

PRACTICE EXAM 36: 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 C-corporation has net earnings of \$370,000, net worth of \$490,000, and tangible property valued at \$530,000. What is the Tennessee excise tax liability?

- A. \$1,325, calculated at \$0.25 per \$100 of tangible property of \$530,000
- B. \$1,225, calculated at \$0.25 per \$100 of net worth of \$490,000
- C. \$0, because C-corporations with net earnings under \$400,000 are exempt
- D. \$24,050, calculated at 6.5% of the net earnings of \$370,000

2. A contractor has total assets of \$1,070,000, total liabilities of \$685,000, current assets of \$400,000, and current liabilities of \$267,000. The contractor wants to bid on a \$1,400,000 project. Can the monetary limit support this?

- A. Yes, because the net worth of \$385,000 supports a limit of \$3,850,000
- 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 (\$385,000) or working capital (\$133,000) — the limit is \$1,330,000, below \$1,400,000
- D. Yes, because total assets of \$1,070,000 support any project under \$2,000,000

3. A contractor signs an unconditional lien waiver and delivers it before receiving the \$57,000 progress payment. The general contractor later declares bankruptcy and the payment is never made. What is the legal effect?

- A. The unconditional waiver is effective immediately upon signing — the contractor has released lien rights regardless of whether payment is ever received
- B. The waiver is void because the bankruptcy constitutes material breach
- C. The waiver converts to a conditional waiver upon the bankruptcy filing
- D. The waiver is suspended until the bankruptcy court resolves the claim

4. A contractor enters into a cost-plus-percentage contract with a 12% fee for a \$670,000 estimated renovation. The contractor identifies a \$24,000 cost-saving substitution. What financial disincentive exists?

- A. No disincentive because the owner makes all final decisions
- B. A positive disincentive because value engineering credits increase the fee
- C. The contractor loses \$2,880 in fee income because 12% of the \$24,000 savings is eliminated
- D. The disincentive is neutral because the owner verifies all substitutions

5. An employer with 10 employees in Tennessee terminates a worker who recently announced a pregnancy. Under which law can the worker file a complaint?

- A. Title VII and the Pregnancy Discrimination Act, which apply to employers with 10 or more employees
- B. The Tennessee Human Rights Act, which applies to employers with 8 or more employees and prohibits pregnancy-based discrimination
- C. The ADEA, which covers pregnancy discrimination for employers with 10 or more employees
- D. No federal or state law covers pregnancy claims for employers with only 10 employees

6. A subcontractor furnishes labor to a state-funded courthouse renovation. The general contractor has not paid \$94,000. Can the subcontractor file a mechanic's lien?

- A. Yes, because courthouse renovation projects exceeding \$50,000 are subject to lien provisions
- B. Yes, but only if filed within 30 days of the last day of furnishing
- C. No, and no remedy exists because state facilities have sovereign immunity
- D. No, because liens cannot be filed against public property — the subcontractor must pursue a payment bond claim

7. A contractor operating as a sole proprietorship has gross receipts of \$840,000 and net earnings of \$108,000. 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

8. A contractor enters into a cost-plus-fixed-fee contract with a \$60,000 fixed fee for a \$730,000 estimated renovation. Owner cancellations reduce actual costs to \$660,000. What fee does the contractor receive?

- A. \$54,247, reduced proportionally because actual costs decreased
- B. \$66,000, recalculated at 10% of actual costs
- C. \$60,000, because a fixed fee remains constant regardless of whether actual costs change
- D. \$60,000 minus a \$7,000 credit for reduced management burden

9. A contractor's employee suffers a fatal electrical accident at 10:45 AM on Thursday. The foreman calls the office at 11:10 AM. By what time must the fatality be reported to OSHA?

- A. By 11:10 AM on Friday, within 24 hours of the employer learning
- B. By 10:45 AM on Friday, within 24 hours of the time of death
- C. By 11:10 AM the following Thursday, within 5 working days
- D. By 7:10 PM on Thursday, within 8 hours of the employer learning

10. A contractor is excavating a trench reaching 5 feet 4 inches deep in Type A soil. The superintendent says Type A is the most stable classification and no protection is needed. Is this correct?

- A. Yes, because Type A allows unprotected excavation to 8 feet
- B. Yes, because a competent person's assessment overrides OSHA depth requirements
- C. No, because Type A requires protection at all depths regardless of the threshold
- D. No, because OSHA requires protection at 5 feet or deeper regardless of soil type unless entirely in stable rock — Type A is not stable rock

11. A roofing subcontractor wants to bid on a \$46,000 re-roofing project for a commercial building. The subcontractor does not hold a Tennessee license. Can the subcontractor perform this work?

