, 2021, the fiduciary shall allocate receipts from the interest as provided in this section.

History: L. 2021, ch. 63, § 27; July 1.