MEDICAL PROFESSIONAL LIABILITY ASSOCIATION

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MEMO

TO: Primary Contacts, Chief Financial Officers - Regular Domestic Members

DATE: June 16, 2026

FROM: Jill K. Knerr, Chief Administrative Officer

SUBJECT: Notification of Non-Deductibility of 2026 Dues for Federal Tax Purposes

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The Omnibus Budget Reconciliation Act of 1993 stipulates that lobbying expenses are not deductible for federal income tax purposes. The impact on trade associations such as MPL Association is that dues collected will also be nondeductible to the extent that they are used for lobbying.

In general, a percentage of each MPL Association regular member's dues is declared nondeductible based upon the relationship of those dues to the association's total lobbying expenditures. Lobbying expenditures include the costs of attempting to influence legislation at the federal or state levels as well as attempts to influence actions or positions of certain high-ranking federal administrative officials. For each taxable year, associations must report to the IRS on their tax return (Form 990) their total lobbying expenditures and the total amount of dues for which such expenditures are allocable.

The MPL Association is required to provide its members with a timely disclosure of a reasonable estimate of that portion of dues which is intended to be applied to lobbying activities and is thus not deductible by members for federal income tax purposes. This notification requirement also extends to all voluntary payments to associations and special assessments by associations.

In accordance with this requirement, the MPL Association is notifying you that we estimate this amount to be 7.22 percent of total dues revenues expected for 2026.

Each year's non-deductibility percentage calculation includes adjustments for the prior year's over or underestimation of actual lobbying related expenditures.

Should you have any questions concerning the tax consequences of this issue, we urge you to contact your tax advisor.