

PRACTICE EXAM 39: 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 \$950,000 and net earnings of \$120,000. 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 \$1,080,000, total liabilities of \$695,000, current assets of \$405,000, and current liabilities of \$272,000. Can the contractor bid on a \$1,400,000 project?

- A. Yes, because 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 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 \$1,080,000 support any project under \$2,000,000

3. A contractor signs an unconditional lien waiver before receiving the \$58,000 progress payment. The general contractor later dissolves the company and the payment is never made. What is the legal effect?

- A. The unconditional waiver is effective immediately upon signing regardless of whether payment is received
- B. The waiver is void because the dissolution constitutes material breach
- C. The waiver converts to conditional upon the company's dissolution
- D. The waiver is suspended until dissolution proceedings complete

4. A contractor enters into a cost-plus-percentage contract with a 12% fee for a \$660,000 estimated renovation. The contractor identifies a \$20,000 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 \$2,400 in fee income because 12% of \$20,000 is eliminated
- D. The disincentive is neutral because the owner verifies all substitutions

5. A contractor operating as a C-corporation has net earnings of \$390,000, net worth of \$500,000, and tangible property valued at \$470,000. What is the excise tax liability?

- A. \$1,250, at \$0.25 per \$100 of net worth
- B. \$1,175, at \$0.25 per \$100 of tangible property
- C. \$25,350, calculated at 6.5% of net earnings of \$390,000
- D. \$0, because net earnings under \$400,000 are exempt

6. 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 at 10+ employees
- B. The Tennessee Human Rights Act, which applies at 8+ employees and prohibits pregnancy discrimination
- C. The ADEA, which covers pregnancy discrimination at 10+ employees
- D. No federal or state law covers pregnancy claims at only 10 employees

7. A contractor enters into a cost-plus-fixed-fee contract with a \$61,000 fixed fee for a \$740,000 estimated renovation. Owner upgrades increase costs to \$850,000. What fee does the contractor receive?

- A. \$70,135, adjusted proportionally because costs exceeded the estimate
- B. \$61,000, because a fixed fee remains constant regardless of cost changes
- C. \$85,000, recalculated at 10% of actual costs
- D. \$61,000 plus a separate change order fee for the additional \$110,000

8. A contractor's employee suffers a fatal trench collapse at 1:15 PM on Wednesday. The foreman calls the office at 1:40 PM. By what time must the fatality be reported to OSHA?

- A. By 9:40 PM on Wednesday, within 8 hours of the employer learning
- B. By 1:40 PM on Thursday, within 24 hours of the employer learning
- C. By 1:15 PM on Thursday, within 24 hours of the time of death
- D. By 1:40 PM the following Wednesday, within 5 working days

9. A contractor is excavating a trench reaching 5 feet 3 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. 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
- C. Yes, because a competent person's assessment overrides OSHA requirements
- D. No, because Type A requires protection at all depths

10. A roofing subcontractor wants to bid on a \$44,000 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 contractor operating as an S-corporation has net earnings of \$275,000, net worth of \$350,000, and tangible property valued at \$320,000. 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
- D. Yes, because all pass-through entities are exempt

12. A subcontractor furnishes labor to a county-funded fire station project. The general contractor has not paid \$91,000. Can the subcontractor file a mechanic's lien?

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

13. A contractor wants to obtain a Tennessee license with a monetary limit of \$3,100,000. The contractor has a reviewed financial statement. Does this meet requirements?

- A. No, because limits exceeding \$3,000,000 require an audited financial statement
- B. Yes, because reviewed statements are acceptable for limits up to \$5,000,000
- C. Yes, because audited statements are required only above \$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 \$26,000 scope on a commercial building. Does the electrical subcontractor need a separate license?

- A. Yes, because the BC excludes electrical exceeding \$25,000, and \$26,000 exceeds that threshold
- B. No, because the general contractor's BC-B covers all electrical work
- 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 has a worker employed for 16 months who requests FMLA leave to care for a newborn. Is the worker eligible?

- A. No, because FMLA for newborn care is limited to 6 weeks
- B. No, because the employee must have worked at least 24 months
- C. Yes, because the employer has 50+ employees, the worker has 16 months of service, and newborn care qualifies
- D. Yes, but only if the worker is the birth mother

16. A contractor purchases \$60,000 in mechanical equipment for a commercial 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. No, because the contractor is the end user and must pay the combined 9.25% sales tax of \$5,550 regardless of the owner's status

- B. Yes, because materials for government projects are exempt from state sales tax
- 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 \$108,000 scope of masonry work. Does the subcontractor need an LMC license?

