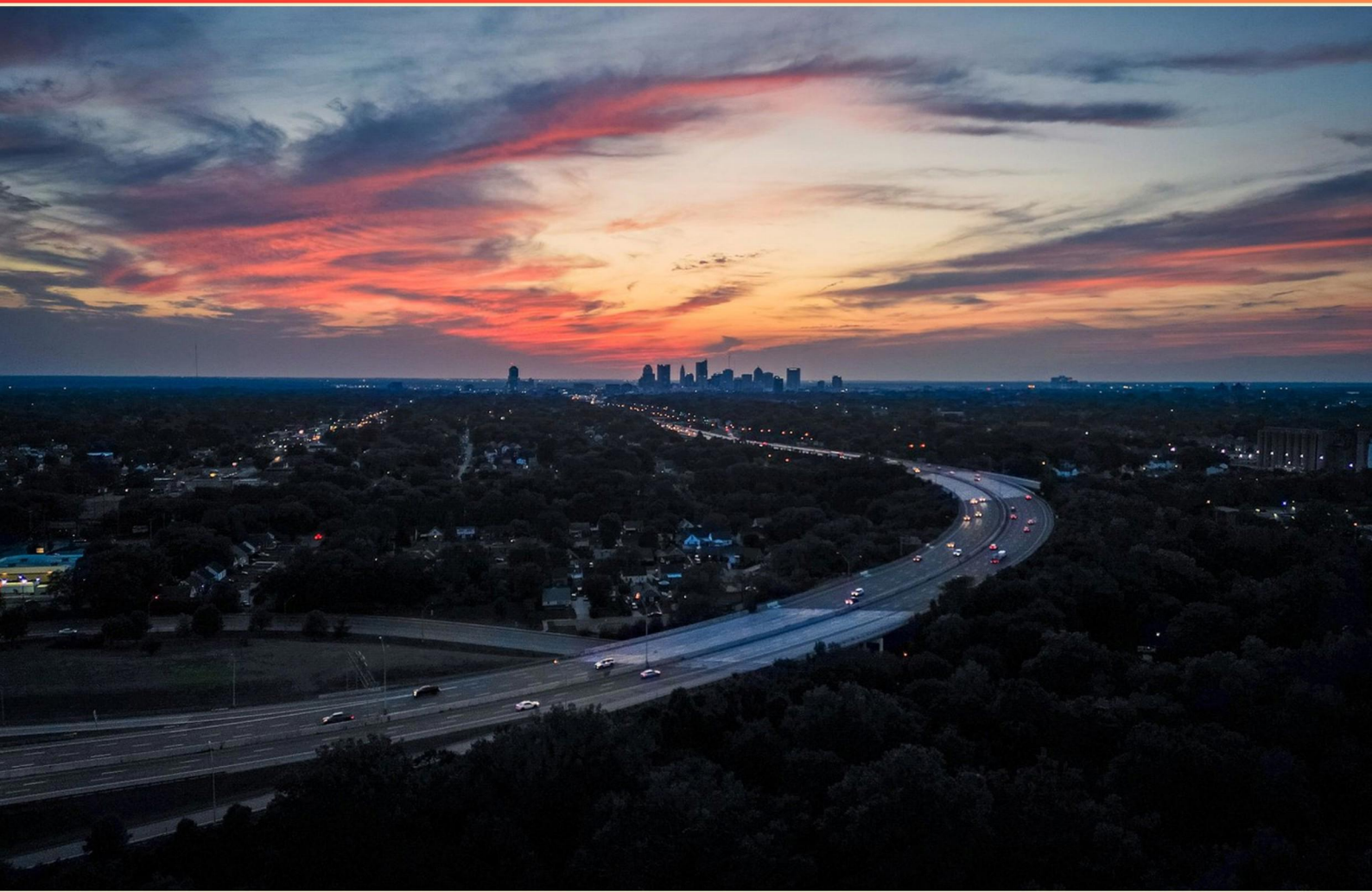


TENNESSEE BUSINESS AND LAW PRACTICE EXAM (SAMPLE)

