

PRACTICE EXAM 37: 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 sole proprietorship has gross receipts of \$960,000 and net earnings of \$122,000. 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

2. A contractor has total assets of \$1,090,000, total liabilities of \$700,000, current assets of \$410,000, and current liabilities of \$277,000. The contractor wants to bid on a \$1,400,000 project. Can the limit support this?

- A. Yes, because the net worth of \$390,000 supports a limit of \$3,900,000
- B. No, because the Board requires a minimum current ratio of 2.0 for projects above \$1,000,000
- C. No, because the limit is ten times the lesser of net worth (\$390,000) or working capital (\$133,000) — the limit is \$1,330,000, below \$1,400,000
- D. Yes, because total assets of \$1,090,000 support any project under \$2,000,000

3. A contractor signs an unconditional lien waiver and delivers it before receiving the \$56,000 progress payment. The owner's financing collapses 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 financing failure constitutes material breach
- C. The waiver converts to a conditional waiver after 30 days without payment
- D. The waiver is suspended until the owner secures alternative financing

4. A contractor enters into a cost-plus-percentage contract with a 14% fee for a \$610,000 estimated renovation. The contractor identifies a \$23,000 cost-saving substitution. What financial disincentive exists?

- A. No disincentive because the owner makes all final decisions
- B. The contractor loses \$3,220 in fee income because 14% of the \$23,000 savings is eliminated
- C. A positive disincentive because value engineering credits increase the fee
- D. The disincentive is neutral because the owner verifies all substitutions

5. A contractor operating as a C-corporation has net earnings of \$385,000, net worth of \$510,000, and tangible property valued at \$480,000. What is the Tennessee excise tax liability?

- A. \$1,275, calculated at \$0.25 per \$100 of net worth of \$510,000
- B. \$1,200, calculated at \$0.25 per \$100 of tangible property of \$480,000
- C. \$0, because C-corporations with net earnings under \$400,000 are exempt
- D. \$25,025, calculated at 6.5% of the net earnings of \$385,000

6. An employer with 9 employees in Tennessee terminates a 59-year-old worker who recently disclosed a shoulder injury requiring accommodation. Under which law can the worker file a complaint?

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

7. A contractor enters into a cost-plus-fixed-fee contract with a \$57,000 fixed fee for a \$690,000 estimated renovation. Material costs drop, bringing actual costs to \$625,000. What fee does the contractor receive?

- A. \$51,630, reduced proportionally because actual costs decreased
- B. \$62,500, recalculated at 10% of actual costs
- C. \$57,000, because a fixed fee remains constant regardless of whether actual costs change
- D. \$57,000 minus a \$6,500 credit for reduced management burden

8. A contractor's employee suffers a fatal fall at 10:00 AM on Tuesday. The foreman calls the office at 10:25 AM. By what time must the fatality be reported to OSHA?

- A. By 10:25 AM on Wednesday, within 24 hours of the employer learning
- B. By 10:00 AM on Wednesday, within 24 hours of the time of death
- C. By 10:25 AM the following Tuesday, within 5 working days
- D. By 6:25 PM on Tuesday, within 8 hours of the employer learning

9. A contractor is excavating a trench reaching 5 feet 5 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
- 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

10. A roofing subcontractor wants to bid on a \$42,000 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

11. A subcontractor furnishes labor to a city-funded community center project. The general contractor has not paid \$89,000. Can the subcontractor file a mechanic's lien?

- A. Yes, because community centers are classified as commercial facilities for lien purposes
- B. Yes, but only if filed within 30 days of the last day of furnishing
- C. No, and no remedy exists because municipal facilities have sovereign immunity
- D. No, because liens cannot be filed against public property — the subcontractor must pursue a payment bond claim

12. A contractor operating as an S-corporation has net earnings of \$270,000, net worth of \$340,000, and tangible property valued at \$310,000. 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
- C. No, because S-corporations are subject to both franchise and excise tax despite their federal pass-through classification
- D. No, but only excise tax applies — S-corporations are exempt from franchise tax

13. A contractor wants to obtain a Tennessee license with a monetary limit of \$3,200,000. 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 \$29,000 scope on a commercial building. Does the electrical subcontractor need a separate license?

