

PRACTICE EXAM 35: TENNESSEE BUSINESS AND LAW SIMULATION (50 QUESTIONS)

Total Questions: 50 | Time Limit: 140 Minutes | Passing Score: 73% (37/50)

1. A contractor operating as a limited partnership has gross receipts of \$2,700,000, net earnings of \$340,000, net worth of \$420,000, and tangible property valued at \$380,000. What combination of Tennessee taxes applies?

- A. Business tax only, because limited partnerships are exempt from franchise and excise tax
- B. Franchise and excise tax only, because limited partnerships are exempt from business tax
- C. Business tax on gross receipts, franchise tax based on the greater of net worth or tangible property, and excise tax at 6.5% on net earnings — all three apply
- D. No Tennessee taxes because limited partnerships are pure pass-through entities

2. A contractor has total assets of \$1,040,000, total liabilities of \$670,000, current assets of \$395,000, and current liabilities of \$262,000. The contractor wants to bid on a \$1,400,000 project. Can the monetary limit support this?

- A. Yes, because the net worth of \$370,000 supports a limit of \$3,700,000
- B. No, because the Board requires a minimum current ratio of 2.0 for projects above \$1,000,000
- C. No, because the monetary limit is ten times the lesser of net worth (\$370,000) or working capital (\$133,000) — the limit is \$1,330,000, below \$1,400,000
- D. Yes, because total assets of \$1,040,000 support any project under \$2,000,000

3. A contractor signs an unconditional lien waiver and delivers it before receiving the \$54,000 progress payment. The general contractor's company dissolves two months later and the payment is never made. What is the legal effect?

- A. The waiver is void because the dissolution constitutes material breach of the payment obligation
- B. The unconditional waiver is effective immediately upon signing — the contractor has released lien rights regardless of whether payment is ever received
- C. The waiver converts to a conditional waiver upon the company's dissolution

D. The waiver is suspended until the dissolution proceedings are complete and assets distributed

4. A contractor operating as a C-corporation has net earnings of \$415,000, net worth of \$540,000, and tangible property valued at \$500,000. What is the Tennessee excise tax liability?

- A. \$1,350, calculated at \$0.25 per \$100 of net worth of \$540,000
- B. \$1,250, calculated at \$0.25 per \$100 of tangible property of \$500,000
- C. \$0, because C-corporations with net earnings under \$500,000 are exempt from excise tax
- D. \$26,975, calculated at 6.5% of the net earnings of \$415,000

5. An employer with 9 employees in Tennessee terminates a 58-year-old worker who recently disclosed a knee injury requiring workplace accommodation. Under which law can the worker file a discrimination claim?

- A. The federal ADA, which applies to employers with 5 or more employees in the construction industry
- B. No federal or state law covers these claims for employers with only 9 employees
- C. The Tennessee Human Rights Act, which applies to employers with 8 or more employees and covers both age and disability discrimination
- D. Title VII, which covers disability discrimination for employers with 9 or more employees

6. A contractor enters into a cost-plus-percentage contract with a 13% fee for a \$640,000 estimated renovation. The owner requests an upgrade adding \$28,000 to the project. What is the contractor's fee on the upgrade, and what structural problem exists?

- A. \$0 on the upgrade because the fee applies only to the original estimate
- B. \$3,640 on the upgrade, and the structural problem is that the contractor has a financial incentive to encourage cost increases because each additional dollar generates 13 cents in fee
- C. \$3,640 on the upgrade with no structural problem because the owner approved the upgrade
- D. \$2,800 on the upgrade because the fee is reduced to 10% on change order work

7. A contractor wants to hire a plumbing subcontractor for a \$27,500 scope on a commercial building. The general contractor holds a BC-B license. Does the plumbing subcontractor need a separate license?

- A. No, because the general contractor's BC-B covers all subcontractor trades
- B. No, because plumbing licensing is required only for scopes exceeding \$50,000

- C. Yes, because the BC excludes plumbing exceeding \$25,000, and \$27,500 exceeds that threshold
- D. Yes, because all plumbing work on commercial buildings requires a separate license

8. A contractor enters into a cost-plus-fixed-fee contract with a \$56,000 fixed fee for a \$680,000 estimated renovation. Material prices drop, bringing actual costs to \$620,000. What fee does the contractor receive?

