CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1497

Chapter 181, Laws of 1993

53rd Legislature
1993 Regular Session

APPROVAL OF FOREIGN BRANCH CAMPUSSES

EFFECTIVE DATE: 7/25/93

Passed by the House March 15, 1993
Yeas 97  Nays 0

BRIAN EBERSOLE
Speaker of the
House of Representatives

Passed by the Senate April 15, 1993
Yeas 44  Nays 0

JOEL PRITCHARD
President of the Senate

CERTIFICATE

I, Alan Thompson, Chief Clerk of the
House of Representatives of the State
of Washington, do hereby certify that
the attached is SUBSTITUTE HOUSE BILL
1497 as passed by the House of
Representatives and the Senate on the
dates hereon set forth.

JOEL PRITCHARD
President of the Senate

ALAN THOMPSON
Chief Clerk

MIKE LOWRY
Governor of the State of Washington

Approved April 30, 1993

FILED

April 30, 1993 - 2:44 p.m.

MIKE LOWRY
Secretary of State
State of Washington
AN ACT Relating to accredited foreign branch campuses; amending RCW 23B.15.010, 24.03.305, and 82.04.170; adding a new section to chapter 23B.15 RCW; adding a new section to chapter 24.03 RCW; adding a new section to chapter 28B.85 RCW; adding a new section to chapter 50.04 RCW; adding a new section to chapter 51.12 RCW; adding a new section to chapter 82.04 RCW; and adding a new chapter to Title 28B RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. Sec. 1. The legislature finds that it has previously declared in RCW 28B.107.005 that it is important to the economic future of the state to promote international awareness and understanding, and in RCW 1.20.100 and 28A.630.300, that the state’s economy and economic well-being depends heavily on foreign trade and international exchange.

The legislature finds that it is appropriate that such policies should be implemented by encouraging universities and colleges domiciled in foreign countries to establish branch campuses in Washington and that it is also important to those foreign colleges and universities that their status as authorized foreign degree-granting institutions be recognized by this state to facilitate the establishment and operation of such branch campuses.
In the furtherance of such policy, the legislature adopts the foreign degree-granting institution approved branch campus act.

**NEW SECTION. Sec. 2.** Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Degree" means any designation, appellation, certificate, letters or words including, but not limited to, "associate," "bachelor," "masters," "doctorate," or "fellow" that signifies, or purports to signify, satisfactory and successful completion of requirements of a postsecondary academic program of study.

(2) "Foreign degree-granting institution" means a public or private college or university, either profit or nonprofit:

(a) That is domiciled in a foreign country;

(b) That offers in its country of domicile credentials, instruction, or services prerequisite to the obtaining of an academic or professional degree granted by such college or university; and

(c) That is authorized under the laws or regulations of its country of domicile to operate a degree-granting institution in that country.

(3) "Approved branch campus" means a foreign degree-granting institution’s branch campus that has been approved by the higher education coordinating board to operate in the state.

(4) "Branch campus" means an educational facility located in the state that:

(a) Is either owned and operated directly by a foreign degree-granting institution or indirectly through a Washington profit or nonprofit corporation in which the foreign degree-granting institution is the sole or controlling shareholder or member; and

(b) Provides courses solely and exclusively to students enrolled in a degree-granting program offered by the foreign degree-granting institution who:

(i) Have received academic credit for courses of study completed at the foreign degree-granting institution in its country of domicile;

(ii) Will receive academic credit towards their degree from the foreign degree-granting institution for the courses of study completed at the educational facility in the state; and

(iii) Will return to the foreign degree-granting institution in its country of domicile for completion of their degree-granting program or receipt of their degree.
NEW SECTION. Sec. 3. A foreign degree-granting institution that submits evidence satisfactory to the board of its authorized status in its country of domicile and its intent to establish an educational facility in the state is entitled to operate a branch campus in the state. Upon receipt of the satisfactory evidence, the board shall certify that the branch campus of the foreign degree-granting institution is approved to operate in the state under this chapter, for as long as the foreign degree-granting institution retains its authorized status in its country of domicile.

NEW SECTION. Sec. 4. A branch campus of a foreign degree-granting institution previously found by the board to be exempt from chapter 28B.85 RCW may continue to operate in the state. However, within one year of the effective date of this section, the institution shall provide evidence of authorization as required under section 3 of this act. Upon receipt of the satisfactory evidence, the board shall certify that the branch campus of the foreign degree-granting institution is approved to operate in the state under this chapter.

