

Committee on Judiciary

HB 893 — Trust Fund Interest for Purposes Approved by Supreme Court

by Rep. Koster and others (SB 1000 by Senator Grall)

The bill 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 account—which is known as an Interest on Trust Account (IOTA) account. The substance of this bill is the result of an agreement between The Florida Bar and the Florida Bankers Association.

Under the bill, the interest or dividends will be remitted to an entity established by the Florida Supreme Court which 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. Currently, the formula for calculating interest and dividend rates is set forth in The Florida Bar Rules, not statute. The bill makes a significant change and establishes in the Florida Statutes the interest rate formula that is to be paid.

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 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 a profit over the long term.

If approved by the Governor, or allowed to become law without the Governor's signature, these provisions take effect on July 1, 2026.

Vote: Senate 38-0; House 112-0