Senate Bill 605

Position: Unfavorable
Committee: Finance
Date: February 26, 2026

Founded in 1968, the Maryland Chamber of Commerce ("Maryland Chamber") is a statewide coalition of more than 7,000 members working to develop and promote strong public policy that ensures sustained economic growth and opportunity for all Marylanders.

While the goal of expanding reliable and affordable broadband access is one we all share, SB 605 represents an unprecedented expansion of state utility-style regulation over broadband and VoIP services. No state has adopted this regulatory model. By placing broadband services under traditional Public Service Commission oversight, Maryland would become a national outlier—imposing heavy, utility-style regulation on services that have thrived under a light-touch federal framework designed to promote innovation and investment.

First, SB 605 raises serious federal preemption concerns. The Communications Act of 1934, as amended, grants the Federal Communications Commission exclusive authority over interstate and international communications by wire and radio, including satellite communications. State-level utility regulation of satellite broadband operations directly conflicts with long-established federal primacy in this area. Low Earth orbit (LEO) satellite systems operate across state and national borders simultaneously; a single satellite beam can serve customers in multiple states at the same time. A state-by-state regulatory patchwork governing orbital infrastructure is not only legally vulnerable—it is technically unworkable.

Second, the bill risks widening, rather than closing, Maryland's digital divide. LEO satellite broadband is often the only economically viable solution for Maryland's hardest-to-reach rural communities, where terrestrial deployment costs can exceed $100,000 per address in extremely remote areas. Satellite broadband provides immediate statewide coverage, including areas where fiber or cable will never be built. Imposing burdensome regulation on these services will deter investment and deployment—harming the very rural Marylanders who most need reliable broadband. If providers choose to prioritize neighboring states with clearer regulatory frameworks, Maryland could find itself at a competitive disadvantage, with rural residents lacking access to services readily available in Virginia, Pennsylvania, Delaware, and West Virginia.

Third, several provisions of SB 605 are fundamentally incompatible with satellite broadband architecture. The bill appears to assume a terrestrial network model in which providers own and control all infrastructure. LEO systems, however, rely on customer-owned terminals located in homes and businesses. Backup power mandates at customer premises are beyond the operational control of satellite providers. Likewise, granting the Public Service Commission authority to audit "facilities and infrastructure" raises jurisdictional concerns when applied to satellites in orbit, which are regulated exclusively at the federal level. Applying traditional "adequate service" standards designed for terrestrial utilities to dynamic satellite systems—where bandwidth is allocated across coverage areas based on user density—ignores critical architectural differences.

Finally, SB 605 creates substantial regulatory uncertainty and open-ended financial exposure. The Commission's broad authority to impose "remedial actions" for services deemed "unjust, unreasonable, unsafe, improper, or inadequate" introduces subjective standards that could trigger investigations and mandated network changes based on individual complaints. The annual reporting requirement to the General Assembly further risks politicizing technical determinations and incentivizing findings of fault to demonstrate regulatory "progress." As the first state to adopt this approach, Maryland would become a regulatory test case—creating a first-mover disadvantage that discourages innovation and delays next-generation broadband deployment.

In short, SB 605 risks deterring investment, creating legal conflict with federal authority, imposing unworkable compliance burdens, and deepening the digital divide in rural communities. Rather than becoming a regulatory outlier, Maryland should continue to support policies that encourage broadband deployment, foster innovation, and maintain alignment with federal frameworks. **For these reasons, the Maryland Chamber respectfully requests an unfavorable report on SB 605.**