- A. Yes, because roofing licensing is required only for projects exceeding \$50,000
- B. No, because Tennessee has required all roofing subcontractors to be licensed since January 1, 2014, regardless of project value
- 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 \$255,000, net worth of \$330,000, and tangible property valued at \$300,000. The bookkeeper says S-corporations are exempt from franchise and excise tax. Is this correct?

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

13. A contractor wants to obtain a Tennessee license with a monetary limit of \$3,400,000. 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. Yes, because audited statements are required only when limits exceed \$4,000,000
- C. No, because all limits above \$2,500,000 require an audited statement
- D. No, because monetary limits exceeding \$3,000,000 require an audited financial statement

14. A contractor wants to hire an electrical subcontractor for a \$24,500 scope on a commercial building. 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 16 months who requests FMLA leave for a personal serious health condition. Is the worker eligible?

- A. Yes, because the employer has 50+ employees, the worker has 16 months of service, and a personal serious health condition is a qualifying event
- B. No, because FMLA leave for personal health conditions is limited to 6 weeks
- C. No, because the employee must have worked at least 24 months
- D. Yes, but only if the condition requires inpatient hospitalization

16. A contractor purchases \$58,000 in mechanical equipment for a commercial HVAC project. The combined sales tax rate is 9.25%. The building owner is a tax-exempt government agency. Can the contractor avoid sales tax?

- A. Yes, because materials for government projects are exempt from state sales tax

- B. No, because the contractor is the end user and must pay the combined 9.25% sales tax of \$5,365 regardless of the owner's status
- C. Yes, if the contractor provides the supplier with the agency'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 \$125,000, no trade exam (community college course substitutes), joint ventures prohibited, subcontractors permitted
- C. Projects under \$100,000, no trade exam, joint ventures prohibited, subcontractors prohibited
- D. Projects under \$125,000, trade exam required, joint ventures permitted, subcontractors permitted

18. A masonry subcontractor is bidding on a \$106,000 scope of masonry work. The subcontractor does not hold an LMC license. Does the subcontractor need one?

- A. No, because the LMC threshold is \$125,000 for commercial projects
- B. No, because the general contractor's license covers all masonry work
- C. Yes, because all masonry subcontractors must hold an LMC regardless of value
- D. Yes, because the LMC is required when masonry work reaches \$100,000 or more, and \$106,000 exceeds that threshold

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 general partnership has gross receipts of \$1,350,000 and net earnings of \$170,000. The CPA says the partnership owes franchise and excise tax. Is the CPA correct?

- A. No, because general partnerships are exempt from franchise and excise tax — only business tax on gross receipts applies

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

21. A contractor enters into a guaranteed maximum price (GMP) contract for \$1,900,000 with a 50/50 shared savings clause. Actual costs total \$1,810,000. How are the savings distributed?

- A. The contractor receives the entire \$90,000 as an efficiency bonus
- B. The owner receives \$45,000 and the contractor receives \$45,000, splitting equally
- C. The owner receives the full \$90,000 because the GMP exists solely for owner protection
- D. Savings held in escrow until warranty obligations expire

22. A contractor enters into a \$700,000 lump-sum contract for a dental clinic. During excavation, the contractor discovers an abandoned septic tank requiring \$34,000 for removal. The contract has no differing site conditions clause. Who bears the cost?

- A. The owner because septic tanks are environmental liabilities
- B. The cost is split equally under the implied shared-risk doctrine
- C. The contractor bears the cost because in a lump-sum without a differing site conditions clause, the contractor assumes unforeseen subsurface risk
- D. The contractor can suspend work until the owner funds removal

23. A project owner terminates a contractor for cause on a \$1,700,000 project after documented breaches and two cure notices. The contractor completed 55%. A replacement charges \$910,000 to finish. The original remaining balance was \$765,000. What does the original contractor receive?

- A. The value of acceptably completed work, reduced by the \$145,000 difference between replacement cost (\$910,000) and remaining balance (\$765,000)
- B. \$935,000, representing 55% of the contract price
- C. The value of all completed work with no offset for replacement cost
- D. \$935,000 plus a 10% termination fee

24. A contractor with 58 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

25. A contractor has a net worth of \$345,000 and working capital of \$310,000. The contractor applies for unlimited status. Does the contractor qualify?

