FLORIDA HOUSE OF REPRESENTATIVES
FINAL BILL ANALYSIS

This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.

BILL #: HB 893	**COMPANION BILL:** SB 1000 (Grall)
TITLE: Trust Fund Interest for Purposes Approved by Supreme Court	**LINKED BILLS:** None
	RELATED BILLS: None
SPONSOR(S): Koster	

FINAL HOUSE FLOOR ACTION:	112 **Y's**	0 **N's**	**GOVERNOR'S ACTION:**	Pending

SUMMARY

Effect of the Bill:

The bill expressly authorizes a financial institution to hold funds in an interest-bearing trust account of a lawyer or law firm. The bill requires financial institutions to remit any interest and dividends earned on these accounts to Florida Supreme Court authorized entities for the purposes of providing free legal services or for other purposes expressly authorized by the Florida Supreme Court. The bill establishes required interest rates for these accounts.

Fiscal or Economic Impact:

The bill may have an indeterminate impact on the private sector.

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ANALYSIS

EFFECT OF THE BILL:

The bill expressly authorizes a financial institution to hold funds in an interest-bearing trust account of a lawyer or law firm, commonly referred to as an "Interest on Trust Account" or "IOTA." (Section 1).

The bill requires financial institutions to remit any interest or dividends earned on IOTAs to an entity established by the Florida Supreme Court for the purpose of providing free legal services to low-income individuals or for other purposes expressly authorized by the Florida Supreme Court. (Section 1).

The bill requires financial institutions holding IOTAs to pay, net of all fees and charges assessed by the financial 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, with a floor of 0.25 percent and a ceiling of 1.5 percent. (Section 1).

Subject to the Governor's veto power, the bill provides an effective date of July 1, 2026. (Section 2).

FISCAL OR ECONOMIC IMPACT:

PRIVATE SECTOR:

The bill may have an indeterminate impact on the private sector. The bill's limits on interest rates may encourage more financial institutions to hold interest-bearing trust accounts of a lawyer or law firm. Further, entities such as the Funding Florida Legal Aid foundation may see a change in interest revenue as a result of the interest rate limits.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Financial Institution:

Under Florida's financial institutions codes, a "financial institution" means a state or federal savings or thrift association, bank, savings bank, trust company, international bank agency, international banking corporation, international branch, international representative office, international administrative office, international trust entity, international trust company representative office, qualified limited service affiliate, credit union, or an

agreement corporation operating pursuant to s. 25 of the Federal Reserve Act, 12 U.S.C. ss. 601 et seq. or Edge Act corporation organized pursuant to s. 25(a) of the Federal Reserve Act, 12 U.S.C. ss. 611 et seq. [1]

Regulation of lawyers:
The Florida Constitution grants the Florida Supreme Court the exclusive jurisdiction to regulate the admission of persons to the practice of law and the discipline of persons admitted. [2]

The Florida Supreme Court has established the "authority and responsibilities of The Florida Bar" through the Rules Regulating the Florida Bar. [3] Chapter 5 of the Rules contains the "Rules Regulating Trust Accounts," which all attorneys who maintain trust accounts must abide by.

The IOTA program:
Under Rule 5-1.1(a)(1) of the Rules Regulating the Florida Bar, lawyers must hold in trust, separate from the lawyer's own property, funds and property of clients or third persons that are in the lawyer's possession in connection with representation. [4]

Lawyer trust accounts generally contain funds such as retainer payments, discovery or litigation costs paid in advance, filing fees, or settlement awards. Often the amount of money that a lawyer handles for a single client is small or held for only a short period of time, and therefore cannot earn interest for the client in excess of the costs incurred to collect said interest. [5] Traditionally, lawyers have placed these funds into pooled trust accounts containing other nominal or short-term client funds. [6]

In 1981, the Florida Supreme Court implemented the nation's first IOTA program. [7] According to the American Bar Association, these programs now exist in all 50 states, Washington D.C., Puerto Rico, and the U.S. Virgin Islands. [8]

Under Rule 5-1.1(g)(2) of the Rules Regulating the Florida Bar, all nominal or short-term funds belonging to clients or third persons that are placed in trust with any member of The Florida Bar in the state of Florida must be deposited into one or more IOTA accounts, unless the funds may earn income for the client or third person in excess of the costs incurred to secure the income. [9] Under the IOTA program, lawyers handling nominal or short-term funds that cannot earn net income for clients place these funds into a single, pooled, interest-bearing trust account. [10]

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[1] S. 655.005(1)(i), F.S.