STUDY GUIDE



Prepare with structure. Pass with confidence



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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. Which entity is typically responsible for enforcing labor laws?**
 - A. State Department of Labor
 - B. Local authorities
 - C. Federal Trade Commission
 - D. Department of Justice
- 2. What is an exclusion regarding the advantages of being a sole proprietor?**
 - A. Complete control over the business
 - B. Unlimited liability
 - C. Limited personal responsibility
 - D. Tax benefits
- 3. What is the primary purpose of the Fair Labor Standards Act (FLSA)?**
 - A. To regulate tax withholding
 - B. To establish minimum wage and overtime pay
 - C. To oversee employee union rights
 - D. To manage workplace safety
- 4. What form establishes eligibility and identity to work in the United States?**
 - A. I-9
 - B. W-2
 - C. Form 1040
 - D. Form 1099
- 5. In terms of project management, what is the primary focus of cost codes?**
 - A. Maximizing profit margins
 - B. Organizing financial aspects
 - C. Enhancing communication
 - D. Minimizing project risk
- 6. What is the best practice for obtaining tools needed for a temporary project?**
 - A. Borrow from friends
 - B. Buy new items
 - C. Rent
 - D. Use old equipment

- 7. What entity type typically does NOT face double taxation?**
- A. Corporation
 - B. Partnership
 - C. LLC
 - D. Sole Proprietorship
- 8. What term refers to anything of value in a contract?**
- A. Collateral
 - B. Liability
 - C. Consideration
 - D. Equity
- 9. Bids for construction management services must include a bid bond of what percentage of the work being bid?**
- A. 5%
 - B. 10%
 - C. 15%
 - D. 20%
- 10. OSHA records must be maintained by an employer if they have more than how many employees?**
- A. 5
 - B. 8
 - C. 10
 - D. 12

Answers

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1. A
2. C
3. B
4. A
5. B
6. C
7. B
8. C
9. B
10. C

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Explanations

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1. Which entity is typically responsible for enforcing labor laws?

A. State Department of Labor

B. Local authorities

C. Federal Trade Commission

D. Department of Justice

The State Department of Labor is typically responsible for enforcing labor laws at the state level. This entity handles a wide array of labor-related issues, including wage and hour laws, workplace safety, and equal employment opportunities. Each state has its own Department of Labor, which is tasked with ensuring that employers comply with both state and federal labor regulations, protecting workers' rights, and addressing grievances from employees. In addition to enforcing laws, the State Department of Labor often provides resources and support for both employees and employers, helping to educate them about their rights and obligations under labor laws. This local enforcement mechanism allows for a tailored approach to labor issues specific to the state's workforce, which can differ significantly from one state to another. The other entities listed, while important in specific contexts, do not primarily focus on labor law enforcement. Local authorities may handle some aspects of labor regulations, but they do not have the comprehensive jurisdiction that state departments possess. The Federal Trade Commission primarily regulates trade practices and does not enforce labor laws specifically. The Department of Justice is involved in enforcing federal laws generally, including civil rights and antitrust laws, but it does not exclusively focus on labor law enforcement. Therefore, the State Department of Labor is the correct answer for the entity tasked with enforcing labor

2. What is an exclusion regarding the advantages of being a sole proprietor?

A. Complete control over the business

B. Unlimited liability

C. Limited personal responsibility

D. Tax benefits

In the context of business ownership, particularly as a sole proprietor, the phrase "exclusion" refers to aspects that do not provide advantages. When considering the options, limited personal responsibility is indeed not a feature of being a sole proprietor. Being a sole proprietor means that the individual has unlimited liability, which means that they are personally responsible for all the debts and obligations of the business. This stands in contrast to the concept of limited personal responsibility, where the owner's personal assets are protected from business liabilities. As a sole proprietor, there is no separation between personal and business assets; thus, if the business incurs debts or is sued, the owner's personal assets (such as savings, car, or home) can be at risk. On the other hand, complete control over the business, tax benefits, and the ability to make unilateral decisions without the need to consult partners or shareholders are distinct advantages of being a sole proprietor. These factors enhance the appeal of sole proprietorship but do not relate to any limitations or exclusions regarding the structure. Therefore, limited personal responsibility does not apply in the context of sole proprietorship, making it the correct choice for identifying an exclusion regarding the advantages of this business model.

