

---

**SUBSTITUTE HOUSE BILL 1497**

---

**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.

--- END ---