

**Department of Legislative Services**  
Maryland General Assembly  
2026 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

House Bill 1037

(Delegate Foley, *et al.*)

Environment and Transportation

Finance

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**Public Service Commission - Broadband and Voice Over Internet Protocol  
Service - Study**

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This bill requires the Public Service Commission (PSC) to conduct a study and make recommendations regarding the potential scope, structure, and implementation of PSC oversight of broadband service and Voice over Internet Protocol (VoIP) service in the State. By December 31, 2026, PSC must report its findings and recommendations to the General Assembly, as specified. **The bill takes effect July 1, 2026.**

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**Fiscal Summary**

**State Effect:** PSC can complete the study using existing budgeted resources. Revenues are not affected.

**Local Effect:** The bill does not directly affect local government operations or finances.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** “Broadband service” means a mass-market retail service that provides the capability to transmit data to and receive data from all or substantially all Internet endpoints, including any capabilities that are incidental to and enable the operation of communications services provided by an Internet service provider; it does not include dial-up Internet service.

The study must consider:

- the extent to which federal jurisdiction preempts State regulation of broadband service and VoIP service;
- an appropriate regulatory framework to implement oversight of broadband service and VoIP service that encompasses specified standards, requirements, and processes;
- the applicability of the current regulatory framework for landline telecommunications to the regulation of broadband services and VoIP services;
- the expected cost to PSC to implement the appropriate regulatory framework and obtain the resources necessary to regulate broadband services and VoIP services;
- statutory mechanisms and regulatory mechanisms used in other states to oversee broadband services and VoIP services; and
- any legislative changes that must be enacted to establish PSC's oversight authority.

### **Current Law:**

#### *Public Service Commission*

PSC regulates public service companies and exercises jurisdiction over electric distribution companies and electricity suppliers, gas distribution companies and gas suppliers, combination gas and electric distribution companies, telecommunications companies, water companies, sewage disposal companies, combined water and sewage disposal companies, common carriers (passenger-for-hire motor vehicle companies, vehicles, and drivers, including transportation network companies and operators; railroad companies; and certain taxicab companies and driver permits), and intrastate pipelines. PSC's jurisdiction over railroad companies is secondary to federal jurisdiction.

PSC's jurisdiction is limited to services that are provided within Maryland. Services between Maryland and one or more other states fall under the jurisdiction of federal entities, including the Federal Energy Regulatory Commission, which regulates the interstate and wholesale activities of gas and electric utilities; the Federal Communications Commission (FCC), which regulates interstate telephone service; and the U.S. Department of Transportation, which retains limited jurisdiction over interstate commercial carriers and related services.

#### *Voice Over Internet Protocol Service*

“VoIP service” is defined in the Public Utilities Article to mean any service that enables real-time two-way voice communications that originate from or terminate to the subscriber end user's location requiring Internet protocol or any successor protocol to Internet

protocol and requires a broadband connection from the user's location. It includes any such service that permits users generally to receive calls that originate on the public switched telephone network and to terminate calls to the public switched telephone network.

Section 8-602 of the Public Utilities Article expressly states that PSC does *not* have jurisdiction over the regulation of VoIP services, including the imposition of regulatory fees, certification requirements, and the filing or approval of tariffs. As noted above, interstate telephone service is regulated by FCC.

### *Broadband Service Regulation and the Office of Statewide Broadband*

There are no State laws that directly prohibit or authorize the regulation of broadband service in the State; similar to VoIP, broadband service is regulated by FCC. Most references to broadband service in State law are related to the fair and equitable deployment of broadband service throughout the State and, most notably, the Office of Statewide Broadband (OSB).

Specifically, Chapter 74 of 2021 established OSB within the Department of Housing and Community Development as the successor to the Office of Rural Broadband and charged OSB with expanded responsibilities relating to planning, data collection, outreach, and intergovernmental coordination. Notably, the Act required OSB to prepare a statewide plan ensuring universal, affordable, reliable broadband Internet connectivity exceeding specified federal standards by December 31, 2026. OSB must report annually to the Governor and the General Assembly on the progress of the State's efforts to develop and implement the statewide plan, among other things.

Chapter 74 also established (1) the Digital Inclusion Fund, to provide a competitive grant program to support capacity building for local governments and nonprofit organizations seeking to further access to high-speed Internet and implement programs to expand digital literacy and (2) the Digital Connectivity Fund, to assist in the establishment and expansion of affordable broadband communication services in disconnected areas and communities in the State. In addition, the Act transferred the existing Rural Broadband Assistance Fund from the Department of Commerce to OSB. The purpose of the Rural Broadband Assistance Fund is to assist in the establishment of broadband communication services in rural and underserved areas of the State.

**Additional Comments:** There are various locally owned and operated broadband networks operating in the State, such as the [Easton Utilities network](#) and [Westminster Fiber Network](#).

## **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** SB 605 (Senator M. Washington) - Finance.

**Information Source(s):** Public Service Commission; Department of Information Technology; Office of the Attorney General (Consumer Protection Division); Department of Housing and Community Development; Office of People's Counsel; Maryland Municipal League; City of Westminster; Town of Easton; Department of Legislative Services

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