

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Committee on Rules

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BILL: SB 1000

INTRODUCER: Senator Grall

SUBJECT: Trust Fund Interest for Purposes Approved by the Supreme Court

DATE: February 16, 2026

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Davis</u>	<u>Cibula</u>	<u>JU</u>	<b>Favorable</b>
2.	<u>Johnson</u>	<u>Knudson</u>	<u>BI</u>	<b>Favorable</b>
3.	<u>Davis</u>	<u>Kruse</u>	<u>RC</u>	<b>Favorable</b>

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**I. Summary:**

SB 1000 establishes in statute an interest on trust account rate that financial institutions must pay when paying interest or dividends on a lawyer or law firm's trust accounts. These interest producing accounts are known as the interest on trust accounts or IOTA program. The substance of this bill is the result of an agreement between The Florida Bar and the Florida Bankers Association.

Under the bill, the Florida Supreme Court establishes an entity that receives the interest or dividends and uses the funds to provide free legal services to low-income people or for other purposes expressly authorized by a rule of the Court. This is consistent with current practice whereby IOTA funds are transmitted from financial institutions to The Florida Bar and the Bar's Foundation distributes the funds, primarily, to provide legal assistance to the poor. The current formula for calculating interest and dividend rates is set forth in The Florida Bar Rules, not in statute, and is significantly different from the formula in this bill.

If a financial institution holds one of these trust accounts, it must pay, after all fees and charges are assessed by the institution, interest or dividends at the Wall Street Journal Prime Rate in effect on the first business day of each month, less 300 basis points, or 3.0 percent, with a minimum floor rate of 0.25 percent and a maximum ceiling rate, of 1.5 percent.

By establishing the floor rate, the Bar Foundation is assured that it will receive funds to finance the IOTA program during periods of low interest rates. By establishing a ceiling rate, the financial institutions are assured that they can operate the IOTA accounts at profit over the long term.

The bill takes effect July 1, 2026.

## II. Present Situation:

### Overview of Interest on Trust Accounts or IOTA

All attorneys who maintain trust accounts must abide by rules developed by The Florida Bar and approved by the Florida Supreme Court.<sup>1</sup> The rules require that trust fund accounts be deposited with financial institutions that pay a guaranteed interest rate set by rule.<sup>2</sup> The interest generated by the trust accounts is referred to as the Interest on Trust Accounts program or IOTA. The program generates millions of dollars in interest each year. Once generated, the interest is transmitted directly to The Florida Bar and used exclusively by the Bar's Foundation, Funding Florida Legal Aid, which is authorized by the Florida Supreme Court to administer the IOTA program. The collections for FY 2024-25 were \$260,414,122 and \$96.4 million was placed in reserves while \$125 million was distributed in December 2025 for use in calendar year 2026.<sup>3</sup>

### Attorney Trust Accounts

A trust account is a short-term account set up by an attorney in which he or she deposits funds on behalf of a client. The account generally contains client funds that are often commingled with funds of other clients and may include funds from a retainer payment, discovery or litigation costs paid in advance, filing fees, or a settlement award. The amount of money in the account changes often because deposits and withdrawals are made frequently, sometimes daily. These fees may not be commingled with an attorney's operating account but must be kept separately. It is estimated that between \$9 and \$10 billion is deposited annually into IOTA accounts at financial institutions.

A trust account has been described as an "unusual" creation that is significantly different from other accounts. Although an attorney opens the account and is responsible for managing the funds in the account, he or she is not the owner of the funds.<sup>4</sup> While an attorney is not the owner of the account, and therefore, not entitled to interest generated by the account, neither is the client entitled to interest generated by the funds. The U.S. Court of Appeals for the Eleventh Circuit issued a decision in 1987 determining that a client was not entitled to the interest generated in a trust account.<sup>5</sup> Financial institutions, however, are permitted to impose certain approved charges and fees on IOTA accounts to cover their operating expenses.<sup>6</sup>

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<sup>1</sup> The State Constitution grants exclusive jurisdiction to the Florida Supreme Court to regulate the admission and discipline of people to practice law in the state. See FLA. CONST. art. V, s. 15. The Florida Supreme Court has established the "authority and responsibilities of The Florida Bar" in the *Rules Regulating the Florida Bar*. Chapter 5 contains the "Rules Regulating Trust Accounts," which all attorneys who maintain trust accounts must abide by.