- A. \$50,824, reduced proportionally because actual costs decreased from the estimate
- B. \$56,000, because a fixed fee remains constant regardless of whether actual costs change
- C. \$62,000, recalculated at 10% of actual costs
- D. \$56,000 minus a \$6,000 credit for the reduced management burden

9. A contractor's employee suffers a fatal scaffold collapse at 2:30 PM on Wednesday. The site foreman calls the office at 2:55 PM. By what time must the fatality be reported to OSHA?

- A. By 2:55 PM on Thursday, within 24 hours of the employer learning
- B. By 2:30 PM on Thursday, within 24 hours of the time of death
- C. By 2:55 PM the following Wednesday, within 5 working days
- D. By 10:55 PM on Wednesday, within 8 hours of the employer learning

10. A contractor is excavating a trench reaching 5 feet 6 inches deep in Type C soil. The foreman says Type C at this depth is manageable without protection. Is the foreman correct?

- A. Yes, because a competent person can authorize unprotected entry at this depth
- B. Yes, because Type C requires protection only at depths exceeding 8 feet
- C. No, because OSHA requires protection at 5 feet or deeper regardless of soil type unless entirely in stable rock — Type C is not stable rock
- D. No, because Type C requires protection at all depths regardless of the 5-foot threshold

11. A roofing subcontractor wants to bid on a \$43,000 re-roofing project for a commercial building. The subcontractor does not hold a Tennessee license. Can the subcontractor perform this work?

- A. No, because Tennessee has required all roofing subcontractors to be licensed since January 1, 2014, regardless of project value
- B. Yes, because roofing licensing is required only for projects exceeding \$50,000
- C. Yes, because the general contractor's license covers all roofing work

D. No, but only because the project exceeds \$25,000

12. A contractor operating as an S-corporation has net earnings of \$260,000, net worth of \$335,000, and tangible property valued at \$305,000. The bookkeeper says S-corporations are exempt from franchise and excise tax. Is this correct?

- A. Yes, because S-corporations receive the same state treatment as sole proprietorships
- B. Yes, because all pass-through entities are exempt from franchise and excise tax
- C. No, but only excise tax applies — S-corporations are exempt from franchise tax
- D. No, because S-corporations are subject to both franchise and excise tax despite their federal pass-through classification

13. A contractor wants to obtain a Tennessee license with a monetary limit of \$3,500,000. The contractor has a reviewed financial statement. Does this meet requirements?

- A. Yes, because reviewed statements are acceptable for limits up to \$5,000,000
- B. No, because monetary limits exceeding \$3,000,000 require an audited financial statement
- C. Yes, because audited statements are required only when limits exceed \$4,000,000
- D. No, because all limits above \$2,500,000 require an audited statement

14. A contractor wants to hire an electrical subcontractor for a \$24,500 scope on a commercial building. The general contractor holds a BC-B license. Does the electrical subcontractor need a separate license?

- A. No, because the \$24,500 falls below \$25,000 — the BC excludes electrical exceeding \$25,000, and this scope does not exceed it
- B. Yes, because all electrical work on commercial buildings requires a separate license
- C. No, because the general contractor's BC-B covers all electrical work
- D. Yes, because electrical subcontractors must be licensed for work exceeding \$10,000

15. An employer with 55 employees at a single location has a worker employed for 14 months who requests 12 weeks of FMLA leave to care for a spouse with a serious health condition. Is the worker eligible?

- A. No, because FMLA leave for spousal care is limited to 6 weeks
- B. Yes, because the employer has 50+ employees, the worker has 14 months of service, and spousal care for a serious health condition is a qualifying event
- C. No, because the employee must have worked at least 24 months

D. Yes, but only if the spouse's condition requires inpatient hospitalization

16. A contractor purchases \$56,000 in glass for a commercial curtain wall project. The combined sales tax rate is 9.5%. The building owner is a nonprofit university with a valid exemption. Can the contractor avoid sales tax?

A. No, because the contractor is the end user and must pay the combined 9.5% sales tax of \$5,320 regardless of the owner's status

B. Yes, because materials for tax-exempt educational facilities inherit the exemption

C. Yes, if the contractor provides the supplier with the university's certificate

D. No, but the contractor can file a quarterly refund

17. A contractor wants to apply for a BC-A/r restricted residential classification. Which restrictions accurately describe this classification?