3. What is the primary purpose of the Fair Labor Standards Act (FLSA)?

- A. To regulate tax withholding
- B. To establish minimum wage and overtime pay**
- C. To oversee employee union rights
- D. To manage workplace safety

The primary purpose of the Fair Labor Standards Act (FLSA) is to establish minimum wage and overtime pay protections for workers. Enacted in 1938, the FLSA was designed to address unfair labor practices that emerged during the Great Depression and ensure that employees receive a fair wage for their work. By setting a federal minimum wage, the FLSA helps to ensure that workers earn sufficient income to meet basic living expenses. Additionally, the Act mandates overtime pay for hours worked over 40 in a workweek for non-exempt employees, thereby discouraging employers from requiring excessive work hours without proper compensation. In this context, options related to regulating tax withholding, overseeing employee union rights, and managing workplace safety do not align with the core objectives of the FLSA. While all these areas are important aspects of labor and employment law, they are governed by different laws and regulations. The specific focus of the FLSA on wage standards and overtime pay distinguishes it as the primary legislative framework addressing these aspects of employment.

4. What form establishes eligibility and identity to work in the United States?

- A. I-9**
- B. W-2
- C. Form 1040
- D. Form 1099

The I-9 form is used to establish eligibility and identity to work in the United States. When an employer hires an employee, the I-9 must be completed to verify the individual's identity and their legal authority to work in the country. This process involves providing documentation that proves both the person's identity and their work authorization status, such as a passport or a driver's license paired with a Social Security card. In contrast, the other forms mentioned serve different purposes. The W-2 form is used to report an employee's annual wages and the taxes withheld from their paycheck, while Form 1040 is the individual income tax return used to report personal income and calculate taxes owed. Form 1099 serves to report various types of income other than wages, salaries, and tips, commonly used for independent contractors. Each of these forms has distinct functions within the context of employment and taxation, which emphasizes why I-9 is the correct choice for verifying work eligibility and identity.

5. In terms of project management, what is the primary focus of cost codes?

- A. Maximizing profit margins
- B. Organizing financial aspects**
- C. Enhancing communication
- D. Minimizing project risk

The primary focus of cost codes is to organize financial aspects of a project. Cost codes are a systematic way of categorizing expenses associated with different parts of a project. They help in tracking and managing costs effectively by relating specific expenditures to particular tasks, phases, or resources within the project. By using cost codes, project managers can allocate budgets accurately, monitor spending against the budget, and provide detailed financial reports. This organization allows for better financial control, helping ensure that the project does not exceed its budget. Furthermore, this organized approach provides transparency and aids in decision-making throughout the project lifecycle. While maximizing profit margins, enhancing communication, and minimizing project risk are important considerations in project management, they are not the primary role of cost codes. Cost codes serve specifically to provide structure and clarity to the financial data associated with a project, which directly affects budget management and financial planning.

6. What is the best practice for obtaining tools needed for a temporary project?

- A. Borrow from friends
- B. Buy new items
- C. Rent**
- D. Use old equipment

Renting tools for a temporary project is typically the best practice for several reasons. First, it allows the project manager to access high-quality, specialized equipment without the significant financial investment required for purchasing new items. This is particularly beneficial if the tools will only be needed for a short duration, as buying can lead to unnecessary expenses and storage issues for equipment that won't be used again. Additionally, rental companies often maintain their tools and ensure they are in good working condition, which means the project can proceed with reliable equipment. It often includes the advantage of customer support or maintenance options, making it easier to deal with any issues that arise. In contrast, borrowing from friends may lead to complications regarding accountability and responsibility for lost or damaged items. Purchasing new tools can be cost-prohibitive and impractical when the equipment is only needed briefly. Using old equipment may risk inefficiencies or safety concerns if the tools are outdated or in poor condition. Thus, renting represents a practical, economical, and efficient solution to obtaining tools for a temporary project.