<sup>2</sup> Participation in the IOTA program is voluntary for financial institutions. However, if an institution chooses to participate and hold IOTA accounts, it must provide the interest or dividend rate established under the Bar Rules.

<sup>3</sup> See *In Re: FFLA-FY 2024-25 Collections, Request for Approval of Additional Reserve Amount*, Case No. AOSC25-66 (Oct. 29, 2025), <https://flcourts-media.flcourts.gov/content/download/2470773/file/AOSC25-66.pdf>.

<sup>4</sup> *In re: Amendments to the Rules Regulating the Florida Bar-Miscellaneous: The Florida Bar's Response to the Florida Bankers Association's Motion for Rehearing*, Case No. SC22-1292, 2 (April 14, 2023), <https://acis-api.flcourts.gov/courts/68f021c4-6a44-4735-9a76-5360b2e8af13/cms/case/baa8ed04-2926-4922-b099-9d51fd7ab2ae/docketentrydocuments/a8e413ea-a6d4-417f-a1b0-2536bb7c9292>.

<sup>5</sup> *Cone v. State Bar of Florida*, 819 F.2d 1002 (11th Cir. 1987).

<sup>6</sup> "The following charges and fees have been defined as 'reasonable' and are the only service charges or fees permitted to be deducted from interest earned on IOTA accounts. These service charges or fees may be deducted from IOTA account interest only at such rates and under such circumstances as is the financial institution's customary practice for all its interest-bearing

How the accounts may be regulated or restricted has presented a quandary for almost 200 years. The earliest attempt to regulate trust accounts can be traced to the Legislative Council of the Territory of Florida in 1828. In 1936, the Florida Supreme Court incorporated the regulation of trust accounts into the Court's rules. Additional measures were adopted over the years to ensure that attorneys, acting as "trustees" would not misuse their clients' funds or neglect to return them when requested to do so by the client.<sup>7</sup>

### **Evolution of Interest Earned on Trusts Accounts**

Trust accounts have evolved from simple accounts that earned no interest and benefitted no one in particular to today's more regulated accounts. The Florida Bar, with Florida Supreme Court approval, mandates participation by attorneys, establishes the interest rates, and requires that the interest be remitted to The Florida Bar's foundation, Funding Florida Legal Aid.<sup>8</sup>

#### ***1978 – Voluntary Participation for Lawyers with Trust Accounts***

For many years, attorneys deposited their clients' funds in non-interest bearing checking accounts because trying to apportion multiple clients' interest earnings on short-term deposits was far too complex. In 1978, however, the Florida Supreme Court amended The Florida Bar Rules (Rules) in response to a petition by The Florida Bar and authorized attorneys to invest trust funds held for their clients to generate investment income that would, among other things, provide legal aid to the poor and help provide student loans. Participation would be *voluntary* and interest would be transmitted directly from the financial institutions to The Florida Bar Foundation. In implementing these changes, Florida became the first state in the nation to adopt an IOTA program.<sup>9</sup> After several adjustments, the program became operational in 1981 and permitted *voluntary* participation by attorneys and their firms.<sup>10</sup>

#### ***1989 – Mandatory Participation for Lawyers with Trust Accounts***

In 1989, the Rules were amended and participation in the program became *mandatory* for all attorneys who held trust accounts.<sup>11</sup>

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checking account customers: per check charge, per deposit charge, fee in lieu of minimum balance, federal deposit insurance fee." Financial institutions are also permitted to recover special costs for their participation in IOTA by deducting a reasonable IOTA handling or administrative fee. See *Funding Florida Legal Aid, Iota, For Lawyers and Law Firms, Reasonable Service Charge Policy*, <https://fundingfla.org/iota/attorneys-lawfirms/> (last visited Jan. 21, 2026).

