

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1497

Chapter 181, Laws of 1993

53rd Legislature
1993 Regular Session

APPROVAL OF FOREIGN BRANCH CAMPUSES

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

Approved April 30, 1993

MIKE LOWRY
Governor of the State of Washington

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.

ALAN THOMPSON
Chief Clerk

FILED

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

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1497

Passed Legislature - 1993 Regular Session

State of Washington 53rd Legislature 1993 Regular Session

By House Committee on Higher Education (originally sponsored by Representative Dellwo)

Read first time 03/03/93.

1 AN ACT Relating to accredited foreign branch campuses; amending RCW
2 23B.15.010, 24.03.305, and 82.04.170; adding a new section to chapter
3 23B.15 RCW; adding a new section to chapter 24.03 RCW; adding a new
4 section to chapter 28B.85 RCW; adding a new section to chapter 50.04
5 RCW; adding a new section to chapter 51.12 RCW; adding a new section to
6 chapter 82.04 RCW; and adding a new chapter to Title 28B RCW.

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

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

13 The legislature finds that it is appropriate that such policies
14 should be implemented by encouraging universities and colleges
15 domiciled in foreign countries to establish branch campuses in
16 Washington and that it is also important to those foreign colleges and
17 universities that their status as authorized foreign degree-granting
18 institutions be recognized by this state to facilitate the
19 establishment and operation of such branch campuses.

1 In the furtherance of such policy, the legislature adopts the
2 foreign degree-granting institution approved branch campus act.

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

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

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

13 (a) That is domiciled in a foreign country;

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

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

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

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

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

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

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

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

36 (iii) Will return to the foreign degree-granting institution in its
37 country of domicile for completion of their degree-granting program or
38 receipt of their degree.

1 (5) "Board" means the higher education coordinating board.

2 NEW SECTION. **Sec. 3.** A foreign degree-granting institution that
3 submits evidence satisfactory to the board of its authorized status in
4 its country of domicile and its intent to establish an educational
5 facility in the state is entitled to operate a branch campus in the
6 state. Upon receipt of the satisfactory evidence, the board shall
7 certify that the branch campus of the foreign degree-granting
8 institution is approved to operate in the state under this chapter, for
9 as long as the foreign degree-granting institution retains its
10 authorized status in its country of domicile.

11 NEW SECTION. **Sec. 4.** A branch campus of a foreign degree-granting
12 institution previously found by the board to be exempt from chapter
13 28B.85 RCW may continue to operate in the state. However, within one
14 year of the effective date of this section, the institution shall
15 provide evidence of authorization as required under section 3 of this
16 act. Upon receipt of the satisfactory evidence, the board shall
17 certify that the branch campus of the foreign degree-granting
18 institution is approved to operate in the state under this chapter.

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

21 In addition to those acts that are specified in RCW 23B.15.010(2),
22 a foreign degree-granting institution that establishes an approved
23 branch campus in the state under chapter 28B.-- RCW (sections 1 through
24 4 of this act) shall not be deemed to transact business in the state
25 solely because it:

26 (1) Owns and controls an incorporated branch campus in this state;

27 (2) Pays the expenses of tuition, or room and board charged by the
28 incorporated branch campus for its students enrolled at the branch
29 campus or contributes to the capital thereof; or

30 (3) Provides personnel who furnish assistance and counsel to its
31 students while in the state but who have no authority to enter into any
32 transactions for or on behalf of the foreign degree-granting
33 institution.

34 NEW SECTION. **Sec. 6.** A new section is added to chapter 24.03 RCW
35 to read as follows:

1 In addition to those acts that are specified in RCW 24.03.305 (1)
2 through (11), a foreign degree-granting institution that establishes an
3 approved branch campus in the state under chapter 28B.-- RCW (sections
4 1 through 4 of this act) shall not be deemed to transact business in
5 the state solely because it:

6 (1) Owns and controls an incorporated branch campus in this state;

7 (2) Pays the expenses of tuition, or room and board charged by the
8 incorporated branch campus for its students enrolled at the branch
9 campus or contributes to the capital thereof; or

10 (3) Provides personnel who furnish assistance and counsel to its
11 students while in the state but who have no authority to enter into any
12 transactions for or on behalf of the foreign degree-granting
13 institution.

14 NEW SECTION. **Sec. 7.** A new section is added to chapter 28B.85 RCW
15 to read as follows:

16 This chapter shall not apply to any approved branch campus of a
17 foreign degree-granting institution in compliance with chapter 28B.--
18 RCW (sections 1 through 4 of this act).

19 NEW SECTION. **Sec. 8.** A new section is added to chapter 50.04 RCW
20 to read as follows:

21 The services of employees of a foreign degree-granting institution
22 who are nonimmigrant aliens under the immigration laws of the United
23 States, shall, for the purposes of RCW 50.04.120, be considered to be
24 localized or principally localized, in the country of domicile of the
25 foreign degree-granting institution as defined in section 2 of this act
26 in those instances where the income of those employees would be exempt
27 from taxation by virtue of the terms and provisions of any treaty
28 between the United States and the country of domicile of the foreign
29 degree-granting institution. However, a foreign degree-granting
30 institution is not precluded from otherwise establishing that a
31 nonimmigrant employee's services are, for the purpose of such statutes,
32 principally located in its country of domicile.

