

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 1069
Economic Matters

(Delegate Taylor, *et al.*)

Public Service Commission - Broadband Internet Service

This bill provides that the General Assembly finds that a broadband Internet service provider should not provide or sell to Internet content, application, or service providers any service that provides, degrades, or gives priority to any packet source over that company's broadband Internet access service based on its source, ownership, or destination. The Public Service Commission (PSC) must adopt regulations requiring each broadband provider to submit a quarterly report on the deployment of broadband service that exceeds 768kbps (kilobytes per second). The report must detail where the provider's customers are located and what percentage of households in the service territory subscribe to the provider's broadband service. The report should also state the upload and download data transmission speeds and the average price per megabyte of download transmission speeds for each customer group. All customer locations and data transmission detail must be broken down by zip code plus four. The company shall also report new services and upgrades to existing broadband services in the broadband service territory, broken down by zip code plus four. PSC must publish each report on its web site.

Fiscal Summary

State Effect: None. PSC indicates it could handle the requirements of the bill with existing resources.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: There is no State or federal law prohibiting an Internet service provider from either giving or selling priority to a packet source over that company's broadband Internet access service based on its source, ownership, or destination.

Background: The bill addresses an issue commonly known as "network neutrality." As stated by the National Council of State Governments, "network neutrality" refers to the amount of control that phone and cable companies have over the Internet traffic flowing over their high-speed networks. At the heart of the network neutrality issue is the question of whether the phone and cable companies that control the nation's broadband infrastructure will be able to charge for faster access to some online content and services. Major Internet companies want the U.S. Congress to require broadband providers to treat all Internet traffic equally. These companies, such as Yahoo! Inc. and Amazon, are concerned that without such restrictions, larger telecommunications companies could charge other businesses extra money for priority access to their high-speed networks, offer priority access to subsidiaries or affiliated companies, and that consumers will ultimately pay higher prices for certain online services. On the other hand, companies like AT&T and Verizon insist that they need flexibility to manage network traffic and argue that net neutrality rules amount to the government dictating the activities of a private company.

Legislation addressing network neutrality known as the Internet Freedom Preservation Act has been introduced in the U.S. Senate in 2006 (S.2917) and 2007 (S.215) but no action has been taken. The purpose of this legislation was to ensure that all content, applications, and services are treated equally and fairly on the Internet by prohibiting broadband network operators from blocking, degrading, or prioritizing service on their networks. Rules to that effect were in place when the Federal Communications Commission (FCC) reclassified broadband services, but the FCC has been criticized for not yet adopting meaningful and enforceable safeguards.

The FCC currently collects and reports broadband download and upload statistics on a bi-annual basis.

Small Business Effect: The bill will create additional filing requirements for broadband Internet service providers. The impact cannot be accurately measured but is expected to be minimal.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Council of State Governments, Federal Communications Commission, Office of People's Counsel, Public Service Commission, Department of Legislative Services

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