



Board Policy 7.6 Sales of Products and Services

Part 1. Purpose

In support of the mission, colleges and universities have opportunities and are encouraged to generate revenues through the sale of certain products and services.

Part 2. Scope

This policy identifies and defines the circumstances in which colleges and universities may engage in the direct sale of products and services. This policy shall not apply to:

- items covered under Board Policy 5.11 Tuition and Fees including tuition, required fees, campus discretionary fees and revenue fund fees,
- items covered under Board Policy 6.7 Real Estate Transaction and Management and the associated procedures, or
- any other revenue generating activity separately regulated by Board of Trustees policies.

Part 3. Authority

Colleges and universities, in accordance with Minnesota Statutes, may engage in the direct sale of products and services to individuals, groups, or external entities when the production of those products or services substantially support the mission of Minnesota State.

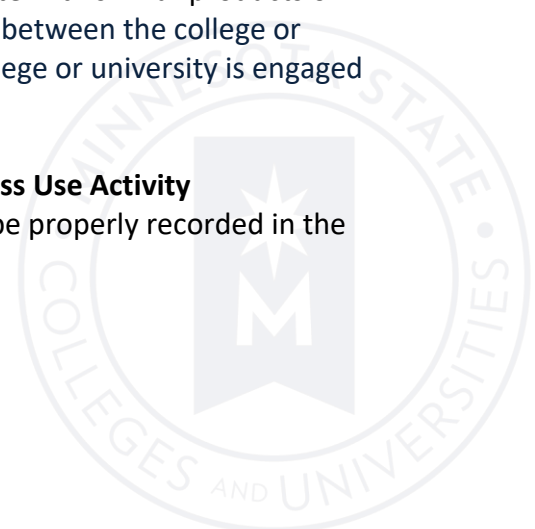
Direct sales of products and services means an exchange by a college or university of tangible or intangible property or service with external customers for monetary consideration.

Part 4. Private Sector Competition

Colleges and universities have a responsibility to consider carefully any decision to provide supplemental or incidental products and services to students, faculty, staff, or the public at large where the products and services to be provided might compete with similar products or services offered by the private sector. Some degree of competition between the college or university and the private sector is unavoidable, even when the college or university is engaged in the narrowest pursuit of its mission.

Part 5. Accounting, Unrelated Business Income and Private Business Use Activity

All accounting activities for the sale of products and services must be properly recorded in the Minnesota State financial management systems.



Minnesota State is subject to unrelated business income tax (UBIT) on revenues derived from trade or business activities that are regularly carried on and that are not substantially related to its mission. Each college and university bears the tax liability for any UBIT activities it conducts.

Use of Minnesota State buildings may generate Private Business Use (PBU), which results from any use of Minnesota State buildings and property for trade or business by a person or non-governmental entity as defined by the Internal Revenue Service (IRS). This definition includes any ownership, lease, management or use of buildings or property that benefits a non-governmental entity. All sales of products and services that result in private business use must be reviewed and approved by the Vice Chancellor for Finance and Facilities to ensure compliance with Minnesota Management and Budget debt rules and regulations.

Part 6. Delegations and Responsibilities.

The board delegates to the chancellor the authority to manage all activity associated with required fees, campus discretionary fees and revenue fund fees as well as the sale of all other products and services to the extent practicable in accordance with Minnesota Statutes, Board policy, and system procedures.

Where delegated by the chancellor, the president is responsible for managing all activity associated with required fees, campus discretionary fees and revenue fund fees as well as the sale of all other products and services for a college or university in conformance with Minnesota statutes, Board policies and system procedures.

Colleges and universities must regularly review the sales of products and services to ensure compliance with Minnesota statutes, Board policies and system procedures, including Procedure 7.6.1 Sales of Products and Services.

Part 7. Reporting. The board will be periodically updated on college and university sales activities on an exception reporting basis.

Date of Adoption: 06/21/20
Date of Implementation: 06/21/20
Date of Last Review: 06/18/25

Date and Subject of Amendments:

06/18/25 – Full Review. Changed policy name to Sales of Products and Services. Created exclusions for items already covered by Board Policy 5.11 Tuition and Fees and Board Policy 6.7 Real Estate Transaction and Management. Outlined factors for determining whether or not to engage in a sales activity. Established requirements for accounting, unrelated business income tax and private business use. Clarified delegations and aligned terms to other board policies.

Additional HISTORY