[2] FLA. CONST. art. V, s. 15.

[3] The Florida Bar, *Rules Regulating the Florida Bar,* https://www-media.floridabar.org/uploads/2025/12/2026_06-DEC-RRTFB-12-5-2025.pdf (last visited Jan. 27, 2026).

[4] R. Regulating Fla. Bar Rule 5-1.1(a)(1).

[5] American Bar Association, *Interest on Lawyers' Trust Accounts*, https://www.americanbar.org/groups/interest_lawyers_trust_accounts/overview/ (last visited Jan. 27, 2026).

[6] *Id.*

[7] *In re Interest on Trust Accounts*, 356 So.2d 799 (Fla. 1978).

[8] American Bar Association, *Interest on Lawyers' Trust Accounts*, https://www.americanbar.org/groups/interest_lawyers_trust_accounts/overview/ (last visited Jan. 27, 2026).

[9] R. Regulating Fla. Bar Rule 5-1.1(g)(2).

[10] American Bar Association, *Interest on Lawyers' Trust Accounts*, https://www.americanbar.org/groups/interest_lawyers_trust_accounts/overview/ (last visited Jan. 27, 2026).

[Funding Florida Legal Aid:](#)

In 1956, the Florida Bar created a non-profit organization, The Florida Bar Foundation, and subsequently changed the name of the foundation to "Funding Florida Legal Aid" ("Foundation") in 2023. [11] The principal support for the Foundation is derived from the interest and dividends earned on IOTAs. [12]

IOTA interest rates:

On March 16, 2023, the Florida Supreme Court adopted amendments to the Rules Regulating the Florida Bar, including provisions regulating trust fund accounts. The 2023 amendments:

- Expanded the definition of an interest or dividend-bearing account to include a business or consumer deposit account, non-maturing deposit, an investment product, a daily financial institution repurchase agreement or a money market account. [13]
- Required eligible institutions to maintain IOTA accounts that pay the highest interest rate or dividend generally available from the institution to its non-IOTA business or consumer account customers when IOTA accounts meet or exceed the same minimum balance qualifications. [14]
- Mandated that eligible institutions tie minimum interest rates for IOTA accounts to the Wall Street Journal Prime Rate (indexed rate). [15]

The Florida Supreme Court's 2023 amendments implemented the following formula for determining the required interest rate for IOTAs:

- 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. [16]

Following the change in interest rate calculation, funds for the Foundation increased by over $200 million. [17]

[Wall Street Journal Prime Rate:](#)

The Wall Street Journal Prime Rate is an index used by banks to set rates on consumer lending products. [18] To establish this rate, the Wall Street Journal regularly surveys the 30 largest banks in the United States to determine what interest rate they are charging their customers with the highest-rated credit for short-term loans. [19] When 75 percent of the 30 banks change their prime rate, the Wall Street Journal changes its rate. [20]

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[11] FFLA, Funding Florida Legal Aid, Leadership and Funding for Justice in Florida, https://fundingfla.org/about-ffla/fflaoverview/ (last visited Jan. 27, 2026).

[12] *Id.*

[13] R. Regulating Fla. Bar Rule 5-1.1(g)(1)(E).

[14] R. Regulating Fla. Bar Rule 5-1.1(g)(5)(A).

[15] R. Regulating Fla. Bar Rule 5-1.1(g)(5)(B).

[16] *Id.*

[17] FFLA, Financial Stewardship, https://fundingfla.org/about-ffla/ffla-finances/ (last visited Jan. 27, 2026).

[18] Bankrate, Wall Street Journal Prime rate https://www.bankrate.com/rates/interest-rates/wall-street-prime-rate/ (last visited Jan. 27, 2026).

[19] *Id.*

[20] *Id.*