33 NEW SECTION. **Sec. 9.** A new section is added to chapter 51.12 RCW
34 to read as follows:

35 The services of employees of a foreign degree-granting institution
36 who are nonimmigrant aliens under the immigration laws of the United

1 States, shall, for the purposes of RCW 51.12.120, be considered to be
2 localized or principally localized, in the country of domicile of the
3 foreign degree-granting institution as defined in section 2 of this act
4 in those instances where the income of those employees would be exempt
5 from taxation by virtue of the terms and provisions of any treaty
6 between the United States and the country of domicile of the foreign
7 degree-granting institution. However, a foreign degree-granting
8 institution is not precluded from otherwise establishing that a
9 nonimmigrant employee's services are, for the purpose of such statutes,
10 principally located in its country of domicile.

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

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

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

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

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

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

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

33 (c) Maintaining bank accounts, share accounts in savings and loan
34 associations, custodian or agency arrangements with a bank or trust
35 company, or stock or bond brokerage accounts;

1 (d) Maintaining offices or agencies for the transfer, exchange, and
2 registration of the corporation's own securities or maintaining
3 trustees or depositaries with respect to those securities;

4 (e) Selling through independent contractors;

5 (f) Soliciting or procuring orders, whether by mail or through
6 employees or agents or otherwise, where the orders require acceptance
7 outside this state before becoming binding contracts and where the
8 contracts do not involve any local performance other than delivery and
9 installation;

10 (g) Making loans or creating or acquiring evidences of debt,
11 mortgages, or liens on real or personal property, or recording same;

12 (h) Securing or collecting debts or enforcing mortgages and
13 security interests in property securing the debts;

14 (i) Owning, without more, real or personal property;

15 (j) Conducting an isolated transaction that is completed within
16 thirty days and that is not one in the course of repeated transactions
17 of a like nature;

18 (k) Transacting business in interstate commerce; (~~(o)~~)

19 (l) Owning and controlling a subsidiary corporation incorporated in
20 or transacting business within this state; or

21 (m) Operating an approved branch campus of a foreign degree-
22 granting institution in compliance with chapter 28B.-- RCW (sections 1
23 through 4 of this act) and in accordance with section 5 of this act.

24 (3) The list of activities in subsection (2) of this section is not
25 exhaustive.

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

28 No foreign corporation shall have the right to conduct affairs in
29 this state until it shall have procured a certificate of authority so
30 to do from the secretary of state. No foreign corporation shall be
31 entitled to procure a certificate of authority under this chapter to
32 conduct in this state any affairs which a corporation organized under
33 this chapter is not permitted to conduct. A foreign corporation shall
34 not be denied a certificate of authority by reason of the fact that the
35 laws of the state or country under which such corporation is organized
36 governing its organization and internal affairs differ from the laws of
37 this state, and nothing in this chapter contained shall be construed to

1 authorize this state to regulate the organization or the internal
2 affairs of such corporation.

3 Without excluding other activities which may not constitute
4 conducting affairs in this state, a foreign corporation shall not be
5 considered to be conducting affairs in this state, for the purposes of
6 this chapter, by reason of carrying on in this state any one or more of
7 the following activities:

8 (1) Maintaining or defending any action or suit or any
9 administrative or arbitration proceeding, or effecting the settlement
10 thereof or the settlement of claims or disputes.

11 (2) Holding meetings of its directors or members or carrying on
12 other activities concerning its internal affairs.

13 (3) Maintaining bank accounts.

14 (4) Creating evidences of debt, mortgages or liens on real or
15 personal property.

16 (5) Securing or collecting debts due to it or enforcing any rights
17 in property securing the same.

18 (6) Effecting sales through independent contractors.

19 (7) Soliciting or procuring orders, whether by mail or through
20 employees or agents or otherwise, where such orders require acceptance
21 without this state before becoming binding contracts.

22 (8) Creating as borrower or lender, or acquiring, indebtedness or
23 mortgages or other security interests in real or personal property.

24 (9) Securing or collecting debts or enforcing any rights in
25 property securing the same.

26 (10) Transacting any business in interstate commerce.

27 (11) Conducting an isolated transaction completed within a period
28 of thirty days and not in the course of a number of repeated
29 transactions of like nature.

30 (12) Operating an approved branch campus of a foreign degree-
31 granting institution in compliance with chapter 28B.-- RCW (sections 1
32 through 4 of this act) and in accordance with section 6 of this act.

33 **Sec. 13.** RCW 82.04.170 and 1992 c 206 s 1 are each amended to read
34 as follows:

35 "Tuition fee" includes library, laboratory, health service and
36 other special fees, and amounts charged for room and board by an
37 educational institution when the property or service for which such
38 charges are made is furnished exclusively to the students or faculty of

1 such institution. "Educational institution," as used in this section,
2 means only those institutions created or generally accredited as such
3 by the state, or an approved branch campus of a foreign degree-granting
4 institution in compliance with chapter 28B.-- RCW (sections 1 through
5 4 of this act), and in accordance with section 10 of this act or
6 defined as a degree-granting institution under RCW 28B.85.010(3) and
7 accredited by an accrediting association recognized by the United
8 States secretary of education, and offering to students an educational
9 program of a general academic nature or those institutions which are
10 not operated for profit and which are privately endowed under a deed of
11 trust to offer instruction in trade, industry, and agriculture, but not
12 including specialty schools, business colleges, other trade schools, or
13 similar institutions.

14 NEW SECTION. **Sec. 14.** Sections 1 through 4 of this act shall
15 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.