- A. Yes, because the LMC is required at \$100,000 or more, and \$108,000 exceeds that threshold
- B. No, because the LMC threshold is \$125,000 for commercial projects
- 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, post-accident, and random testing but omits reasonable suspicion testing. Does this qualify?

- A. Yes, because three of four components satisfy the minimum
- B. Yes, because reasonable suspicion testing is optional
- C. No, because the program must include annual screening
- D. No, because all four are required and omitting any one disqualifies

20. A contractor operating as a general partnership has gross receipts of \$1,350,000 and net earnings of \$168,000. 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 guaranteed maximum price (GMP) contract for \$2,000,000 with a 40/60 shared savings clause (40% to owner). Actual costs total \$1,900,000. How are the savings distributed?

- A. The contractor receives the entire \$100,000 as an efficiency bonus
- B. The owner receives \$40,000 (40%) and the contractor receives \$60,000 (60%)
- 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 enters into a \$740,000 lump-sum contract for a veterinary clinic. During excavation, the contractor discovers an abandoned septic system requiring \$37,000 for removal. The contract has no differing site conditions clause. Who bears the cost?

- A. The owner because septic systems 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 \$1,800,000 project after documented breaches and two cure notices. The contractor completed 50%. A replacement charges \$1,070,000 to finish. The original remaining balance was \$900,000. What does the original contractor receive?

- A. \$900,000, representing 50% of the contract price
- B. The value of acceptably completed work with no offset for replacement cost
- C. The value of acceptably completed work, reduced by the \$170,000 difference between replacement cost (\$1,070,000) and remaining balance (\$900,000)
- D. \$900,000 plus a 10% termination fee

24. A contractor with 60 employees is hiring workers. The HR director requires I-9 forms but has not enrolled in E-Verify. Is this compliant?

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

25. A material supplier delivers \$74,000 in custom architectural glass 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. File a breach of contract lawsuit within one year
- D. 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

26. A contractor licensed in South Carolina wants to obtain a Tennessee license. The contractor holds a valid SC license and passed the SC trade exam. What testing applies?

- A. Both exams fully waived because SC 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

27. A contractor has a net worth of \$325,000 and working capital of \$305,000. 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. Yes, because the average exceeds \$300,000
- C. No, because unlimited requires a minimum net worth of \$500,000
- D. Yes, because both net worth (\$325,000) and working capital (\$305,000) each independently exceed \$300,000

28. A contractor is reviewing the standard order of precedence for a \$3,200,000 project. The specifications require ceramic tile throughout. The addenda changed the requirement to porcelain tile for the lobby only. The drawings show vinyl plank in the lobby. Which material should be installed in the lobby?

- A. Ceramic tile because specifications always take precedence
- B. Vinyl plank because drawings provide the most location-specific information
- C. The contractor may choose any material
- D. Porcelain tile because addenda modify previously issued documents and represent the most current intent

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. Only the ADEA which covers all discrimination at 15+
- C. Both the federal ADA and the Tennessee Human Rights Act — ADA at 15+ and THRA at 8+, both covering disability
- D. No law covers disability for fewer than 20 employees

30. A contractor enters into a \$1,450,000 stipulated-sum contract. After completing 55%, the owner terminates for convenience. The contractor incurred \$717,750 in costs and earned \$79,750 in profit. The contractor claims \$65,250 in anticipated profit on unperformed work. What does the contractor receive?

- A. \$1,450,000, the full contract price
- B. \$862,750, consisting of costs plus earned plus anticipated profit
- C. \$717,750, consisting of only direct costs
- D. \$797,500, consisting of costs (\$717,750) plus earned profit (\$79,750), with no recovery of anticipated profit

31. 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?

- A. Yes, because \$750,000 exceeds the \$501,000–\$1,500,000 tier
- B. No, because the \$2,100,000 limit exceeds \$1,501,000, placing the contractor in the highest tier requiring \$1,000,000 minimum GL
- C. No, because all contractors with limits above \$2,000,000 must carry GL equal to the limit
- D. Yes, because GL requirements are based on project values

32. A contractor enters into a \$690,000 lump-sum contract for a dental clinic. During construction, the owner verbally approves a \$15,500 upgrade to the sterilization room

ventilation. 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 change order should have been written and signed before work began — lack of documentation weakens the contractor's position
- D. The owner cannot dispute completed work

33. A contractor operating as a limited partnership has gross receipts of \$2,500,000, net earnings of \$315,000, net worth of \$400,000, and tangible property valued at \$360,000. What is the combined franchise and excise tax liability?

