

Surplus Property Sales

Authority This Guide Memo was approved by the Associate Vice President for Research Administration.

Summary This Guide Memo covers sale of surplus University property. Section headings are:

1. AUTHORITY TO TRANSACT SALES
2. SALES TAX
3. BASIC SALE POLICIES
4. SALES REQUIRING PARTICULAR CAUTION
5. PURCHASES FROM STATE AGENCY FOR SURPLUS PROPERTY

1. AUTHORITY TO TRANSACT SALES

- a. Surplus Property Sales Office** – The mission of the Surplus Property Sales office (SPS) is sell University property for the best possible price while ensuring responsible handling of excess assets and contributing to campus-wide sustainability initiatives. The Board of Trustees has authorized only SPS to perform this function (Resolution Number 3 September 13, 1983). Therefore, the only entity authorized to sell tangible personal property (hereafter referred to as “property”) to non-Stanford entities is SPS.

For the purpose of this document property is defined as capital and non-capital assets including, but not limited to, equipment and accessories, furniture, vehicles, or supplies.

- b. University Departments** – Departments may transfer property to other departments, either for no charge or for credit to departmental accounts. The *ReUse* website at <http://reuse.stanford.edu> is available to facilitate viewing and posting items available for interdepartmental transfer.

The transferring and receiving departments must notify the Department Property Administrator (DPA) and Property Service Representative (PSR) of a transfer. Refer to the *Property Manual*, <http://ora.stanford.edu/ora/pmo/manual/default.asp> for transfer procedures.

Departments may not give, sell or donate property to individuals, including Stanford employees and students, or to non-Stanford entities including non-profits. If a department arranges a buyer to purchase property, the sale amount must be approved and set by SPS and the transaction must go through SPS. The check from the buyer must be made payable to Stanford University Surplus Sales, must include sales tax, and must be delivered to Surplus Property Sales for deposit. Contact the Property Management Office (PMO), <http://ora.stanford.edu/ora/pmo/default.asp>, for more information regarding policies related to donating University property.

2. SALES TAX

- a. Transfer Between University Departments** – Because title to the item remains in the University, there is no sales tax on a transfer to another University department.
- b. Sales or Transfers to Related Organizations** – Sales tax applies when a University department transfers property, for consideration, to an affiliated organization that is not a part of the University.
- c. Sales to Individuals and Outside Organizations** – Sales tax applies.

3. BASIC SALE POLICIES

- a. Request Form and Routing** –

- (1) **Capital Equipment** – Departments must notify their DPA of excess property. The DPA enters an excess request in the Sunflower database to initiate a sale .
- (2) **Non-Capital property** – Departments must notify their Department Property Administrator (DPA) of excess property. The DPA enters a non-barcode excess request in the Sunflower database to initiate a sale. Other procedures below are the same for both capital and non-capital property.

The *Property Manual*, at <http://ora.stanford.edu/ora/pmo/manual/default.asp> contains detailed information. The Sunflower User Guide is at (http://ora.stanford.edu/ora/pmo/dpa_resources/sunflower_guide.asp).

