

1 A bill to be entitled
 2 An act relating to Interest on Trust Accounts Program
 3 interest rates; creating s. 655.97, F.S.; requiring
 4 the Chief Financial Officer to establish quarterly two
 5 interest rate alternatives applicable to Interest on
 6 Trust Accounts (IOTA) Program to determine interest
 7 paid to Funding Florida Legal Aid (FFLA) by
 8 participating financial institutions; requiring such
 9 institutions to select one of the two rate
 10 alternatives annually; requiring that each rate
 11 alternative be set at a specified rate; requiring the
 12 Chief Financial Officer to inform FFLA of the rate
 13 alternatives established for each upcoming quarter;
 14 providing applicability; providing an effective date.

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 16 WHEREAS, in September 1981, the Florida Supreme Court
 17 implemented the nation's first Interest on Trust Accounts (IOTA)
 18 Program, establishing a vital funding source for civil legal
 19 aid, justice system improvements, and public service programs
 20 for law students, and

21 WHEREAS, Funding Florida Legal Aid (FFLA), formerly known
 22 as The Florida Bar Foundation, and the Florida Bankers
 23 Association cooperated for decades to sustain the program and
 24 encourage participation, and

25 WHEREAS, in March 2023, the Florida Supreme Court adopted

26 | new rules requiring lawyers to secure interest rates based on
27 | the Wall Street Journal Prime Rate, compelling banks to pay
28 | higher rates for IOTA accounts than for similar accounts, and

29 | WHEREAS, 44 states, the District of Columbia, and Puerto
30 | Rico have mandatory IOTA programs modeled after Florida's pre-
31 | 2023 system, while 5 states and the U.S. Virgin Islands operate
32 | voluntary or opt-out programs, and

33 | WHEREAS, the 2023 rule change made Florida an outlier
34 | compared to other jurisdictions, where IOTA rates are typically
35 | benchmarked against interest-bearing checking account rates, and

36 | WHEREAS, the Wall Street Journal Prime Rate serves as a
37 | benchmark for lending and is not used to set deposit account
38 | rates, and

39 | WHEREAS, the 2023 rule changes resulted in banks paying
40 | higher rates on funds in IOTA accounts, resulting in record
41 | revenues, exceeding \$279 million, paid to FFLA during the 2023-
42 | 2024 fiscal year, nearly four times the prior peak rate, and far
43 | exceeding average annual interest revenues, and

44 | WHEREAS, in October 2024, the Florida Supreme Court
45 | authorized FFLA to hold nearly \$143 million in reserves, and

46 | WHEREAS, it is in the best interests of this state for the
47 | Legislature to establish statutory benchmarks for IOTA rates to
48 | ensure regulatory safety, fairness, and sustainability, similar
49 | to the quarterly interest rate determinations made by the Office
50 | of the Chief Financial Officer for interest paid on court

51 judgments, NOW, THEREFORE,

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53 Be It Enacted by the Legislature of the State of Florida:

54

55 **Section 1. Section 655.97, Florida Statutes, is created to**
 56 **read:**

57 655.97 Interest on Trust Accounts Program interest rates.—

58 (1) (a) Each December 1, March 1, June 1, and September 1,
 59 the Chief Financial Officer shall establish two interest rate
 60 alternatives applicable to the Interest on Trust Accounts (IOTA)
 61 Program to determine interest paid to Funding Florida Legal Aid
 62 (FFLA) by participating financial institutions. The rate
 63 alternatives established by the Chief Financial Officer are
 64 effective on the following January 1, April 1, July 1, and
 65 October 1, respectively. Each such financial institution must
 66 annually select one of the two rate alternatives.

67 (b) The first rate alternative must be set at the highest
 68 interest rate or dividend generally available from the
 69 institution to its comparable non-IOTA business or consumer
 70 accounts or nonmaturing deposit accounts, provided that the IOTA
 71 accounts meet or exceed the same minimum balance or other
 72 account requirements. If a financial institution chooses to pay
 73 the rate alternative provided by this paragraph, it must submit
 74 a rate validation sheet to the Chief Financial Officer to ensure
 75 that it has paid at least the same interest on IOTA accounts

76 that it paid on such other accounts.

77 (c) The second rate alternative must be set at 25 percent
78 of the federal funds target rate or 0.25 percent, whichever is
79 higher, net of fees. If a financial institution chooses to pay
80 the rate alternative provided by this paragraph, it is exempt
81 from the rate validation requirement established by paragraph
82 (b).

83 (2) Within 3 days after establishing interest rates under
84 subsection (1), the Chief Financial Officer shall inform FFLA of
85 the rate alternatives for the upcoming quarter.

86 (3) This section does not apply to interest rates
87 established by written contract or obligations unrelated to IOTA
88 accounts.

89 **Section 2.** This act shall take effect July 1, 2025.