



263874

LEGISLATIVE ACTION

Senate

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House

The Committee on Judiciary (Grall) recommended the following:

Senate Amendment (with title amendment)

Delete everything after the enacting clause
and insert:

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

655.97 Lawyer or law firm trust account interest rates.—

(1) A financial institution may hold funds in an interest-
bearing trust account of a lawyer or law firm in which the
institution remits interest or dividends on the balance of the
deposited funds to an entity established by the Supreme Court



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12 for the purpose of providing or facilitating the provision of
13 free legal services to low-income individuals or other purposes
14 authorized by the Supreme Court. If the institution holds such
15 an account, it must quarterly select one of the two interest
16 rate alternatives to determine the interest it will pay to the
17 entity established by the Supreme Court:

18 (a) The first interest rate alternative must be set at the
19 highest interest rate or dividend generally available from the
20 institution to its comparable business or consumer accounts or
21 nonmaturing deposit accounts, provided that the trust account
22 meets or exceeds the same minimum balance or other account
23 requirements.

24 1. If a financial institution chooses to pay the rate
25 alternative provided in this paragraph, it must submit a rate
26 validation sheet and affidavit to the Chief Financial Officer by
27 the tenth day of each quarter attesting that it will pay at
28 least the same interest on the lawyer or law firm trust accounts
29 that it is paying on its comparable business or consumer
30 accounts or nonmaturing deposit accounts.

31 2. The affidavit must attest that the rate information
32 submitted on the rate validation sheet is true and factual.

33 3. The Chief Financial Officer shall verify that the rate
34 validation sheet and affidavit have been received by the
35 Department of Financial Services.

36 (b) The second interest rate alternative must be set at 25
37 percent of the federal funds target rate determined by the
38 Federal Open Market Committee of the Federal Reserve System or
39 0.25 percent, whichever is higher, net of fees.

40 1. Each December 1, March 1, June 1, and September 1, the



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41 Chief Financial Officer shall determine the interest rate of the
42 second interest rate alternative. The rate alternative
43 determined by the Chief Financial Officer is effective on the
44 following January 1, April 1, July 1, and October 1,
45 respectively.

46 2. Within 3 days after determining the interest rate under
47 this paragraph, the Chief Financial Officer shall inform the
48 entity established by the Supreme Court of the determined
49 interest rate for the upcoming quarter.

50 (2) This section does not apply to interest rates
51 established by written contract or obligations unrelated to IOTA
52 accounts.

53 Section 2. This act shall take effect upon becoming a law.

54
55 ===== T I T L E A M E N D M E N T =====

56 And the title is amended as follows:

57 Delete everything before the enacting clause
58 and insert:

59 A bill to be entitled
60 An act relating to trust fund interest for purposes
61 approved the Supreme Court; creating s. 655.97, F.S.;

62 establishing two quarterly interest rate alternatives
63 for financial institutions to pay to an entity
64 established by the Supreme Court for the purpose of
65 providing free legal services to low-income
66 individuals and other purposes approved by the Supreme
67 Court; requiring financial institutions to attest that
68 it will pay a certain interest rate; requiring the
69 Chief Financial Officer to set an interest rate;



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70 providing applicablity; providing an effective date.

71

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

77 WHEREAS, Funding Florida Legal Aid (FFLA), formerly known
78 as The Florida Bar Foundation, and the Florida Bankers
79 Association cooperated for decades to sustain the program and
80 encourage participation, and

81 WHEREAS, in March 2023, the Florida Supreme Court adopted
82 new rules requiring lawyers to secure interest rates based on
83 the Wall Street Journal Prime Rate, compelling banks to pay
84 higher rates for IOTA accounts than for similar accounts, and

85 WHEREAS, 44 states, the District of Columbia, and Puerto
86 Rico have mandatory IOTA programs modeled after Florida's pre-
87 2023 system, while 5 states and the U.S. Virgin Islands operate
88 voluntary or opt-out programs, and

89 WHEREAS, the 2023 rule change made Florida an outlier
90 compared to other jurisdictions where IOTA rates are typically
91 benchmarked against interest-bearing checking account rates, and

92 WHEREAS, the Wall Street Journal Prime Rate serves as a
93 benchmark for lending and is not used to set deposit account
94 rates, and

95 WHEREAS, the 2023 rule change resulted in banks paying
96 higher rates on funds in IOTA accounts, resulting in record
97 revenues, exceeding \$279 million, paid to FFLA during the 2023-
98 2024 fiscal year, nearly four times the prior peak rate, and far



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99 exceeding average annual interest revenues, and

100 WHEREAS, in October 2024, the Florida Supreme Court
101 authorized FFLA to hold nearly \$143 million in reserve, and

102 WHEREAS, it is in the best interests of this state for the
103 Legislature to establish statutory benchmarks for IOTA rates to
104 ensure regulatory safety, fairness, and sustainability, similar
105 to the quarterly interest rate determinations made by the Chief
106 Financial Officer for interest paid on court judgments, NOW,
107 THEREFORE,