<sup>7</sup> *A Petition of Florida Bar*, 356 So. 2d 799 (Mem), 800-801 (Fla. 1978). (The lengthier case style is *In re Interest on Trust Accounts, A Petition of The Florida Bar to Amend the Code of Professional Responsibility and the Rules Governing the Practice of Law.*)

<sup>8</sup> See generally R. Regulating Fla. Bar Rule 5-1, Rules Regulating Trust Accounts, [https://www-media.floridabar.org/uploads/2025/12/2026\\_06-DEC-Chapter-5-RRTFB.pdf](https://www-media.floridabar.org/uploads/2025/12/2026_06-DEC-Chapter-5-RRTFB.pdf).

<sup>9</sup> *In re: Interest on Trust Accounts, A Petition of the Florida Bar*, 356 So. 2d 799 (Mem) (Fla. 1978).

<sup>10</sup> It should be noted that the establishment of IOTA or IOLTA (Interest on Lawyers' Trust Accounts as they are called in other states) was possible only after Congress made changes to federal banking laws in 1980 that allowed certain checking accounts to pay interest. American Bar Association, *Interest on Lawyers' Trust Accounts*, [https://www.americanbar.org/groups/interest\\_lawyers\\_trust\\_accounts/overview/](https://www.americanbar.org/groups/interest_lawyers_trust_accounts/overview/) (last visited Jan. 21, 2026). See also *In the Matter of Interest on Trust Accounts*, 402 So. 2d 389 (Mem) (Fla. 1981).

<sup>11</sup> *Matter of Interest on Trust Accounts: Petition to Amend the Rules Regulating the Florida Bar*, 538 So. 2d 448, 449-450, (Fla. 1989).

### ***2001 – Participating Financial Institutions Defined and Limited***

In 2001, the Rules were amended again to define which financial institutions were eligible to hold IOTA accounts. These eligible institutions were limited to the institutions that pay IOTA account depositors “the highest interest rate or dividend generally available from the institution to its non-IOTA account customers when IOTA accounts meet or exceed the same minimum balance” or other eligibility requirements. In essence, The Florida Bar Foundation was asking that IOTA accounts be placed on an equal par with non-IOTA accounts in an institution.<sup>12</sup>

It is worth noting that these rules are not found in the Florida Statutes, but are rules adopted by The Florida Bar and approved by the Florida Supreme Court.

### **2023 Amendments to Interest on Trust Accounts Rule and The Florida Bankers Association Response**

The Florida Bar petitioned the Court on October 3, 2022, to again amend the IOTA rules. The stated goal of the proposed amendments was to “include all possible accounts that can be used as trust accounts” and “ensure the highest possible interest is available for IOTA accounts.”<sup>13,14</sup>

The Florida Bankers Association opposed the measure and challenged the 2023 amendments by filing a motion for rehearing. The Bankers Association stated that it did not receive adequate or meaningful notice of the proposed IOTA amendments. The Court denied the motion and the new rule became effective on May 15, 2023, and remains in effect.<sup>15</sup>

According to documents filed in the Florida Supreme Court, the Florida Bankers Association and The Florida Bar attempted for months to reach a compromise rate that was agreeable to both parties. This resulted in an impasse and no compromise was reached.<sup>16</sup> On August 7, 2024, the Court denied the Florida Bankers Association’s motion for rehearing. The result was that the IOTA program generated an unprecedented amount of interest for the Bar’s Foundation.<sup>17</sup>

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<sup>12</sup> *Amendment to Rules Regulating the Florida Bar—Rule 5-1.1(e)--IOTA*, 797 So. 2d 551 (Fla. 2001).

<sup>13</sup> *In re: Amendments to the Rules Regulating the Florida Bar – Miscellaneous: Petition to Amend the Rules Regulating the Florida Bar*, Case No. SC2022-1292 (Oct. 3, 2022), <https://acis-api.flcourts.gov/courts/68f021c4-6a44-4735-9a76-5360b2e8af13/cms/case/baa8ed04-2926-4922-b099-9d51fd7ab2ae/docketentrydocuments/60ddf5a7-6ae4-425a-a90b-2cebce635bd0>.