- A. \$1,000 in franchise tax only
- B. \$20,475 in excise tax only
- C. \$0, because limited partnerships are exempt from both
- D. \$21,475, consisting of \$1,000 in franchise tax based on net worth of \$400,000 plus \$20,475 in excise tax at 6.5% of net earnings

34. A contractor operating as a C-corporation has net worth of \$490,000 and tangible property valued at \$530,000. What is the franchise tax liability?

- A. \$1,225, at \$0.25 per \$100 of net worth
- B. \$1,325, at \$0.25 per \$100 of tangible property of \$530,000 because it is the greater value
- C. \$100, the minimum franchise tax
- D. \$2,550, at \$0.25 per \$100 of combined values

35. A contractor wants to determine whether a covered pavilion project requires a license. The project includes: materials \$12,400, labor \$9,200, concrete footings \$2,000, and profit \$1,900. Does this require a license?

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

36. A contractor is building a commercial warehouse using the percentage-of-completion method. Contract price is \$1,400,000, costs to date are \$560,000, and total estimated costs are \$1,120,000. What revenue should be recognized?

- A. \$560,000, matching revenue to costs
- B. \$700,000, calculated as 50% of the contract price
- C. \$700,000, calculated as costs to date (\$560,000) divided by total estimated costs (\$1,120,000) multiplied by the contract price (\$1,400,000)
- D. \$1,400,000, because revenue is fully recognized once past 40%

37. A contractor wants to hire a plumbing subcontractor for a \$26,500 scope on a commercial building. 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 \$26,500 exceeds that threshold
- 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 cancer. Is the worker eligible?

- A. Yes, because parental care qualifies regardless of employer size
- B. Yes, because the 2-year tenure exceeds the minimum
- 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 \$1,750,000. The company paid \$1,250,000 to licensed subcontractors and \$155,000 to an unlicensed crew. What is deductible for business tax?

- A. \$1,405,000, because all payments are deductible regardless of licensing
- B. \$1,250,000, because only payments to properly licensed subcontractors qualify
- C. \$0, because Tennessee does not permit deductions for business tax
- D. \$625,000, because the deduction is capped at 50%

40. A contractor enters into a time-and-materials contract for emergency fire damage repair. After two weeks, costs reach \$200,000. The owner demands a cost cap of \$255,000. What is the issue?

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

41. A contractor signs a conditional lien waiver in exchange for a \$50,000 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
- 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

42. A contractor holds a Tennessee license with a monetary limit of \$480,000. The contractor carries \$100,000 in GL insurance. Does the contractor meet the minimum?

- A. No, because all contractors must carry \$250,000 minimum GL
- B. Yes, because the \$480,000 limit falls in the up-to-\$500,000 tier, requiring \$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

43. A contractor wants to hire an HVAC subcontractor for a \$24,500 scope on a commercial building. Does the HVAC subcontractor need a separate license?

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

44. A contractor completes all work on a private commercial renovation on November 10. The owner withholds \$48,000. The contractor files a mechanic's lien on February 5, 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

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

46. A contractor operating as a sole proprietorship earns \$188,000 in net self-employment income. What is the approximate self-employment tax?

- A. Approximately \$28,764 at 15.3%, covering both Social Security (12.4%) and Medicare (2.9%)
- B. Approximately \$14,382 at 7.65% because sole proprietors pay only the employee half
- C. Approximately \$5,452 at 2.9% for Medicare only
- D. Approximately \$23,312 at 12.4% for Social Security only

47. A contractor has a net worth of \$310,000 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

48. 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

49. A contractor licensed in Louisiana wants to obtain a Tennessee license. What testing applies?

- A. Both exams fully waived because Louisiana 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

50. 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 counterfeiting operations. What element is missing?

- A. Legal capacity, because parties 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

Practice Exam 39: Answer Key and Explanations

1. A. Sole proprietorship — Exempt from franchise and excise. Only business tax.
2. C. Monetary limit — Working capital = \$405,000 – \$272,000 = \$133,000. Limit = \$1,330,000. Below \$1,400,000.
3. A. Unconditional waiver — Effective immediately regardless of payment.
4. C. Cost-plus-percentage — $12\% \times \$20,000 = \$2,400$ lost fee.
5. C. Excise tax — $6.5\% \times \$390,000 = \$25,350$.
6. B. Pregnancy — Title VII/PDA requires 15+ (doesn't apply at 10). THRA at 8+ covers pregnancy.
7. B. Cost-plus-fixed-fee — \$61,000 constant regardless of costs.
8. A. Fatality — 8 hours from employer learning. 1:40 PM + 8 = 9:40 PM Wednesday.
9. B. Excavation — Protection at 5+ feet unless stable rock. Type A not stable rock.

