



651292

LEGISLATIVE ACTION

Senate

.  
. .  
. .  
. .  
. .

House

---

The Committee on Judiciary (Grall) recommended the following:

1           **Senate Substitute for Amendment (263874) (with title**  
2 **amendment)**

3  
4           Delete everything after the enacting clause  
5 and insert:

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

8           655.97 Lawyer or law firm trust account interest rates.-

9           (1) A financial institution may hold funds in an interest-  
10 bearing trust account of a lawyer or law firm in which the  
11 institution remits interest or dividends on the balance of the



651292

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

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

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

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

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

37 (b) The second interest rate alternative must be set at 25  
38 percent of the federal funds target rate determined by the  
39 Federal Open Market Committee of the Federal Reserve System or  
40 0.25 percent, whichever is higher, net of fees.



651292

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

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

51 (2) This section does not apply to interest rates  
52 established by written contract or obligations unrelated to the  
53 trust accounts described by this section.

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

55

56 ===== T I T L E A M E N D M E N T =====

57 And the title is amended as follows:

58 Delete everything before the enacting clause  
59 and insert:

60 A bill to be entitled  
61 An act relating to trust fund interest for purposes  
62 approved by the Supreme Court; creating s. 655.97,  
63 F.S.; establishing two quarterly interest rate  
64 alternatives for financial institutions to pay to an  
65 entity established by the Supreme Court for the  
66 purpose of providing free legal services to low-income  
67 individuals and other purposes approved by the Supreme  
68 Court; requiring financial institutions to attest that  
69 it will pay a certain interest rate; requiring the



651292

70 Chief Financial Officer to set an interest rate;  
71 providing applicability; providing an effective date.

72

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

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

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

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

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

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

96 WHEREAS, the 2023 rule change resulted in banks paying  
97 higher rates on funds in IOTA accounts, resulting in record  
98 revenues, exceeding \$279 million, paid to FFLA during the 2023-



651292

99 2024 fiscal year, nearly four times the prior peak rate, and far  
100 exceeding average annual interest revenues, and

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

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