<sup>14</sup> The formula stated, “When the Wall Street Journal Prime Rate (“indexed rate”) is between 325 and 499 basis points (3.25% and 4.99%), the minimum interest rate paid net of all fees and service charges (“yield”) must be no less than 300 basis points (3.00%) below the indexed rate in effect on the first business day of each month. When the indexed rate is 500 basis points (5.00%) or above, the yield must be no less than 40% of the indexed rate in effect on the first business day of each month.

<sup>15</sup> *In re: Amendments to the Rules Regulating the Florida Bar: Petition to Amend the Rules Regulating the Florida Bar*, Case No. SC2025-1730, <https://acis-api.flcourts.gov/courts/68f021c4-6a44-4735-9a76-5360b2e8af13/cms/case/da732548-6b47-4a8a-ae84-ec3faf5691ae/docketentrydocuments/e5b55656-749b-4362-aa02-6f0c46c338f4>.

<sup>16</sup> *In re: Amendments to the Rules Regulating the Florida Bar*, The Florida Bankers Association’s Comment to the Florida Bar’s Report on Implementation Status, Case No: SC2022-1292, <https://acis-api.flcourts.gov/courts/68f021c4-6a44-4735-9a76-5360b2e8af13/cms/case/baa8ed04-2926-4922-b099-9d51fd7ab2ae/docketentrydocuments/f5381851-24da-4ff6-932d-487a9ca0b99c> (last visited Jan. 21, 2026).

<sup>17</sup> For a detailed account of these proceedings and responses from the Florida Bankers Association, please see *CS/CS/CS SB 498 Bill Analysis and Impact Statement*, <https://www.flsenate.gov/Session/Bill/2025/498/Analyses/2025s00498.rc.PDF>.

## **Rule Amendment Pending in the Florida Supreme Court - Compromise Reached Between the Florida Bar and the Florida Bankers Association**

According to a petition filed by The Florida Bar in the Supreme Court, the Florida Bankers Association sought legislation in 2024 and 2025 that would establish in statute the interest rates on trust fund accounts. The petition states that the Bar Foundation and its grantees support the rule amendment that is the substance of this bill “choosing certainty over continuing to spend resources on legislative activity or possible litigation involving the Florida Bankers Association.” The petition to amend the rules regulating the interest rate states that, “For its part, the Florida Bankers Association has assured the Bar and interested legislators that it is satisfied with these proposed amendments.”<sup>18</sup>

The proposed Bar Rule states:

(5) *Eligible Institution Participation in IOTA*. Participation in the IOTA program is voluntary for banks, credit unions, savings and loan associations, and investment companies. Institutions that choose to offer and maintain IOTA accounts must pay, net of all fees and charges assessed by the eligible financial institution, the Wall Street Journal Prime Rate in effect on the first business day of each month less 300 basis points (3.00%) with a floor of 0.25% and a ceiling of 1.50%.<sup>19</sup>

The proposed rule change was approved by various Bar committees and the petition to amend the IOTA rates was filed in the Florida Supreme Court on November 4, 2025.<sup>20</sup> The Court has not ruled on the petition at this time.

### **IOTA Data for Funding Florida Legal Aid**

#### ***Amounts Received by FFLA From the IOTA Program***

Funding Florida Legal Aid supplied the information below on remittances from the IOTA accounts. The fiscal year begins July 1 and ends June 30 of the following year. The collections for the 2024-2025 fiscal year were distributed in December 2025 to be used during the 2026 calendar year.

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<sup>18</sup> *In re: Amendments to the Rules Regulating the Florida Bar*: Petition to Amend the Rules Regulating the Florida Bar, Case No. SC2025-1730, 2,3 (filed Nov. 4, 2025), <https://acis-api.flcourts.gov/courts/68f021c4-6a44-4735-9a76-5360b2e8af13/cms/case/da732548-6b47-4a8a-ae84-ec3faf5691ae/docketentrydocuments/e5b55656-749b-4362-aa02-6f0c46c338f4>.