- A. No, because the general contractor's BC-B covers all electrical work
- B. Yes, because the BC excludes electrical exceeding \$25,000, and \$29,000 exceeds that threshold
- C. No, because electrical licensing is required only for scopes exceeding \$50,000
- D. Yes, because all electrical work on commercial buildings requires a separate license

15. An employer with 55 employees at a single location has a worker employed for 10 months who requests FMLA leave for a personal serious health condition. Is the worker eligible?

- A. No, because FMLA requires 12 months of employment and this worker has only 10 months
- B. Yes, because the employer has 50+ employees and a serious health condition qualifies
- C. Yes, because the 12-month requirement is waived for documented serious conditions
- D. No, because FMLA for personal health conditions is limited to 6 weeks

16. A contractor purchases \$54,000 in steel for a commercial project. The combined sales tax rate is 9.5%. The building owner is a nonprofit hospital with a valid exemption. Can the contractor avoid sales tax?

- A. Yes, because materials for tax-exempt facilities inherit the exemption
- B. Yes, if the contractor provides the supplier with the hospital's certificate
- C. No, but the contractor can file a quarterly refund
- D. No, because the contractor is the end user and must pay the combined 9.5% sales tax of \$5,130 regardless of the owner's status

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 \$104,000 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. Yes, because the LMC is required when masonry work reaches \$100,000 or more, and \$104,000 exceeds that threshold
- C. No, because the general contractor's license covers all masonry work
- D. Yes, because all masonry subcontractors must hold an LMC regardless of value

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

20. A contractor operating as a general partnership has gross receipts of \$1,250,000 and net earnings of \$160,000. 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

21. A contractor enters into a \$1,350,000 stipulated-sum contract. After completing 55%, the owner terminates for convenience. The contractor incurred \$668,250 in costs and earned \$74,250 in profit on completed work. The contractor claims \$60,750 in anticipated profit on unperformed work. What does the contractor receive?

- A. \$1,350,000, the full contract price
- B. \$803,250, consisting of costs plus earned plus anticipated profit
- C. \$668,250, consisting of only direct costs
- D. \$742,500, consisting of costs (\$668,250) plus earned profit (\$74,250), with no recovery of anticipated profit on unperformed work

22. A contractor enters into a guaranteed maximum price (GMP) contract for \$2,100,000 with a 60/40 shared savings clause (60% to owner). Actual costs total \$1,980,000. How are the savings distributed?

- A. The owner receives \$72,000 (60%) and the contractor receives \$48,000 (40%) of the \$120,000 savings
- B. The contractor receives the entire \$120,000 as an efficiency bonus
- C. The owner receives the full \$120,000 because the GMP exists solely for owner protection
- D. Savings held in escrow until warranty obligations expire

23. A contractor operating as a C-corporation has net worth of \$480,000 and tangible property valued at \$520,000. What is the franchise tax liability?

- A. \$1,300, calculated at \$0.25 per \$100 of tangible property of \$520,000 because it is the greater value
- B. \$1,200, calculated at \$0.25 per \$100 of net worth
- C. \$100, the minimum franchise tax
- D. \$2,500, calculated at \$0.25 per \$100 of combined values

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

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

25. A contractor wants to determine whether a storage building project requires a license. The project includes: materials \$12,800, labor \$9,100, concrete slab \$1,700, and profit \$1,900. Does this require a license?

- A. No, because storage buildings are classified as accessory structures exempt from licensing
- B. Yes, because the total cost is \$25,500, exceeding the \$25,000 threshold
- C. No, because the labor cost is under \$25,000 and the threshold applies only to labor
- D. Yes, because all projects involving concrete slabs require licensing

26. A project owner terminates a contractor for cause on a \$1,800,000 project after documented breaches and two cure notices. The contractor completed 55%. A replacement charges \$960,000 to finish. The original remaining balance was \$810,000. What does the original contractor receive?