10. A. Roofing — Licensed since January 1, 2014, regardless of value.
11. A. S-corporation — Subject to both franchise and excise despite pass-through status.
12. D. Public property — Liens cannot be filed. Payment bond claim.
13. A. Financial statements — Limits exceeding \$3,000,000 require audited statement.
14. A. Electrical — BC excludes electrical exceeding \$25,000. \$26,000 exceeds.
15. C. FMLA — 50+ employees, 16 months tenure, newborn care qualifies. All met.
16. A. Sales tax — Contractor is end user. $\$60,000 \times 9.25\% = \$5,550$. Exemption doesn't transfer.
17. B. BC-A/r — \$125,000, no trade exam (community college), joint ventures prohibited, subcontractors permitted.
18. A. LMC — Required at \$100,000+. \$108,000 exceeds.
19. D. Drug-Free Workplace — All four required. Omitting reasonable suspicion disqualifies.
20. C. General partnership — Exempt from franchise and excise. Only business tax.
21. B. GMP shared savings — \$100,000 split 40/60: owner \$40,000, contractor \$60,000.
22. C. Lump-sum risk — Without differing site conditions clause, contractor bears unforeseen costs.
23. C. Termination for cause — Value of acceptable work offset by \$170,000 additional completion cost.
24. A. E-Verify — Required for 50+ employees. Both I-9 and E-Verify required at 60.
25. D. Remote claimant — Notice of Nonpayment within 90 days, file lien within 90 days.
26. B. SC reciprocity — Trade exam waived. Business and Law exam required.
27. D. Unlimited — Both \$325,000 and \$305,000 each exceed \$300,000. Qualifies.
28. D. Addenda — Modify previously issued documents. Porcelain tile controls for lobby.
29. C. Disability — ADA at 15+ and THRA at 8+. Both apply at 16.
30. D. Termination for convenience — Costs + earned profit. No anticipated profit. $\$717,750 + \$79,750 = \$797,500$.
31. B. GL tiers — \$2,100,000 exceeds \$1,501,000. Highest tier requires \$1,000,000. \$750,000 insufficient.
32. C. Change order — Written and signed before work. Lack of documentation weakens position.
33. D. Limited partnership — Franchise = $\$0.25$ per \$100 of \$400,000 = \$1,000. Excise = $6.5\% \times \$315,000 = \$20,475$. Combined = \$21,475.
34. B. Franchise tax — $\$0.25$ per \$100 of greater value (\$530,000 tangible). \$1,325.

35. D. Licensing — Total = $\$12,400 + \$9,200 + \$2,000 + \$1,900 = \$25,500$. Exceeds \$25,000.
36. C. Percentage of completion — $(\$560,000 \div \$1,120,000) \times \$1,400,000 = 0.50 \times \$1,400,000 = \$700,000$.
37. C. Plumbing — BC excludes plumbing exceeding \$25,000. \$26,500 exceeds.
38. D. FMLA — Requires 50+ employees. Only 48. Not met.
39. B. Business tax deduction — Only licensed subcontractor payments (\$1,250,000) deductible.
40. D. T&M — No inherent ceiling. Cap requires written modification by both parties.
41. C. Conditional waiver — Effective when payment received. Check cleared. Condition satisfied.
42. B. GL tiers — \$480,000 in up-to-\$500,000 tier. \$100,000 minimum. Meets requirement.
43. A. HVAC — BC excludes HVAC exceeding \$25,000. \$24,500 below threshold.
44. A. Lien timing — 87 days, within 90. Timely. Enforcement within one year.
45. D. Discrimination — Title VII at 15+, ADA at 15+: both apply. ADEA at 20+: does not at 19.
46. A. Self-employment tax — $15.3\% \times \$188,000 = \$28,764$.
47. B. Unlimited — Both must exceed \$300,000. Working capital (\$292,000) falls short.
48. D. GL tiers — \$570,000 exceeds \$500,000. \$501,000–\$1,500,000 tier requires \$500,000. \$100,000 insufficient.
49. B. Louisiana reciprocity — Trade exam waived. Business and Law exam required.
50. C. Legal purpose — Facility for illegal activity lacks legal purpose.