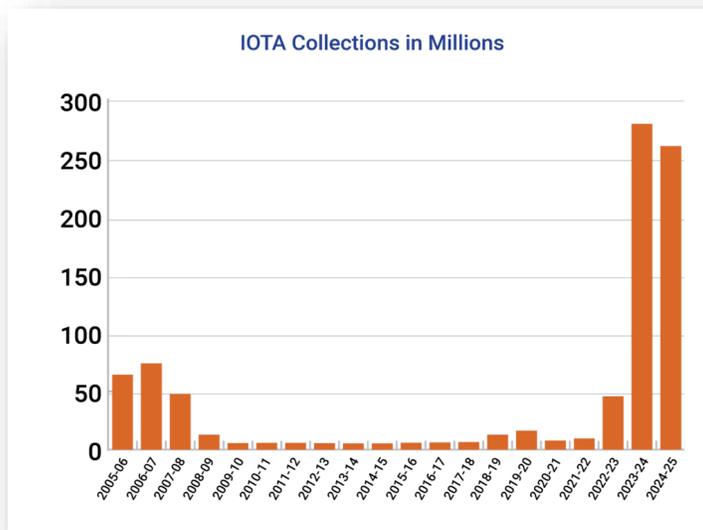
<sup>19</sup> Rules Regulating The Florida Bar, Chapter 5. Rules Regulating Trust Accounts, 5-1. Generally, Rule 5-1.1 Trust Accounts, <https://acis-api.flcourts.gov/courts/68f021c4-6a44-4735-9a76-5360b2e8af13/cms/case/da732548-6b47-4a8a-ae84-ec3faf5691ae/docketentrydocuments/a88e5381-482e-4ca4-9e11-feeeb7f4953c>.

<sup>20</sup> *In re: Amendments to the Rules Regulating the Florida Bar*: Petition to Amend the Rules Regulating the Florida Bar, Case No. SC2025-1730 (filed Nov. 4, 2025), <https://acis-api.flcourts.gov/courts/68f021c4-6a44-4735-9a76-5360b2e8af13/cms/case/da732548-6b47-4a8a-ae84-ec3faf5691ae/docketentrydocuments/e5b55656-749b-4362-aa02-6f0c46c338f4>.

FY 2021-22	\$9,498,692
FY 2022-23	\$45,547,390
FY 2023-24	\$279,656,155
FY 2024-25	\$260,414,122 <sup>21</sup>

It is significant to note that the IOTA collections increased by \$234,108,765 between fiscal year 2022-23 and fiscal year 2023-24. This is due to the funding formula authorized by the Supreme Court in May 2023 for the benefit of the Bar Foundation.

The chart below shows how IOTA collections have changed over the past 20 years.<sup>22</sup>



### Wall Street Prime Rate

The Wall Street Journal Prime Rate is the most widely relied upon measure of the prime interest rate. To arrive at this rate, *The Wall Street Journal* regularly surveys the country’s largest banks to determine the interest rate they are charging their “prime” customers for short-term loans. The “prime” customers are those with the highest credit ratings. When 23 of the 30 largest banks change their rate, the *Journal* adjusts its rate. The *Journal* defines the prime rate as the “base rate on corporate loans posted by at least 70% of the nation’s largest banks.”<sup>23</sup>

<sup>21</sup> Funding Florida Legal Aid, *IOTA, Interest on Trust Accounts Program, IOTA Collections Public Notices* <https://fundingfla.org/iota/>.

<sup>22</sup> Florida Funding Legal Aid, Financial Stewardship, *Florida’s Interest on Trust Accounts (IOTA) Program*, <https://fundingfla.org/about-ffla/ffla-finance/> (last visited Jan. 21, 2026).