- A. \$990,000, representing 55% of the contract price
- B. The value of acceptably completed work with no offset for replacement cost
- C. \$990,000 plus a 10% termination fee
- D. The value of acceptably completed work, reduced by the \$150,000 difference between replacement cost (\$960,000) and remaining balance (\$810,000)

27. A contractor has a net worth of \$340,000 and working capital of \$315,000. The contractor applies for unlimited status. Does the contractor qualify?

- A. Yes, because both net worth (\$340,000) and working capital (\$315,000) 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

28. A material supplier delivers \$82,000 in custom cabinetry 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?

- 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

29. A contractor enters into a \$670,000 lump-sum contract for a dental clinic. During demolition, the contractor discovers hidden fire damage requiring \$40,000 in structural repair. The contract has no differing site conditions clause. Who bears the cost?

- A. The owner because fire damage is a pre-existing condition
- 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 risk
- D. The contractor can suspend work until the owner funds repair

30. A contractor with 54 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

31. A contractor is reviewing the standard order of precedence for a \$3,100,000 project. The specifications require acoustic panels rated NRC 0.70 throughout. The addenda changed the requirement to NRC 0.55 for the warehouse areas only. The drawings show NRC 0.85 in the warehouse. Which rating should be installed in the warehouse?

- A. NRC 0.70 because specifications always take precedence
- B. NRC 0.55 because addenda modify previously issued documents and represent the most current intent
- C. NRC 0.85 because drawings provide the most location-specific information
- D. The contractor may choose any rating

32. A contractor holds a Tennessee license with a monetary limit of \$2,300,000. 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 \$2,300,000 limit exceeds \$1,501,000, placing the contractor in the highest tier requiring \$1,000,000 minimum GL

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

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

34. A contractor enters into a time-and-materials contract for emergency storm damage repair. After two weeks, costs reach \$190,000. The owner demands a cost cap of \$245,000. What is the fundamental problem with this contract type for the owner?

- A. The contractor bears all cost risk because T&M rates are fixed at contract execution
- B. T&M contracts include an implied GMP equal to 150% of the initial verbal estimate
- C. T&M contracts have no inherent cost ceiling, placing the highest cost risk on the owner — any cap requires a written modification agreed to by both parties
- D. Risk is equally shared because the owner controls scope while the contractor controls pricing

35. A contractor enters into a \$680,000 lump-sum contract for a veterinary clinic. During construction, the owner verbally approves a \$16,000 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 architect must authorize all change orders
- C. The owner cannot dispute completed work
- D. The change order should have been written and signed before work began — lack of documentation weakens the contractor's position

36. A contractor operating as a limited partnership has gross receipts of \$2,600,000, net earnings of \$325,000, net worth of \$410,000, and tangible property valued at \$370,000. What is the combined franchise and excise tax liability?

- A. \$1,025 in franchise tax only, because limited partnerships are exempt from excise tax
- B. \$21,125 in excise tax only, because limited partnerships are exempt from franchise tax
- C. \$0, because limited partnerships are pass-through entities exempt from both
- D. \$22,150, consisting of \$1,025 in franchise tax based on net worth of \$410,000 plus \$21,125 in excise tax at 6.5% of net earnings

37. A contractor is building a commercial office using the percentage-of-completion method. Contract price is \$1,500,000, costs to date are \$600,000, and total estimated costs are \$1,200,000. What revenue should be recognized?

- A. \$600,000, matching revenue to costs without a completion ratio
- B. \$750,000, calculated as 50% of the contract price
- C. \$750,000, calculated as costs to date (\$600,000) divided by total estimated costs (\$1,200,000) multiplied by the contract price (\$1,500,000)
- D. \$1,500,000, because revenue is fully recognized once past 40%

38. A contractor wants to hire a plumbing subcontractor for a \$24,200 scope on a commercial building. Does the plumbing subcontractor need a separate license?

