

**By** the Committees on Banking and Insurance; and Judiciary; and Senator Grall

597-03070-25

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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 pay  
7           a certain interest rate or dividend; prohibiting the  
8           interest rate from being less than a specified  
9           percentage; requiring a financial institution to  
10          submit a rate validation sheet and affidavit to the  
11          Chief Financial Officer attesting it will pay a  
12          certain interest rate or dividend; requiring that the  
13          affidavit attest that certain information is true and  
14          factual; requiring the Chief Financial Officer to  
15          verify certain information; providing applicability;  
16          providing an effective date.

17  
18           WHEREAS, in September 1981, the Florida Supreme Court  
19          implemented the nation's first Interest on Trust Accounts (IOTA)  
20          program, establishing a vital funding source for civil legal  
21          aid, justice system improvements, and public service programs  
22          for law students, and

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

27           WHEREAS, in March 2023, the Florida Supreme Court adopted  
28          new rules requiring lawyers to secure interest rates based on  
29          the Wall Street Journal Prime Rate, compelling banks to pay

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30 higher rates for IOTA accounts than for other similar accounts,  
31 and

32 WHEREAS, 44 states, the District of Columbia, and Puerto  
33 Rico have mandatory IOTA programs modeled after Florida's pre-  
34 2023 system, while 5 states and the U.S. Virgin Islands operate  
35 voluntary or opt-out programs, and

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

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

42 WHEREAS, the 2023 rule change resulted in banks paying  
43 higher rates on funds in IOTA accounts, resulting in record  
44 revenues, exceeding \$279 million, paid to FFLA during the 2023-  
45 2024 fiscal year, nearly four times the prior peak rate and far  
46 exceeding average annual interest revenues, and

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

49 WHEREAS, it is in the best interests of this state for the  
50 Legislature to establish statutory benchmarks for IOTA rates to  
51 ensure regulatory safety, fairness, and sustainability, similar  
52 to the quarterly interest rate determinations made by the Chief  
53 Financial Officer for interest paid on court judgments, NOW,  
54 THEREFORE,

55  
56 Be It Enacted by the Legislature of the State of Florida:

57  
58 Section 1. Section 655.97, Florida Statutes, is created to

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59 read:

60 655.97 Lawyer or law firm trust account interest rates.-

61 (1) A financial institution may hold funds in an interest-  
62 bearing trust account of a lawyer or law firm in which the  
63 institution remits interest or dividends on the balance of the  
64 deposited funds to an entity established by the Supreme Court  
65 for the purpose of providing or facilitating the provision of  
66 free legal services to low-income individuals or for other  
67 purposes authorized by the Supreme Court. If the institution  
68 holds such an account, it must pay the highest interest rate or  
69 dividend generally available from the institution to its  
70 comparable business or consumer accounts or nonmaturing deposit  
71 accounts, provided that the trust account meets or exceeds the  
72 same minimum balance or other account requirements, but the  
73 interest rate on trust accounts may not be less than 0.25  
74 percent.

75 (a) The financial institution must submit a rate validation  
76 sheet and affidavit to the Chief Financial Officer by the tenth  
77 day of each quarter attesting that it will pay the same interest  
78 rate or dividend on the lawyer or law firm trust accounts that  
79 it is paying on its comparable business or consumer accounts or  
80 nonmaturing deposit accounts or the minimum 0.25 percent.

81 (b) The affidavit must attest that the rate information  
82 submitted on the rate validation sheet is true and factual.

83 (c) The Chief Financial Officer shall verify that the rate  
84 validation sheet and affidavit have been received by the  
85 Department of Financial Services.

86 (2) This section does not apply to interest rates  
87 established by written contract or obligations unrelated to the

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88 trust accounts described by this section.

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