

By the Committee on Judiciary; and Senator Grall

590-02314-25

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1                   A bill to be entitled  
2       An act relating to trust fund interest for purposes  
3       approved by the Supreme Court; creating s. 655.97,  
4       F.S.; authorizing financial institutions to hold funds  
5       in specified trust accounts to be used for specified  
6       purposes; requiring such financial institutions to  
7       quarterly select a certain interest rate alternative  
8       for a specified purpose; providing requirements for  
9       such interest rate alternatives; requiring a financial  
10      institution to submit a rate validation sheet and  
11      affidavit to the Chief Financial Officer within a  
12      specified timeframe attesting it will pay a certain  
13      interest rate; requiring that the affidavit attest  
14      that certain information is true and factual;  
15      requiring the Chief Financial Officer to verify  
16      certain information; requiring the Chief Financial  
17      Officer to determine, at specified intervals, the  
18      interest rate of a specified interest rate  
19      alternative; providing that such rates are effective  
20      on specified dates; requiring the Chief Financial  
21      Officer to inform a certain entity of the determined  
22      interest rate within a specified timeframe; providing  
23      applicability; providing an effective date.

24  
25       WHEREAS, in September 1981, the Florida Supreme Court  
26      implemented the nation's first Interest on Trust Accounts (IOTA)  
27      program, establishing a vital funding source for civil legal  
28      aid, justice system improvements, and public service programs  
29      for law students, and

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

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

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

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

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

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

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

WHEREAS, it is in the best interests of this state for the Legislature to establish statutory benchmarks for IOTA rates to ensure regulatory safety, fairness, and sustainability, similar

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to the quarterly interest rate determinations made by the Chief  
Financial Officer for interest paid on court judgments, NOW,  
THEREFORE,

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

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

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

1. If a financial institution chooses to pay the rate  
alternative provided in this paragraph, it must submit a rate  
validation sheet and affidavit to the Chief Financial Officer by  
the tenth day of each quarter attesting that it will pay at

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88 least the same interest on the lawyer or law firm trust accounts  
89 that it is paying on its comparable business or consumer  
90 accounts or nonmaturing deposit accounts.

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

93 3. The Chief Financial Officer shall verify that the rate  
94 validation sheet and affidavit have been received by the  
95 Department of Financial Services.

96 (b) The second interest rate alternative must be set at 25  
97 percent of the federal funds target rate determined by the  
98 Federal Open Market Committee of the Federal Reserve System or  
99 0.25 percent, whichever is higher, net of fees.

100 1. Each December 1, March 1, June 1, and September 1, the  
101 Chief Financial Officer shall determine the interest rate of the  
102 second interest rate alternative. The rate alternative  
103 determined by the Chief Financial Officer is effective on the  
104 following January 1, April 1, July 1, and October 1,  
105 respectively.

106 2. Within 3 days after determining the interest rate under  
107 this paragraph, the Chief Financial Officer shall inform the  
108 entity established by the Supreme Court of the determined  
109 interest rate for the upcoming quarter.

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

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