- A. Yes, because both net worth (\$345,000) and working capital (\$310,000) 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 both values to exceed \$500,000

26. A material supplier delivers \$78,000 in custom millwork 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. 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
- B. File a mechanic's lien directly within 90 days — no prior notice required
- C. Send a demand letter by certified mail within 30 days
- D. File a breach of contract lawsuit within one year to create an automatic lien

27. A contractor licensed in Mississippi wants to obtain a Tennessee license. The contractor holds a valid Mississippi license and passed the Mississippi trade exam. What testing applies?

- A. Both exams are fully waived because Mississippi has comprehensive reciprocity
- B. The trade exam may be waived through reciprocity, but the Tennessee Business and Law exam must still be passed
- C. No reciprocity exists, requiring both exams independently
- D. The Business and Law exam is waived, but the trade exam must be taken

28. A contractor is reviewing the standard order of precedence for a \$2,800,000 project. The specifications require epoxy-coated rebar throughout. The addenda changed the requirement to standard rebar for non-structural retaining walls only. The drawings show galvanized rebar for retaining walls. Which rebar should be installed in the retaining walls?

- A. Epoxy-coated because specifications always take precedence
- B. Galvanized because drawings provide the most location-specific information

- C. Standard rebar because addenda modify previously issued documents and represent the most current intent
- D. The contractor may choose any type and document the selection

29. An employer with 16 employees terminates a worker who recently disclosed a hearing 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

30. A contractor wants to determine whether a covered walkway project requires a license. The project includes: steel materials \$13,200, concrete footings \$2,000, labor \$8,400, and profit \$1,900. Does this require a license?

- A. Yes, because the total cost is \$25,500, exceeding the \$25,000 threshold
- B. No, because covered walkways 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 all projects involving steel require licensing

31. A contractor operating as a limited partnership has gross receipts of \$2,500,000, net earnings of \$310,000, net worth of \$390,000, and tangible property valued at \$350,000. What combination of 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 pass-through entities

32. A contractor holds a Tennessee license with a monetary limit of \$2,200,000. The contractor carries \$500,000 in GL insurance. Does the contractor meet the minimum?

- A. Yes, because \$500,000 meets the \$501,000–\$1,500,000 tier
- B. Yes, because GL requirements are based on project values
- C. No, because all contractors with limits above \$2,000,000 must carry GL equal to the limit

D. No, because the \$2,200,000 limit exceeds \$1,501,000, placing the contractor in the highest tier requiring \$1,000,000 minimum GL

33. A contractor operating as a C-corporation has net worth of \$470,000 and tangible property valued at \$520,000. What is the franchise tax liability?

- A. \$1,175, calculated at \$0.25 per \$100 of net worth
- B. \$100, the minimum franchise tax
- C. \$1,300, calculated at \$0.25 per \$100 of tangible property of \$520,000 because it is the greater value
- D. \$2,475, calculated at \$0.25 per \$100 of combined values

34. A contractor enters into a \$680,000 lump-sum contract for a commercial tenant improvement. During construction, the owner verbally approves a \$15,000 upgrade. 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

35. A contractor is building a commercial warehouse using the percentage-of-completion method. Contract price is \$1,800,000, costs to date are \$648,000, and total estimated costs are \$1,440,000. What revenue should be recognized?

- A. \$648,000, matching revenue to costs without a completion ratio
- B. \$900,000, calculated as 50% of the contract price
- C. \$810,000, calculated as costs to date (\$648,000) divided by total estimated costs (\$1,440,000) multiplied by the contract price (\$1,800,000)
- D. \$1,800,000, because revenue is fully recognized once past 35%

36. A contractor enters into a \$1,500,000 stipulated-sum contract. After completing 55%, the owner terminates for convenience. The contractor incurred \$742,500 in costs and earned \$82,500 in profit on completed work. The contractor claims \$67,500 in anticipated profit on unperformed work. What does the contractor receive?

- A. \$1,500,000, the full contract price
- B. \$892,500, consisting of costs plus earned plus anticipated profit
- C. \$742,500, consisting of only direct costs
- D. \$825,000, consisting of costs (\$742,500) plus earned profit (\$82,500), with no recovery of anticipated profit on unperformed work

37. A contractor wants to hire a plumbing subcontractor for a \$26,000 scope on a commercial building. Does the plumbing subcontractor need a separate license?

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

38. 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, and this employer has only 48

39. A contractor operating as an LLC has gross receipts of \$1,700,000. The company paid \$1,200,000 to licensed subcontractors and \$140,000 to an unlicensed crew. What is deductible for business tax?

