

## UC Davis Policy and Procedure Manual

### Chapter 340, Rates, Recharges and Sales Activities

#### Section 09, Sales of University Goods and Services to Non-University Users

Date: 7/25/11

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Responsible Department: Accounting & Financial Services

Source Document: Business and Finance Bulletin A-56, Academic Support Unit Costing and Billing Guidelines; Business and Finance Bulletin A-61, Procedures for Determining Unrelated Business Income and Expenses

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#### I. Purpose

This section provides the policy for determining the types of sales and services that may be permitted to non-University users under special circumstances.

#### II. Definition

Non-University—organizations that are not departments of or directly affiliated with the University of California, and individuals acting in their own behalf.

#### III. Policy

- A. Sales of goods or services to non-University users may be made by units authorized to sell to the public (e.g., UC Davis Stores, Bargain Barn).
- B. Other departments, such as academic departments and service activities, may make such sales only under the following conditions:
  1. Service to University users will not be impaired as a result; and
  2. Such sale is related to the University's mission of teaching, research, and public service (for example, the work will yield data of value to ongoing University research or will provide students with training in specialized techniques); or
  3. The goods or services are not reasonably available elsewhere and the sale is not otherwise inconsistent with University objectives.
- C. Department heads may authorize, in advance, sales with total annual income under \$5000, excluding those transactions described in IV, below.
  1. Goods or services provided on a rate basis must be authorized by the appropriate dean or vice chancellor.
  2. If the goods or services are provided internally (recharged), the rate must provide for full recovery of University costs (see Section 340-25).
- D. Proceeds from sales of all goods or services must be collected immediately (see Section 330-55) or be invoiced through Accounts Receivable (see Section 330-89).
- E. Sales taxes must be collected and remitted (see Section 340-06).
- F. Income generated by activities or programs not substantially related to the University's tax-exempt functions of education and research is considered unrelated business income and may be subject to Federal income taxation (see [Unrelated Business Income – Tax Status and Determination Guide](#)).

#### IV. Exclusions

The following transaction types are specifically excluded from this policy:

- A. Transactions involving specific terms and conditions (such as warranties, penalties for late delivery, or acceptance of liability for loss or damage) must be processed through Business

Contracts (see Section 330-05). This includes transactions for which the buyer has submitted a purchase order containing terms and conditions.

- B. Surplus property, such as equipment and office furniture, may be sold only through the Bargain Barn (see Section 350-80).
- C. Sales of property purchased through extramurally funded grants and contracts must conform to the terms and conditions of those documents. (See Sections 350-80 and 350-55.)
- D. Sale of surplus animals, animal products, or agricultural products (see Section 340-30).
- E. Instructional materials (e.g., syllabi, teaching aids) sold to students (see Section 210-80).

#### **V. Further Information**

- A. Information on processing a Business Contract is available at <http://purchasing.ucdavis.edu/geninfo/bclifecycle.cfm>. Business Agreement Requests for UCDHS are available at <http://intranet.ucdmc.ucdavis.edu/contracts>.
- B. Accounting & Financial Services can provide information regarding billing, collection, maintenance of accounts, and unrelated business income tax liability.

#### **VI. References and Related Policy**

- A. Office of the President
  - 1. University Policy on Activities Generating Unrelated Business Income.
  - 2. Business and Finance Bulletins:
    - a. A-56, Academic Support Unit Costing and Billing Guidelines.
    - b. A-61, Procedures for Determining Unrelated Business Income and Expenses.
- B. Academic Personnel Manual Section 020, Special Services to Individuals and Organizations.
- C. UCD Policy & Procedure Manual:
  - 1. Section 210-80, Sales of Syllabi and Other Teaching Aids.
  - 2. Section 330-05, Business Contracts
  - 3. Section 330-55, Departmental Cashiering Operations.
  - 4. Section 330-89, Billing for Accounts Receivable.
  - 5. Section 340-06, State Sales and Use Tax Collections.
  - 6. Section 340-25, Recharge Activities.
  - 7. Section 340-30, Disposal of Agricultural By-Products.
  - 8. Section 350-55, Care and Control of Equipment.
  - 9. Section 350-80, Disposition of Excess and Surplus Property.