A. Projects under \$150,000, trade exam required, joint ventures permitted, subcontractors prohibited

B. Projects under \$100,000, no trade exam, joint ventures prohibited, subcontractors prohibited

C. Projects under \$125,000, no trade exam (community college course substitutes), joint ventures prohibited, subcontractors permitted

D. Projects under \$125,000, trade exam required, joint ventures permitted, subcontractors permitted

18. A masonry subcontractor is bidding on a \$98,000 scope of masonry work for a new commercial building. The subcontractor does not hold an LMC license. Does the subcontractor need one?

A. Yes, because all masonry subcontractors must hold an LMC license regardless of value

B. No, because the LMC is required only when masonry work reaches \$100,000 or more, and \$98,000 falls below that threshold

C. Yes, because the LMC threshold is \$75,000 for commercial projects

D. No, because the general contractor's license covers all masonry subcontractor work

19. An employer with 22 employees wants to implement Tennessee's Drug-Free Workplace Program for the 5% premium credit. The policy includes pre-employment, reasonable suspicion, and random testing but omits post-accident testing. Does this qualify?

A. Yes, because three of four components satisfy the minimum

- B. Yes, because post-accident testing is optional
- C. No, because all four are required — pre-employment, reasonable suspicion, post-accident, and random — and omitting any one disqualifies
- D. No, because the program must include annual screening

20. A contractor operating as a sole proprietorship has gross receipts of \$920,000 and net earnings of \$118,000. The CPA says the business owes franchise and excise tax. Is the CPA correct?

- A. No, because sole proprietorships are exempt from both franchise and excise tax — only business tax on gross receipts applies
- B. Yes, because all entities with gross receipts exceeding \$500,000 owe franchise and excise tax
- C. No, because sole proprietorships are exempt from all Tennessee state taxes
- D. Yes, because all businesses with net earnings exceeding \$100,000 owe excise tax

21. A contractor enters into a guaranteed maximum price (GMP) contract for \$1,800,000 with a 60/40 shared savings clause (60% to owner). Actual costs total \$1,700,000. How are the savings distributed?

- A. The contractor receives the entire \$100,000 as an efficiency bonus
- B. The owner receives \$60,000 (60%) and the contractor receives \$40,000 (40%)
- C. The owner receives the full \$100,000 because the GMP exists solely for owner protection
- D. Savings held in escrow until warranty obligations expire

22. A contractor operating as a general partnership has gross receipts of \$1,400,000 and net earnings of \$175,000. The CPA says the partnership owes franchise and excise tax. Is the CPA correct?

- A. No, because general partnerships are exempt from all Tennessee state taxes
- B. Yes, because all entities with gross receipts exceeding \$1,000,000 owe all three taxes
- C. No, because general partnerships are exempt from franchise and excise tax — only business tax applies
- D. Yes, because all partnerships with employees owe franchise and excise tax

23. A contractor enters into a \$760,000 lump-sum contract for a dental clinic. During excavation, the contractor discovers an abandoned fuel tank requiring \$38,000 for removal. The contract has no differing site conditions clause. Who bears the cost?

- A. The owner because fuel tanks are environmental liabilities
- B. The cost is split equally under the implied shared-risk doctrine
- C. The contractor can file a mechanic's lien for the \$38,000
- D. The contractor bears the cost because in a lump-sum without a differing site conditions clause, the contractor assumes unforeseen subsurface risk

24. A project owner terminates a contractor for cause on a \$1,600,000 project after documented breaches and two cure notices. The contractor completed 55%. A replacement contractor charges \$860,000 to finish. The original remaining balance was \$720,000. What does the original contractor receive?

- A. \$880,000, representing 55% of the contract price
- B. The value of acceptably completed work with no offset for replacement cost
- C. \$880,000 plus a 10% termination fee
- D. The value of acceptably completed work, reduced by the \$140,000 difference between replacement cost (\$860,000) and remaining balance (\$720,000)

25. A material supplier delivers \$70,000 in custom doors to a private commercial project. The supplier has no direct contract with the owner. The general contractor has not paid. What must the supplier do to preserve lien rights?