- A. No, because the \$24,200 falls below \$25,000 — the BC excludes plumbing exceeding \$25,000, and this scope does not exceed it
- B. Yes, because all plumbing on commercial buildings requires a separate license
- C. No, because the general contractor's BC-B covers all subcontractor trades
- D. Yes, because plumbing subcontractors must be licensed for work exceeding \$10,000

39. 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 cancer. Is the worker eligible?

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

40. A contractor operating as an LLC has gross receipts of \$1,850,000. The company paid \$1,300,000 to licensed subcontractors and \$170,000 to an unlicensed crew. What is deductible for business tax?

- A. \$1,470,000, because all payments are deductible regardless of licensing
- B. \$0, because Tennessee does not permit deductions for business tax
- C. \$1,300,000, because only payments to properly licensed subcontractors qualify
- D. \$650,000, because the deduction is capped at 50%

41. A contractor signs a conditional lien waiver in exchange for a \$46,000 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 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

42. A contractor completes all work on a private commercial renovation on November 25. The owner withholds \$48,000. The contractor files a mechanic's lien on February 20, 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 filing
- D. No, because the 90-day period begins from when retainage was due

43. A contractor has a net worth of \$305,000 and working capital of \$292,000. 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 (\$292,000) falls short
- C. Yes, because the average exceeds \$300,000
- D. No, because unlimited requires a minimum net worth of \$500,000

44. 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+

45. A contractor holds a Tennessee license with a monetary limit of \$570,000. 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 \$570,000 limit exceeds \$500,000, placing the contractor in the \$501,000–\$1,500,000 tier requiring \$500,000 minimum GL

46. A contractor licensed in Ohio wants to obtain a Tennessee license. What testing applies?

- A. Both exams fully waived because Ohio 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

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 gambling operations. 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 illegal activity
- D. Offer, because offers involving illegal activities are automatically void

48. A contractor operating as a sole proprietorship earns \$196,000 in net self-employment income. What is the approximate self-employment tax?

- A. Approximately \$29,988 at 15.3%, covering both Social Security (12.4%) and Medicare (2.9%)
- B. Approximately \$14,994 at 7.65% because sole proprietors pay only the employee half
- C. Approximately \$5,684 at 2.9% for Medicare only
- D. Approximately \$24,304 at 12.4% for Social Security only

49. A contractor wants to hire an HVAC subcontractor for a \$26,000 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 \$26,000 exceeds that threshold

50. A contractor wants to determine whether a screened porch project requires a license. The project includes: framing \$11,800, screening \$2,400, labor \$8,700, concrete footings \$1,200, and profit \$1,400. Does this require a license?

- A. Yes, because the total cost is \$25,500, exceeding the \$25,000 threshold
- B. No, because screened porches 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 concrete footings require licensing

Practice Exam 37: Answer Key and Explanations

1. A. Sole proprietorship — Exempt from franchise and excise. Only business tax applies.
2. C. Monetary limit — Working capital = $\$410,000 - \$277,000 = \$133,000$. Limit = $\$1,330,000$. Below $\$1,400,000$.
3. A. Unconditional waiver — Effective immediately regardless of payment.
4. B. Cost-plus-percentage — $14\% \times \$23,000 = \$3,220$ lost fee.
5. D. Excise tax — $6.5\% \times \$385,000 = \$25,025$.
6. A. Discrimination — ADA requires 15+ (doesn't apply at 9). THRA at 8+ covers age and disability.
7. C. Cost-plus-fixed-fee — $\$57,000$ constant regardless of costs.
8. D. Fatality — 8 hours from employer learning. $10:25 \text{ AM} + 8 = 6:25 \text{ PM Tuesday}$.
9. C. Excavation — Protection at 5+ feet unless stable rock. Type C not stable rock.
10. A. Roofing — Licensed since January 1, 2014, regardless of value.
11. D. Public property — Liens cannot be filed. Payment bond claim.