NEW SECTION. Sec. 5. A new section is added to chapter 23B.15 RCW to read as follows:

In addition to those acts that are specified in RCW 23B.15.010(2), a foreign degree-granting institution that establishes an approved branch campus in the state under chapter 28B.-- RCW (sections 1 through 4 of this act) shall not be deemed to transact business in the state solely because it:

(1) Owns and controls an incorporated branch campus in this state;
(2) Pays the expenses of tuition, or room and board charged by the incorporated branch campus for its students enrolled at the branch campus or contributes to the capital thereof; or
(3) Provides personnel who furnish assistance and counsel to its students while in the state but who have no authority to enter into any transactions for or on behalf of the foreign degree-granting institution.

NEW SECTION. Sec. 6. A new section is added to chapter 24.03 RCW to read as follows:
In addition to those acts that are specified in RCW 24.03.305 (1) through (11), a foreign degree-granting institution that establishes an approved branch campus in the state under chapter 28B.-- RCW (sections 1 through 4 of this act) shall not be deemed to transact business in the state solely because it:

(1) Owns and controls an incorporated branch campus in this state;
(2) Pays the expenses of tuition, or room and board charged by the incorporated branch campus for its students enrolled at the branch campus or contributes to the capital thereof; or
(3) Provides personnel who furnish assistance and counsel to its students while in the state but who have no authority to enter into any transactions for or on behalf of the foreign degree-granting institution.

NEW SECTION. Sec. 7. A new section is added to chapter 28B.85 RCW to read as follows:
This chapter shall not apply to any approved branch campus of a foreign degree-granting institution in compliance with chapter 28B.-- RCW (sections 1 through 4 of this act).

NEW SECTION. Sec. 8. A new section is added to chapter 50.04 RCW to read as follows:
The services of employees of a foreign degree-granting institution who are nonimmigrant aliens under the immigration laws of the United States, shall, for the purposes of RCW 50.04.120, be considered to be localized or principally localized, in the country of domicile of the foreign degree-granting institution as defined in section 2 of this act in those instances where the income of those employees would be exempt from taxation by virtue of the terms and provisions of any treaty between the United States and the country of domicile of the foreign degree-granting institution. However, a foreign degree-granting institution is not precluded from otherwise establishing that a nonimmigrant employee’s services are, for the purpose of such statutes, principally located in its country of domicile.

NEW SECTION. Sec. 9. A new section is added to chapter 51.12 RCW to read as follows:
The services of employees of a foreign degree-granting institution who are nonimmigrant aliens under the immigration laws of the United States, shall, for the purposes of RCW 51.12.020, be considered to be localized or principally localized, in the country of domicile of the foreign degree-granting institution as defined in section 2 of this act in those instances where the income of those employees would be exempt from taxation by virtue of the terms and provisions of any treaty between the United States and the country of domicile of the foreign degree-granting institution. However, a foreign degree-granting institution is not precluded from otherwise establishing that a nonimmigrant employee’s services are, for the purpose of such statutes, principally located in its country of domicile.
States, shall, for the purposes of RCW 51.12.120, be considered to be localized or principally localized, in the country of domicile of the foreign degree-granting institution as defined in section 2 of this act in those instances where the income of those employees would be exempt from taxation by virtue of the terms and provisions of any treaty between the United States and the country of domicile of the foreign degree-granting institution. However, a foreign degree-granting institution is not precluded from otherwise establishing that a nonimmigrant employee’s services are, for the purpose of such statutes, principally located in its country of domicile.

NEW SECTION. Sec. 10. A new section is added to chapter 82.04 RCW to read as follows:

An approved branch campus of a foreign degree-granting institution in compliance with chapter 28B.--- RCW (sections 1 through 4 of this act) is considered an educational institution for the purpose of the deduction of tuition fees provided by RCW 82.04.170 in those instances where it is recognized as an organization exempt from income taxes pursuant to 26 U.S.C. Sec. 501(c).

Sec. 11. RCW 23B.15.010 and 1990 c 178 s 7 are each amended to read as follows:

(1) Unless it is otherwise authorized to transact business pursuant to a state or federal statute, a foreign corporation may not transact business in this state until it obtains a certificate of authority from the secretary of state.

