
2001 SALES AND SERVICE ACTIVITIES

Effective: December 1986
Revised: January 2017
Last Reviewed: January 2017
Responsible Office: Office of Research Services
Approval: Associate VP for Research Services

PURPOSE

The University engages in sales and service activities in support of its mission of instruction, research and public service.

POLICY

1. Sales and service activities are generally limited to those activities that are substantially related to the University's exempt purposes of instruction, research and public service. Even though the University primarily engages in sales & services related to its mission, there can be other sales or services activity that are not mission related.

These non-mission related activities can be classified in two general categories; sale of" tangible personal property" and "Fee for Services" activities.

Tangible Personal Property- is property that can be seen, weighed, measured, felt and touched. Examples of sold tangible property would be the sale of computers, software, equipment, supplies, books, etc.

Fee for Service - Activities that include both Facilities or Equipment Use Arrangements, and Services Arrangements. Requests by a third person to rent or otherwise use University equipment or research facilities, on a limited basis, for a purpose unrelated to research being conducted at the University, and without any assistance or intellectual input from University personnel, are proposed Facilities or Equipment Use Arrangements. Requests by a third person to have a University faculty member, staff member or student perform non-research-related and technical services, using University facilities or equipment, on a limited basis, for the sole or principal benefit of the third person, are one type of proposed Services Arrangements.

Fee for service arrangements may exist for scientific, or research-oriented, activities, or for professional consulting in the fields of business, education and community service. Scientific/research-oriented agreements will typically be considered fee-for-service when the following conditions exists:

- a. *The facilities or equipment, or the services to be performed, is not commonly available to the public, or readily available from a private entity provider. The facilities or equipment*

must be provided at a predetermined, fixed price (e.g., hourly or daily rate to use the facility or equipment, or to perform the specialized services.)

- b. The service does not involve any intellectual contribution from University faculty, staff or students. (e.g., no design advice, no analysis of data or results,.) The proposed payor designs and defines the project without contribution from University faculty, staff or students.*
- c. No intellectual property or new knowledge is anticipated to result from the activity or service. The project does not involve the exploration or testing of a hypothesis with an outcome that is unknown at the beginning of the project.*
- d. No publications are anticipated and there is no intent to publish.*
- e. It is not anticipated that the University will subcontract any portion of the services to an outside party.*

A project that requires the academic expertise or unique, specialized skills of University faculty, staff or students, that is not professional consulting in the fields of business, education, or community service is a sponsored program, and not a sales or service activity, and is subject to all of the sponsored program policies.

2. All proposed new sales and service activities must be reviewed by the Office of the Comptroller for possible unrelated business taxable income (UBTI) considerations and, for Facilities or Equipment Use arrangements, possible sales and use tax.
3. Accounting for sales and service activity will be in accordance with the AICPA Audit Guide for Colleges and Universities.
4. Sale and service activity that is transacted on credit cards is subject policy 2006 – Credit Card Sales PCI Compliance.
5. All Fee for Service activity should be documented with a contract or other documentation acceptable to the Office of Research Services or and Office of the General Counsel