- A. File a mechanic's lien directly within 90 days — no prior notice required
- B. Send a demand letter by certified mail within 30 days
- C. Send a Notice of Nonpayment to the prime contractor or owner within 90 days, and file a lien within 90 days of the last furnishing date
- D. File a breach of contract lawsuit within one year to create an automatic lien

26. A contractor holds a Tennessee license with a monetary limit of \$2,100,000. The contractor carries \$750,000 in GL insurance. Does the contractor meet the minimum requirement?

- A. Yes, because \$750,000 exceeds the \$500,000 minimum for the \$501,000–\$1,500,000 tier
- B. Yes, because GL requirements are based on project values, not the monetary limit
- C. No, because all contractors with limits above \$2,000,000 must carry GL equal to the limit
- D. No, because the \$2,100,000 limit exceeds \$1,501,000, placing the contractor in the highest tier requiring \$1,000,000 minimum GL

27. A contractor has a net worth of \$330,000 and working capital of \$305,000. The contractor applies for unlimited status. Does the contractor qualify?

- A. Yes, because both net worth (\$330,000) and working capital (\$305,000) each independently exceed \$300,000
- B. No, because working capital must exceed \$350,000 for unlimited
- C. Yes, because net worth alone exceeding \$300,000 satisfies the sole requirement
- D. No, because unlimited requires a minimum net worth of \$500,000

28. A contractor with 62 employees is hiring workers. The HR director requires I-9 forms but has not enrolled in E-Verify. Is this compliant?

- A. Yes, because E-Verify is a voluntary federal program
- B. No, because Tennessee requires E-Verify for employers with 50 or more employees — both I-9 and E-Verify are required
- C. No, because E-Verify is required for all Tennessee employers
- D. Yes, because E-Verify is mandatory only for government contractors

29. A contractor operating as a sole proprietorship earns \$190,000 in net self-employment income. What is the approximate self-employment tax?

- A. Approximately \$29,070 at 15.3%, covering both Social Security (12.4%) and Medicare (2.9%)
- B. Approximately \$14,535 at 7.65% because sole proprietors pay only the employee half
- C. Approximately \$5,510 at 2.9% for Medicare only
- D. Approximately \$23,560 at 12.4% for Social Security only

30. A contractor is reviewing the standard order of precedence for a \$3,000,000 project. The specifications require Grade 60 rebar throughout. The addenda changed the requirement to Grade 40 for non-structural landscape walls only. The drawings show Grade 80 for landscape walls. Which grade should be installed in the landscape walls?

- A. Grade 60 because specifications always take precedence
- B. Grade 80 because drawings provide the most location-specific information
- C. The contractor may choose any grade and document the selection
- D. Grade 40 because addenda modify previously issued documents and represent the most current intent

31. An employer with 16 employees terminates a worker who recently disclosed a physical disability. Under which laws can the worker file a claim?

- A. Only the federal ADA because the THRA does not cover disability
- B. Both the federal ADA and the Tennessee Human Rights Act — ADA at 15+ and THRA at 8+, both covering disability
- C. Only the ADEA which covers all discrimination at 15+
- D. No law covers disability for fewer than 20 employees

32. A contractor enters into a \$650,000 lump-sum contract for a commercial tenant improvement. During construction, the owner verbally approves a \$14,000 upgrade to the break room cabinetry. The contractor completes the work. Three weeks later, the owner disputes the charge. What is the core issue?

- A. The verbal approval is enforceable because the owner accepted the benefit
- B. The change order should have been written and signed by both parties before work began — lack of documentation weakens the contractor's position
- C. The architect must authorize all change orders
- D. The owner cannot dispute completed work

33. A contractor operating as a C-corporation has net worth of \$480,000 and tangible property valued at \$530,000. What is the franchise tax liability?

- A. \$1,200, calculated at \$0.25 per \$100 of net worth
- B. \$100, the minimum franchise tax
- C. \$1,325, calculated at \$0.25 per \$100 of tangible property of \$530,000 because it is the greater value
- D. \$2,525, calculated at \$0.25 per \$100 of combined values

34. A subcontractor furnishes labor to a state-funded prison construction project. The general contractor has not paid \$105,000. Can the subcontractor file a mechanic's lien?

- A. Yes, because prison projects exceeding \$100,000 are subject to lien provisions
- B. Yes, but only if filed within 30 days
- C. No, and no remedy exists because state correctional facilities have sovereign immunity
- D. No, because liens cannot be filed against public property — the subcontractor must pursue a payment bond claim

35. A contractor has total assets of \$1,220,000, total liabilities of \$790,000, current assets of \$460,000, and current liabilities of \$125,000. Does the contractor qualify for unlimited status?