- A. \$1,340,000, because all payments are deductible regardless of licensing
- B. \$0, because Tennessee does not permit deductions for business tax
- C. \$1,200,000, because only payments to properly licensed subcontractors qualify
- D. \$600,000, because the deduction is capped at 50%

40. A contractor files a mechanic's lien on a private residential property on August 12, 2026. The homeowner's attorney delays discussions. By what date must the enforcement lawsuit be filed?

- A. By November 10, 2026, which is 90 days from the filing date
- B. By February 9, 2027, which is 180 days from the filing date

- C. By August 12, 2028, which is two years from the filing date
- D. By August 12, 2027, which is one year from the filing date — delays do not toll this deadline

41. A contractor signs a conditional lien waiver in exchange for a \$44,000 progress payment. The owner issues a check. The contractor deposits it and the check clears three business days later. What is the status?

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

42. A contractor holds a Tennessee license with a monetary limit of \$470,000. The contractor carries \$100,000 in GL insurance. Does the contractor meet the minimum?

- A. No, because all Tennessee contractors must carry \$250,000 minimum GL
- B. Yes, because the \$470,000 limit falls in the up-to-\$500,000 tier, which requires \$100,000 minimum GL
- C. No, because the GL minimum is 25% of the monetary limit
- D. Yes, because GL requirements are based on project values, not the monetary limit

43. A contractor wants to hire an HVAC subcontractor for a \$27,000 scope on a commercial building. Does the HVAC subcontractor need a separate license?

- A. No, because the general contractor's BC-B covers all mechanical trades
- B. No, because HVAC licensing is required only for scopes exceeding \$50,000
- C. Yes, because all HVAC on commercial buildings requires a separate license
- D. Yes, because the BC excludes HVAC exceeding \$25,000, and \$27,000 exceeds that threshold

44. 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

45. 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. Title VII and ADA apply at 15+, but ADEA does not because it requires 20+
- D. None apply because the minimum threshold is 20+

46. A contractor operating as a sole proprietorship earns \$194,000 in net self-employment income. What is the approximate self-employment tax?

- A. Approximately \$29,682 at 15.3%, covering both Social Security (12.4%) and Medicare (2.9%)
- B. Approximately \$14,841 at 7.65% because sole proprietors pay only the employee half
- C. Approximately \$5,626 at 2.9% for Medicare only
- D. Approximately \$24,056 at 12.4% for Social Security only

47. 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 designed for illegal weapons manufacturing. 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. Offer, because offers involving illegal activities are automatically void
- D. Legal purpose — the contract lacks legal purpose because it involves illegal activity

48. A contractor is excavating a trench reaching 5 feet 5 inches deep in Type B soil. The foreman says it's barely over 5 feet and Type B holds fine. Is the foreman correct?

- A. Yes, because a competent person can authorize unprotected entry at this depth
- B. No, because OSHA requires protection at 5 feet or deeper regardless of soil type unless entirely in stable rock — no "barely over" exception
- C. Yes, because Type B has sufficient cohesion at shallow depths
- D. No, because Type B requires protection at all depths

49. A contractor completes all work on a private commercial renovation on December 5. The owner withholds \$52,000. The contractor files a mechanic's lien on March 2, which is 87 days after last furnishing. Is the filing timely, and what is the enforcement deadline?

- A. No, because commercial liens must be filed within 60 days
- B. Yes, within the 90-day period, and enforcement must be filed within one year of the filing date
- 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

50. A contractor enters into a \$1,350,000 stipulated-sum contract for a commercial office. After completing 50%, the owner terminates for convenience. The contractor incurred \$607,500 in costs and earned \$67,500 in profit on completed work. The contractor claims \$67,500 in anticipated profit on unperformed work. What does the contractor receive?

- A. \$1,350,000, the full contract price
- B. \$742,500, consisting of costs plus earned plus anticipated profit
- C. \$607,500, consisting of only direct costs
- D. \$675,000, consisting of costs (\$607,500) plus earned profit (\$67,500), with no recovery of anticipated profit on unperformed work