(2) The following activities, among others, do not constitute transacting business within the meaning of subsection (1) of this section:

(a) Maintaining or defending any action or suit or any administrative or arbitration proceeding, or effecting the settlement thereof or the settlement of claims or disputes;

(b) Holding meetings of the board of directors or shareholders or carrying on other activities concerning internal corporate affairs;

(c) Maintaining bank accounts, share accounts in savings and loan associations, custodian or agency arrangements with a bank or trust company, or stock or bond brokerage accounts;
(d) Maintaining offices or agencies for the transfer, exchange, and registration of the corporation’s own securities or maintaining trustees or depositaries with respect to those securities;
(e) Selling through independent contractors;
(f) Soliciting or procuring orders, whether by mail or through employees or agents or otherwise, where the orders require acceptance outside this state before becoming binding contracts and where the contracts do not involve any local performance other than delivery and installation;
(g) Making loans or creating or acquiring evidences of debt, mortgages, or liens on real or personal property, or recording same;
(h) Securing or collecting debts or enforcing mortgages and security interests in property securing the debts;
(i) Owning, without more, real or personal property;
(j) Conducting an isolated transaction that is completed within thirty days and that is not one in the course of repeated transactions of a like nature;
(k) Transacting business in interstate commerce; ((or))
l) Owning and controlling a subsidiary corporation incorporated in or transacting business within this state; or
(m) Operating an approved branch campus of a foreign degree-granting institution in compliance with chapter 28B.-- RCW (sections 1 through 4 of this act) and in accordance with section 5 of this act.
(3) The list of activities in subsection (2) of this section is not exhaustive.

Sec. 12. RCW 24.03.305 and 1986 c 240 s 43 are each amended to read as follows:

No foreign corporation shall have the right to conduct affairs in this state until it shall have procured a certificate of authority so to do from the secretary of state. No foreign corporation shall be entitled to procure a certificate of authority under this chapter to conduct in this state any affairs which a corporation organized under this chapter is not permitted to conduct. A foreign corporation shall not be denied a certificate of authority by reason of the fact that the laws of the state or country under which such corporation is organized governing its organization and internal affairs differ from the laws of this state, and nothing in this chapter contained shall be construed to
authorize this state to regulate the organization or the internal affairs of such corporation.
Without excluding other activities which may not constitute conducting affairs in this state, a foreign corporation shall not be considered to be conducting affairs in this state, for the purposes of this chapter, by reason of carrying on in this state any one or more of the following activities:

1. Maintaining or defending any action or suit or any administrative or arbitration proceeding, or effecting the settlement thereof or the settlement of claims or disputes.
2. Holding meetings of its directors or members or carrying on other activities concerning its internal affairs.
4. Creating evidences of debt, mortgages or liens on real or personal property.
5. Securing or collecting debts due to it or enforcing any rights in property securing the same.
6. Effecting sales through independent contractors.
7. Soliciting or procuring orders, whether by mail or through employees or agents or otherwise, where such orders require acceptance without this state before becoming binding contracts.
8. Creating as borrower or lender, or acquiring, indebtedness or mortgages or other security interests in real or personal property.
9. Securing or collecting debts or enforcing any rights in property securing the same.
10. Transacting any business in interstate commerce.
11. Conducting an isolated transaction completed within a period of thirty days and not in the course of a number of repeated transactions of like nature.
12. Operating an approved branch campus of a foreign degree-granting institution in compliance with chapter 28B.-- RCW (sections 1 through 4 of this act) and in accordance with section 6 of this act.

Sec. 13. RCW 82.04.170 and 1992 c 206 s 1 are each amended to read as follows:
"Tuition fee" includes library, laboratory, health service and other special fees, and amounts charged for room and board by an educational institution when the property or service for which such charges are made is furnished exclusively to the students or faculty of
such institution. "Educational institution," as used in this section, means only those institutions created or generally accredited as such by the state, or an approved branch campus of a foreign degree-granting institution in compliance with chapter 28B.-- RCW (sections 1 through 4 of this act), and in accordance with section 10 of this act or defined as a degree-granting institution under RCW 28B.85.010(3) and accredited by an accrediting association recognized by the United States secretary of education, and offering to students an educational program of a general academic nature or those institutions which are not operated for profit and which are privately endowed under a deed of trust to offer instruction in trade, industry, and agriculture, but not including specialty schools, business colleges, other trade schools, or similar institutions.

NEW SECTION. Sec. 14. Sections 1 through 4 of this act shall constitute a new chapter in Title 28B RCW.

Passed the House March 15, 1993.
Passed the Senate April 15, 1993.
Approved by the Governor April 30, 1993.
Filed in Office of Secretary of State April 30, 1993.