- A. Yes, because both net worth (\$430,000) and working capital (\$335,000) each independently exceed \$300,000
- B. No, because working capital must exceed \$400,000 for unlimited
- C. Yes, because net worth alone exceeding \$300,000 satisfies the sole requirement
- D. No, because unlimited requires both values to exceed \$500,000

36. An employer with 48 employees at a single location has a worker employed for 2 years who requests FMLA leave to care for a parent with a terminal illness. Is the worker eligible?

- A. Yes, because parental care for terminal illness qualifies regardless of employer size
- B. Yes, because the 2-year tenure exceeds the minimum and the condition qualifies
- C. No, because FMLA for parental care is limited to 4 weeks
- D. No, because FMLA requires 50 or more employees within a 75-mile radius, and this employer has only 48

37. A contractor enters into a \$1,400,000 stipulated-sum contract for a commercial office. After completing 50%, the owner terminates for convenience. The contractor incurred \$630,000 in costs and earned \$70,000 in profit on completed work. The contractor claims \$70,000 in anticipated profit on unperformed work. What does the contractor receive?

- A. \$1,400,000, the full contract price
- B. \$770,000, consisting of costs plus earned profit plus anticipated profit
- C. \$630,000, consisting of only direct costs
- D. \$700,000, consisting of costs (\$630,000) plus earned profit (\$70,000), with no recovery of anticipated profit on unperformed work

38. A contractor is reviewing the five essential elements of a valid construction contract. The contractor has offer, acceptance, consideration, and legal capacity. The project involves constructing a facility specifically designed for illegal drug distribution. What element is missing?

- A. Legal capacity, because parties engaged in illegal activities lack capacity
- B. Consideration, because illegal activities cannot be supported by valid consideration
- C. Legal purpose — the contract lacks legal purpose because it involves an illegal activity
- D. Offer, because offers involving illegal activities are automatically void

39. A contractor wants to hire an HVAC subcontractor for a \$26,500 scope on a commercial building. The general contractor holds a BC-B license. Does the HVAC subcontractor need a separate license?

- A. Yes, because the BC excludes HVAC exceeding \$25,000, and \$26,500 exceeds that threshold
- B. No, because the general contractor's BC-B covers all mechanical trades
- C. No, because HVAC licensing is required only for scopes exceeding \$50,000
- D. Yes, because all HVAC work on commercial buildings requires a separate license

40. A contractor signs a conditional lien waiver in exchange for a \$48,000 progress payment. The owner issues a check. The contractor deposits it and it clears three business days later. What is the status?

- A. The waiver remains conditional for 30 days regardless of clearance
- B. The conditional waiver is now effective because the condition — actual receipt of payment — has been satisfied
- C. The waiver converts to unconditional only after separate written confirmation
- D. The waiver is effective only after 90 days of the payment remaining cleared

41. A contractor completes all work on a private commercial renovation on November 18. The owner withholds \$50,000. The contractor files a mechanic's lien on February 13, which is 87 days after last furnishing. Is the filing timely, and what is the enforcement deadline?

- A. Yes, within the 90-day period, and enforcement must be filed within one year of the filing date
- B. No, because commercial liens must be filed within 60 days
- C. Yes, but enforcement must be filed within 90 days of the filing date
- D. No, because the 90-day period begins from when retainage was due

42. An employer with 19 employees wants to know which federal discrimination laws apply. Which combination is correct?

- A. Title VII, ADA, and ADEA all apply because all three have a 15-employee threshold
- B. Only Title VII applies — ADA and ADEA both require 25+
- C. None apply because the minimum threshold is 20+
- D. Title VII and ADA apply at 15+, but ADEA does not because it requires 20+

43. A contractor operating as an LLC has gross receipts of \$1,800,000. The company paid \$1,250,000 to licensed subcontractors and \$160,000 to an unlicensed crew. What is deductible for business tax?

- A. \$1,250,000, because only payments to properly licensed subcontractors qualify
- B. \$1,410,000, because all payments are deductible regardless of licensing

- C. \$0, because Tennessee does not permit deductions for business tax
- D. \$625,000, because the deduction is capped at 50%

44. A contractor wants to determine whether a workshop addition project requires a license. The project includes: framing \$11,600, electrical materials \$2,800, drywall \$3,200, labor \$5,700, and profit \$2,200. Does this require a license?