<sup>23</sup> Fulton Bank, “*What Is Wall Street Journal Prime Rate and Why It Matters*” <https://www.fultonbank.com/Education-Center/Managing-Credit-and-Debt/Prime-rate-and-why-it-matters> (last visited Jan. 21, 2026), Bankrate, *Wall Street Journal Prime Rate* (last visited Jan. 21, 2026), <https://www.bankrate.com/rates/interest-rates/wall-street-prime-rate/#:~:text=Bankrate.com%20provides%20the%20Wall%20Street%20Prime%20Rate%20and%20WSJ%20current%20prime%20rates%20index>, and Wall Street Journal, *WSJ/Markets*, <https://www.wsj.com/market-data/bonds> (last visited Jan. 21, 2026).

As of January 21, 2026, the Wall Street Journal Prime Rate is 6.75. For the last 52 week period, the high was 7.50 percent and the low was 6.75 percent.<sup>24</sup>

### III. **Effect of Proposed Changes:**

This bill establishes in statute an Interest on Trust Account rate that is based upon an agreement made between The Florida Bar and the Florida Bankers Association.

#### **The Interest or Dividend Rate and the Recipients**

The bill establishes the interest rate that financial institutions must provide when paying interest or dividends on certain lawyer or law firm trust accounts. The interest or dividends will be remitted to an entity established by the Florida Supreme Court which uses the interest or dividends to provide or facilitate free legal services to low-income people or to a program that is expressly authorized by a rule of the Court. This is consistent with current practice whereby IOTA funds are transmitted from financial institutions to The Florida Bar and the Bar's Foundation which distributes the funds, primarily, to provide legal assistance to the poor.

Although the current funding formula for calculating interest and dividend rates is set forth in The Florida Bar Rules, the bill establishes the formula in statute.

#### **Applying the Formula**

A financial institution that holds one of these trust accounts must pay, "net of all fees and charges assessed by the financial institution, interests or dividends at the Wall Street Journal Prime Rate in effect on the first business day of each month, less 300 basis points, with a floor of 0.25 percent and ceiling of 1.5 percent." By establishing the floor rate, the Bar Foundation is assured that it will receive funds to finance the IOTA program during periods of low interest rates. By establishing a ceiling rate, the financial institutions are assured that they can operate IOTA accounts at a profit over the long term.

This mathematical formula established in the bill will result in a number of possible calculations described below:

#### ***When the "Floor" Takes Effect***

If, after deducting 3.0 percent from the prime rate, the number is equal to or less than 0.25 percent, a financial institution must pay the floor rate, or 0.25 percent in interest or dividends.

#### ***When the "Ceiling" Takes Effect***

In contrast, if after deducting 3.0 percent from the prime rate, the number is equal to or greater than 1.50 percent, a financial institution must pay the ceiling rate, or 1.50 percent.

#### ***Other Results Determined by Applying the Formula***

The formula also results in rates that are between the floor and the ceiling, at which point the actual number arrived at by deducting 3.0 percent from the prime rate is the IOTA rate. For

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<sup>24</sup> Wall Street Journal, *WSJ/Markets*, <https://www.wsj.com/market-data/bonds> (last visited Jan 21, 2026).

example, if the prime rate is 3.75 percent, and 3.0 percent is deducted, the resulting rate is 0.75 percent, which is the applicable interest or dividend rate payable by the institution.

The bill takes effect July 1, 2026.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

The bill does not appear to regulate attorneys or the practice of law in violation of Article V section 15 of the State Constitution. Instead, the bill is a regulation of financial institutions.

#### **V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The interest rates established in the bill will result in financial institutions participating in the IOTA program paying lower interest rates on trust accounts. This change might allow them to operate IOTA accounts at a profit or allow smaller financial institutions to participate. Likewise, the bill may result in attorneys having more financial institutions to choose from when selecting a financial institution for their trust accounts. In contrast, Funding Florida Legal Aid will likely see a significant reduction in the interest revenue it receives to fund its legal aid programs and other programs authorized by the Supreme Court.

C. Government Sector Impact:

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill creates s. 655.98 of the Florida Statutes.

**IX. Additional Information:**

**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.