Practice Exam 36: Answer Key and Explanations

1. D. Excise tax — $6.5\% \times \$370,000 = \$24,050$.
2. C. Monetary limit — Working capital = $\$400,000 - \$267,000 = \$133,000$. Limit = $\$1,330,000$. Below $\$1,400,000$.
3. A. Unconditional waiver — Effective immediately regardless of payment or bankruptcy.
4. C. Cost-plus-percentage — $12\% \times \$24,000 = \$2,880$ lost fee.
5. B. Pregnancy — Title VII/PDA requires 15+ (doesn't apply at 10). THRA at 8+ covers pregnancy.
6. D. Public property — Liens cannot be filed. Payment bond claim.
7. A. Sole proprietorship — Exempt from franchise and excise. Only business tax.
8. C. Cost-plus-fixed-fee — \$60,000 constant regardless of costs.
9. D. Fatality — 8 hours from employer learning. $11:10 \text{ AM} + 8 = 7:10 \text{ PM Thursday}$.
10. D. Excavation — Protection at 5+ feet unless stable rock. Type A not stable rock.
11. B. Roofing — Licensed since January 1, 2014, regardless of value.
12. A. S-corporation — Subject to both franchise and excise despite pass-through status.

13. D. Financial statements — Limits exceeding \$3,000,000 require audited statement.
14. A. Electrical — BC excludes electrical exceeding \$25,000. \$24,500 below threshold.
15. A. FMLA — 50+ employees, 16 months tenure, personal health qualifies. All met.
16. B. Sales tax — Contractor is end user. $\$58,000 \times 9.25\% = \$5,365$. Exemption doesn't transfer.
17. B. BC-A/r — \$125,000, no trade exam (community college), joint ventures prohibited, subcontractors permitted.
18. D. LMC — Required at \$100,000+. \$106,000 exceeds.
19. C. Drug-Free Workplace — All four required. Omitting post-accident disqualifies.
20. A. General partnership — Exempt from franchise and excise. Only business tax.
21. B. GMP shared savings — \$90,000 split 50/50: \$45,000 each.
22. C. Lump-sum risk — Without differing site conditions clause, contractor bears unforeseen costs.
23. A. Termination for cause — Value of acceptable work offset by \$145,000 additional completion cost.
24. B. E-Verify — Required for 50+ employees. Both I-9 and E-Verify required at 58.
25. A. Unlimited — Both \$345,000 and \$310,000 each exceed \$300,000. Qualifies.
26. A. Remote claimant — Notice of Nonpayment within 90 days, file lien within 90 days.
27. B. Mississippi reciprocity — Trade exam waived. Business and Law exam required.
28. C. Addenda — Modify previously issued documents. Standard rebar controls for retaining walls.
29. B. Disability — ADA at 15+ and THRA at 8+. Both apply at 16.
30. A. Licensing — Total = $\$13,200 + \$2,000 + \$8,400 + \$1,900 = \$25,500$. Exceeds \$25,000.
31. C. Limited partnership — All three apply: business tax, franchise tax, excise tax.
32. D. GL tiers — \$2,200,000 exceeds \$1,501,000. Highest tier requires \$1,000,000. \$500,000 insufficient.
33. C. Franchise tax — \$0.25 per \$100 of greater value (\$520,000 tangible). \$1,300.
34. B. Change order — Written and signed before work. Lack of documentation weakens position.
35. C. Percentage of completion — $(\$648,000 \div \$1,440,000) \times \$1,800,000 = 0.45 \times \$1,800,000 = \$810,000$.
36. D. Termination for convenience — Costs + earned profit. No anticipated profit. $\$742,500 + \$82,500 = \$825,000$.
37. A. Plumbing — BC excludes plumbing exceeding \$25,000. \$26,000 exceeds.

38. D. FMLA — Requires 50+ employees. Only 48. Not met.
39. C. Business tax deduction — Only licensed subcontractor payments (\$1,200,000) deductible.
40. D. Lien enforcement — One year from filing. August 12, 2027.
41. C. Conditional waiver — Effective when payment received. Check cleared. Condition satisfied.
42. B. GL tiers — \$470,000 in up-to-\$500,000 tier. \$100,000 minimum. Meets requirement.
43. D. HVAC — BC excludes HVAC exceeding \$25,000. \$27,000 exceeds.
44. B. Unlimited — Both must exceed \$300,000. Working capital (\$288,000) falls short.
45. C. Discrimination — Title VII at 15+, ADA at 15+: both apply. ADEA at 20+: does not at 19.
46. A. Self-employment tax — $15.3\% \times \$194,000 = \$29,682$.
47. D. Legal purpose — Facility for illegal activity lacks legal purpose.
48. B. Excavation — Protection at 5+ feet unless stable rock. No "barely over" exception.
49. B. Lien timing — 87 days, within 90. Timely. Enforcement within one year.
50. D. Termination for convenience — Costs + earned profit. No anticipated profit. $\$607,500 + \$67,500 = \$675,000$.