- A. Yes, because the total cost is \$25,500, exceeding the \$25,000 threshold
- B. No, because workshops are classified as accessory structures exempt from licensing
- C. No, because the labor cost is under \$25,000 and the threshold applies only to labor
- D. Yes, because any project involving electrical work requires licensing

45. A contractor enters into a time-and-materials contract for emergency tornado damage repair. After two weeks, costs reach \$195,000. The owner demands a cost cap of \$250,000. What is the issue?

- A. The owner can unilaterally impose a cap at any point
- B. T&M contracts have no inherent cost ceiling — any cap requires a written modification agreed to by both parties
- C. T&M contracts include an implied ceiling of 150% of the initial estimate
- D. The owner should have negotiated a GMP because T&M cannot be modified

46. A contractor holds a Tennessee license with a monetary limit of \$580,000. The contractor carries \$100,000 in GL insurance. Does the contractor meet the minimum?

- A. Yes, because \$100,000 is the minimum for all Tennessee contractors
- B. Yes, because GL requirements are based on project values
- C. No, because the GL minimum is 25% of the monetary limit
- D. No, because the \$580,000 limit exceeds \$500,000, placing the contractor in the \$501,000–\$1,500,000 tier requiring \$500,000 minimum GL

47. A contractor licensed in Georgia wants to obtain a Tennessee license. The contractor holds a valid Georgia license, passed the Georgia trade exam, and holds a NASCLA Accredited Commercial Exam credential. What testing is required?

- A. The trade exam may be waived through reciprocity, the NASCLA credential is accepted for BC-B, but the Business and Law exam must still be passed
- B. Both exams fully waived because NASCLA provides complete reciprocity

- C. NASCLA waives the Business and Law exam, but the trade exam must be taken
- D. No reciprocity exists with Georgia, requiring both exams independently

48. A contractor has a net worth of \$310,000 and working capital of \$288,000. The contractor applies for unlimited status. Does the contractor qualify?

- A. Yes, because net worth exceeds \$300,000 and only one value needs to meet the threshold
- B. No, because both must each exceed \$300,000, and working capital (\$288,000) falls short
- C. Yes, because the average exceeds \$300,000
- D. No, because unlimited requires a minimum net worth of \$500,000

49. A contractor operating as a C-corporation has net earnings of \$350,000, net worth of \$450,000, and tangible property valued at \$490,000. What is the combined franchise and excise tax liability?

- A. \$1,225 in franchise tax only, because C-corporations are exempt from excise tax
- B. \$22,750 in excise tax only, because franchise tax applies only to LLCs
- C. \$24,000, consisting of \$1,225 in franchise tax based on tangible property of \$490,000 plus \$22,750 in excise tax at 6.5% of net earnings
- D. \$0, because C-corporations with net earnings under \$500,000 are exempt

50. A contractor operating as a general partnership has two partners and 5 employees. One partner wants both exempted from workers' compensation. What is the correct obligation?

- A. Workers' compensation is required for all 5 employees because Tennessee mandates coverage for employers with one or more employees, but the partners can individually exempt themselves by registering with the Secretary of State
- B. Both partners and employees are automatically exempt because partnerships are not employers
- C. Coverage is required for all workers including partners with no exemption available
- D. Coverage is optional because partnerships with fewer than 10 workers are exempt

Practice Exam 35: Answer Key and Explanations

1. C. Limited partnership — All three apply: business tax, franchise tax, excise tax.
2. C. Monetary limit — Working capital = $\$395,000 - \$262,000 = \$133,000$. Limit = $\$1,330,000$. Below $\$1,400,000$.
3. B. Unconditional waiver — Effective immediately regardless of payment or dissolution.