- b. **Sales Commission** – SPS retains a percentage of all sales based on the SPS Fee Structure for purposes of offsetting operating expenses. The SPS Fee Structure is reviewed and approved annually as part of the University's budget process. See <http://surplus.stanford.edu> for additional details.
- c. **Sales Expense** – Any expenses related to the sale of an item will be deducted from the proceeds of the sale or charged to the department if no sale occurs. Sales expenses may include, but are not limited to: advertising fees; brokerage or auction fees; diagnostic, registration, smog and repairs of vehicles; moving and disposal expenses.
- d. **Appraisal** – Any appraisal fees will be deducted from the proceeds of the sale, or charged to the department if no sale occurs.
- e. **Proceeds** – The sales proceeds for any University property, including gifts to University departments of personal property, surplus items, scrap and salvage, belong to the University. The net amount from the sale is usually credited to the account provided by the DPA in the excess request.
- f. **Property Pick-up** – SPS provides complimentary pick-up of items which can be picked up by two laborers in a half an hour. Pick-ups are scheduled automatically upon receipt of the excess request. No further action is required by the department. For large items and larger volume of items the department should make arrangements to have items delivered to SPS. Departments may choose to use the Labor Shop in Facilities Operations by visiting <http://facilities.stanford.edu/work.html>, their own internal resources, or an outside vendor. All deliveries to the SPS warehouse must be coordinated in advance with SPS staff and must be accompanied by completed excess requests.
- g. **Delivery** – Buyers are responsible for removing and transporting items they buy.
- h. **Sale Records** – After the property is sold, SPS issues a Bill of Sale to the buyer and a copy is retained by SPS. The buyer may not take possession of the equipment until the payment has been received and the Bill of Sale has been issued. SPS keeps records of all sales transactions and provides summary reports to Office of Research Administration management.
- i. **Equipment Inventory Update** – SPS maintains records of all property that has been sold, scrapped or returned to the department. Sales transactions are logged and reported to the Property Management Office (PMO.)
- j. **Refused Property** – If SPS determines that property is not marketable in its present condition and refurbishing effort is not advisable, SPS will refuse the equipment and the requesting department must dispose of it according to disposal methods described in the Property Manual.
- k. **Non-Marketable Property** – If items are received by SPS which are not in sellable condition, moving expenses and disposal fees may be charged back to the department.

4. SALES REQUIRING PARTICULAR CAUTION

- a. **Property Bought with Government Funds or other Sponsor Funds** – Prior to any excess request; the DPA must verify title and disposition instructions for tangible personal property and fabrications. For more information about property ownership, see the *Property Manual*, <http://ora.stanford.edu/ora/pmo/manual/default.asp>.
 - (1) **Government Funded, Stanford Titled Capital Equipment** – If the equipment is no longer needed for the original project, it may, under certain circumstances, be loaned or transferred to another project. Contact your Property Service Representative for further guidance and documentation instructions. See <http://ora.stanford.edu/ora/pmo/psr/default.asp>.
 - (2) **Government- or Other Sponsor-Owned Equipment** – Sponsor authorization is required prior to disposal or sale. The DPA must work in collaboration with PMO on any sponsor-owned sales transaction. Contact your Property Service Representative for further instructions. See <http://ora.stanford.edu/ora/pmo/psr/default.asp>.

- b. **Donated Equipment** – Internal Revenue Service requirements may restrict or prohibit sale of donated equipment. See Guide Memo 42.2, Records of Donated Equipment, http://adminguide.stanford.edu/42_2.pdf, for more information.
- c. **Hazardous Equipment** –
- (1) **Contamination Risk** – For property that might be contaminated, the department must contact the Department of Environmental Health & Safety (EH&S), which can assist and advise on cleaning the equipment before the department submits the Sunflower excess request. A list of items that must be sanitized is available at <http://www.stanford.edu/dept/EHS/prod/>.

Items that require sanitization must have a letter confirming sanitization attached to the unit prior to being picked up or delivered to SPS.
 - (2) **Injury Potential** – If a piece of property might cause injury to someone browsing through SPS's inventory, the department must state it in the excess request and affix a caution note on the equipment. SPS and the department will discuss whether the property should remain with the department, so that only people familiar with the equipment will handle it.
 - (3) **Government Safety Standards** – If a piece of equipment does not meet applicable government safety standards, the department must state it in the excess request.
- d. **Software and Sensitive Data** – Before delivery to SPS for sale, the selling department must take steps to permanently remove University licensed software or University proprietary information from any computer or computer peripheral device. Contact PMO for a Data Destruction (D2 kit) and visit http://www.stanford.edu/group/security/securecomputing/data_destruction_guidelines.html for a complete description of University policy regarding data sanitization. Special care should be taken with licensed application software to ensure that the terms of the licensing agreement regarding sale or transfer have been observed.