7. What entity type typically does NOT face double taxation?

- A. Corporation
- B. Partnership**
- C. LLC
- D. Sole Proprietorship

Partnerships generally do not face double taxation because they are considered pass-through entities for tax purposes. This means that the income generated by the partnership is not taxed at the partnership level; instead, it is passed through to the individual partners, who report their share of the income on their personal tax returns. As a result, the income is only taxed once, at the individual partners' tax rates. Unlike corporations, which may be subject to corporate income tax and then again taxed when dividends are distributed to shareholders, partnerships avoid this scenario. Limited Liability Companies (LLCs) also typically enjoy the benefits of pass-through taxation unless they elect to be taxed as corporations. Sole proprietorships are similarly treated as pass-through entities, wherein the owner reports business income on their individual tax returns. However, the partnership's specific structure and taxation method primarily highlight why it does not face double taxation.

8. What term refers to anything of value in a contract?

- A. Collateral
- B. Liability
- C. Consideration**
- D. Equity

Consideration in contract law refers to the value that is exchanged between parties in a contract. It is an essential element for a contract to be legally binding. Consideration can take many forms, including money, services, or goods, and it represents the benefit or value that each party agrees to give up to fulfill the contract. In essence, without consideration, a contract might be deemed unenforceable because there is no incentive or exchange of value prompting the parties to enter into the agreement. Collateral typically pertains to assets pledged as security for obligations, particularly in loan agreements, but it is not a general term for value in contracts. Liability refers to legal responsibilities or obligations that one party owes to another, and while it can arise from a contract, it does not denote the value exchanged. Equity generally refers to fairness or justice in the distribution of benefits and obligations, especially in legal contexts, but does not denote consideration in contract terms. Therefore, consideration is the correct term that embodies the concept of anything of value in a contract.

9. Bids for construction management services must include a bid bond of what percentage of the work being bid?

- A. 5%
- B. 10%**
- C. 15%
- D. 20%

In Tennessee, when submitting bids for construction management services, it is required that bids include a bid bond, which serves as a security measure to ensure that the contractor will enter into a contract as stipulated in the bid submission. The standard percentage for this bid bond is typically set at 10% of the total bid amount. This requirement is designed to protect the project owner against the possibility of the selected contractor failing to uphold their obligations. If the contractor fails to enter into the contract after being awarded, the owner can claim the amount of the bond as a form of compensation for the inconvenience and potential losses incurred. The specified percentage is in alignment with customary practices in the construction industry, providing a balance between protecting the owner's interests and not being an excessive burden on bidders. Thus, having a bid bond of 10% ensures that bidders are serious and financially capable of undertaking the project, which is essential to maintain the integrity of the bidding process.

10. OSHA records must be maintained by an employer if they have more than how many employees?

- A. 5
- B. 8
- C. 10**
- D. 12

Under OSHA regulations, employers are required to maintain records of work-related injuries and illnesses if they have ten or more employees. This threshold is important because it ensures that businesses with a sufficient number of workers are held to higher safety standards, allowing OSHA to monitor workplace safety and health trends. These records help in tracking the safety performance of companies and can lead to improved safety practices. When a business employs fewer than ten people, they are generally exempt from OSHA's record-keeping requirements, although they may still need to comply with other safety standards and regulations. This exemption allows smaller businesses to focus on operational needs without the added burden of extensive record-keeping unless they are involved in specific high-hazard industries. This differentiation in requirements underscores OSHA's focus on ensuring that larger employers are accountable for their work environments and safety practices.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://tennesseebusinessandlaw.examzify.com>

We wish you the very best on your exam journey. You've got this!

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