12. C. 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. B. Electrical — BC excludes electrical exceeding \$25,000. \$29,000 exceeds.
15. A. FMLA — Requires 12 months employment. Worker has 10 months. Not eligible.
16. D. Sales tax — Contractor is end user. $\$54,000 \times 9.5\% = \$5,130$. Exemption doesn't transfer.
17. B. BC-A/r — \$125,000, no trade exam (community college), joint ventures prohibited, subcontractors permitted.
18. B. LMC — Required at \$100,000+. \$104,000 exceeds.
19. D. Drug-Free Workplace — All four required. Omitting post-accident disqualifies.
20. C. General partnership — Exempt from franchise and excise. Only business tax.
21. D. Termination for convenience — Costs + earned profit. No anticipated profit. $\$668,250 + \$74,250 = \$742,500$.
22. A. GMP shared savings — \$120,000 split 60/40: owner \$72,000, contractor \$48,000.
23. A. Franchise tax — \$0.25 per \$100 of greater value (\$520,000 tangible). \$1,300.
24. C. Alabama reciprocity — Trade exam waived. Business and Law exam required.
25. B. Licensing — Total = $\$12,800 + \$9,100 + \$1,700 + \$1,900 = \$25,500$. Exceeds \$25,000.
26. D. Termination for cause — Value of acceptable work offset by \$150,000 additional completion cost.
27. A. Unlimited — Both \$340,000 and \$315,000 each exceed \$300,000. Qualifies.
28. C. Remote claimant — Notice of Nonpayment within 90 days, file lien within 90 days.
29. C. Lump-sum risk — Without differing site conditions clause, contractor bears unforeseen costs.
30. B. E-Verify — Required for 50+ employees. Both I-9 and E-Verify required at 54.
31. B. Addenda — Modify previously issued documents. NRC 0.55 controls for warehouse.
32. D. GL tiers — \$2,300,000 exceeds \$1,501,000. Highest tier requires \$1,000,000. \$500,000 insufficient.
33. A. Disability — ADA at 15+ and THRA at 8+. Both apply at 16.
34. C. T&M — No inherent ceiling. Highest cost risk on owner. Cap requires written modification.
35. D. Change order — Written and signed before work. Lack of documentation weakens position.
36. D. Limited partnership — Franchise = $\$0.25$ per \$100 of \$410,000 = \$1,025. Excise = $6.5\% \times \$325,000 = \$21,125$. Combined = \$22,150.

37. C. Percentage of completion — $(\$600,000 \div \$1,200,000) \times \$1,500,000 = 0.50 \times \$1,500,000 = \$750,000$.
38. A. Plumbing — BC excludes plumbing exceeding \$25,000. \$24,200 below threshold.
39. B. FMLA — Requires 50+ employees. Only 48. Not met.
40. C. Business tax deduction — Only licensed subcontractor payments (\$1,300,000) deductible.
41. B. Conditional waiver — Effective when payment received. Check cleared. Condition satisfied.
42. A. Lien timing — 87 days, within 90. Timely. Enforcement within one year.
43. B. Unlimited — Both must exceed \$300,000. Working capital (\$292,000) falls short.
44. C. Discrimination — Title VII at 15+, ADA at 15+: both apply. ADEA at 20+: does not at 19.
45. D. GL tiers — \$570,000 exceeds \$500,000. \$501,000–\$1,500,000 tier requires \$500,000. \$100,000 insufficient.
46. B. Ohio reciprocity — Trade exam waived. Business and Law exam required.
47. C. Legal purpose — Facility for illegal gambling lacks legal purpose.
48. A. Self-employment tax — $15.3\% \times \$196,000 = \$29,988$.
49. D. HVAC — BC excludes HVAC exceeding \$25,000. \$26,000 exceeds.
50. A. Licensing — Total = $\$11,800 + \$2,400 + \$8,700 + \$1,200 + \$1,400 = \$25,500$. Exceeds \$25,000.