4. D. Excise tax — $6.5\% \times \$415,000 = \$26,975$.
5. C. Discrimination — ADA requires 15+ (doesn't apply at 9). THRA at 8+ covers age and disability.
6. B. Cost-plus-percentage — $13\% \times \$28,000 = \$3,640$. Incentive to encourage cost increases.
7. C. Plumbing — BC excludes plumbing exceeding \$25,000. \$27,500 exceeds.
8. B. Cost-plus-fixed-fee — \$56,000 constant regardless of costs.
9. D. Fatality — 8 hours from employer learning. 2:55 PM + 8 = 10:55 PM Wednesday.
10. C. Excavation — Protection at 5+ feet unless stable rock. Type C not stable rock.
11. A. Roofing — Licensed since January 1, 2014, regardless of value.
12. D. S-corporation — Subject to both franchise and excise despite pass-through status.
13. B. Financial statements — Limits exceeding \$3,000,000 require audited statement.
14. A. Electrical — BC excludes electrical exceeding \$25,000. \$24,500 below threshold.
15. B. FMLA — 50+ employees, 14 months tenure, spousal care qualifies. All met.
16. A. Sales tax — Contractor is end user. $\$56,000 \times 9.5\% = \$5,320$. Exemption doesn't transfer.
17. C. BC-A/r — \$125,000, no trade exam (community college), joint ventures prohibited, subcontractors permitted.
18. B. LMC — Required at \$100,000+. \$98,000 below threshold.
19. C. Drug-Free Workplace — All four required. Omitting post-accident disqualifies.
20. A. Sole proprietorship — Exempt from franchise and excise. Only business tax applies.
21. B. GMP shared savings — \$100,000 split 60/40: owner \$60,000, contractor \$40,000.
22. C. General partnership — Exempt from franchise and excise. Only business tax applies.
23. D. Lump-sum risk — Without differing site conditions clause, contractor bears unforeseen costs.
24. D. Termination for cause — Value of acceptable work offset by \$140,000 additional completion cost.
25. C. Remote claimant — Notice of Nonpayment within 90 days, file lien within 90 days.
26. D. GL tiers — \$2,100,000 exceeds \$1,501,000. Highest tier requires \$1,000,000. \$750,000 insufficient.
27. A. Unlimited — Both \$330,000 and \$305,000 each exceed \$300,000. Qualifies.
28. B. E-Verify — Required for 50+ employees. Both I-9 and E-Verify required at 62.
29. A. Self-employment tax — $15.3\% \times \$190,000 = \$29,070$.

30. D. Addenda — Modify previously issued documents. Grade 40 controls for landscape walls.
31. B. Disability — ADA at 15+ and THRA at 8+. Both apply at 16.
32. B. Change order — Written and signed before work. Lack of documentation weakens position.
33. C. Franchise tax — \$0.25 per \$100 of greater value (\$530,000 tangible). \$1,325.
34. D. Public property — Liens cannot be filed. Payment bond claim.
35. A. Unlimited — Net worth \$430,000, working capital \$335,000. Both exceed \$300,000.
36. D. FMLA — Requires 50+ employees. Only 48. Not met.
37. D. Termination for convenience — Costs + earned profit. No anticipated profit. \$630,000 + \$70,000 = \$700,000.
38. C. Legal purpose — Facility for illegal activity lacks legal purpose.
39. A. HVAC — BC excludes HVAC exceeding \$25,000. \$26,500 exceeds.
40. B. Conditional waiver — Effective when payment received. Check cleared. Condition satisfied.
41. A. Lien timing — 87 days, within 90. Timely. Enforcement within one year.
42. D. Discrimination — Title VII at 15+, ADA at 15+: both apply. ADEA at 20+: does not at 19.
43. A. Business tax deduction — Only licensed subcontractor payments (\$1,250,000) deductible.
44. A. Licensing — Total = \$11,600 + \$2,800 + \$3,200 + \$5,700 + \$2,200 = \$25,500. Exceeds \$25,000.
45. B. T&M — No inherent ceiling. Cap requires written modification by both parties.
46. D. GL tiers — \$580,000 exceeds \$500,000. \$501,000–\$1,500,000 tier requires \$500,000. \$100,000 insufficient.
47. A. Georgia reciprocity and NASCLA — Trade exam waived. NASCLA for BC-B. Business and Law exam required.
48. B. Unlimited — Both must exceed \$300,000. Working capital (\$288,000) falls short.
49. C. Corporate taxes — Franchise = \$0.25 per \$100 of \$490,000 tangible = \$1,225. Excise = $6.5\% \times \$350,000 = \$22,750$. Combined = \$23,975 \approx \$24,000.
50. A. Workers' comp — Required for 1+ employees. Partners can individually exempt via Secretary of State.