Lincoln County Board of Commissioners
Joint Meeting with Lincolnton City Council
Meeting Minutes - May 12, 2026, 3:00 PM
353 North Generals Boulevard, Lincolnton, NC 28092, US

Chairman Jamie Lineberger called the Lincoln County Board of Commissioners Joint Meeting with the Lincolnton City Council to order at 3:00 PM on Tuesday, May 12, 2026, at the Lincoln County Admin Building, 353 N. Generals Blvd., Lincolnton, NC 28092.

Mayor Ed Hatley called the Lincolnton City Council meeting to order concurrently, noting for the record that all City Council members were present with the exception of Jill Tipton, who was out of town.

Board of Commissioners Present: Chairman Jamie Lineberger, Commissioner Mark Mullen, Commissioner Trent Carpenter, Commissioner Bud Cesena, Commissioner Alex Patton

Lincolnton City Council Present: Mayor Ed Hatley, Councilman Kevin Demeny, Councilman Mark Johnson, and Councilman Roby Jetton. Absent: Councilwoman Jill Tipton (out of town)

Staff Present: County Manager Davin W. Madden, City Manager Ritchie Haynes

> **A motion to approve the agenda as presented was made by Commissioner Mullen. The motion carried by unanimous voice vote.**

Chairman Lineberger opened discussion by providing background on the sales tax distribution issue. He explained that under state statute, the Board of Commissioners is required to determine annually how state sales tax revenues are to be distributed. He noted that this had not been substantively revisited in approximately 20 years, but that over the past six years the Board had heard increasing concern from constituents in the eastern part of the county regarding equitable distribution of the tax base. That feedback prompted the Board to review the applicable statutes and consider a change in the distribution methodology—from a per capita basis to an ad valorem (property value) basis.

Chairman Lineberger recounted the sequence of prior meetings: an initial meeting was arranged with two commissioners and two voting City Council members, but the required two voting council members were not present on the city's side. Following that meeting, the substance of the proposed change became known, and the City Council requested a follow-up meeting. That second meeting included Commissioner Lineberger, Commissioner Mullen, City Manager Ritchie, and Assistant City Manager Scott Clark, along with Council Member Demeny and Council Member Johnson. At that meeting, the financial impacts were discussed and the County indicated a willingness to split the cost differential with the City in the first year, along with other concessions, to cushion the transition. Chairman Lineberger stated that when the parties left that meeting, there had been no discussion of layoffs of firefighters or police officers, and he expressed surprise at the budget proposals that subsequently emerged. He asked directly: "What changed?"

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Mayor Ed Hatley responded that the primary issue was the timing of notification. He stated that the City had not been informed until the first week of April, leaving no meaningful time to prepare before the County's April deadline for adopting the resolution. He acknowledged the legality of the action but characterized it as fundamentally unfair, stating plainly: "It may be legal but it's not right. What was done was done to us, not with us." He noted that the City had already prepared its budget and had allocated fund balance toward specific capital projects on a pay-as-you-go basis, and that those plans were now disrupted.

Councilmember Kevin Demeny elaborated that the two primary requests from the City were: (1) that the Board simply not make the change, and (2) that if it was going to proceed, a phase-in period of five to ten years be granted to allow the City to adjust. He noted that the proposed change represented a loss of approximately $2.3 million in annual sales tax revenue, with the County's proposed offsets and cost-sharing reducing the immediate impact to approximately $1.15 million in the first year—still a significant portion of the City's general fund. He stressed that long-term, over a ten-year period, the cumulative impact could amount to $25–30 million.

City Manager Ritchie Haynes provided financial context, noting that approximately 75 percent of the City's general fund budget is personnel costs, meaning any significant budget reduction necessarily affects staffing. He detailed that the impact for the City was not limited to the $2.3 million in lost sales tax revenue but extended further when accounting for lost interest income on fund balance (approximately $300,000–$400,000), upcoming fire truck debt payments of $600,000, and other obligations—bringing the effective total challenge closer to $3.3 million.

County Manager Davin Madden provided a presentation walking through the background, rationale, and proposed mitigating measures. He confirmed that the sales tax distribution methodology had not been formally reviewed in decades, and noted that the commissioners have a statutory obligation to evaluate it annually. He acknowledged the compressed timeline and expressed that the County did not intend to impose undue hardship on the City.

Manager Madden outlined the package of concessions and offsets that had been discussed at the April 14th meeting, which had been summarized in written form by City Manager Ritchie shortly after that meeting. The total value of the county's proposed waivers was identified as approximately $427,839. Additional elements of the proposed mutual agreement included:

- A plan for the City to provide fire protection service to South Fork Volunteer Fire Department, if and when that department determines it is unable to continue independently;
- The City assuming responsibility for water and sewer systems at Clarks Creek and Finger Mill Industrial Parks;
- The City releasing ETJ and fire marshal responsibilities in those areas;
- Adjusting ETJ area billing to inside-city rates for water and sewer for county buildings; and
- Maintaining the current city fire district at the historical rate of $0.25 per $100.

On the SRO matter, Manager Madden noted that the County was prepared to assume the SRO costs previously borne by the City, releasing the City from the

remaining two years of a five-year commitment. The estimated savings to the City from this transfer was approximately $110,000–$125,000, though City Manager Ritchie noted that the figure was lower than it might appear because the County was already covering ten months of SRO salaries, with the City covering only the summer months.

County Manager Madden also clarified that the County's intent was to share approximately half of the $2.3 million differential in year one—meaning the anticipated loss to the City in fiscal year 2027 would be approximately $1.15 million rather than the full amount—with the understanding that the full change would apply in subsequent years.

A sustained exchange followed regarding the fairness and underlying rationale of the change. Mayor Hatley and Council members questioned why the distribution formula was being changed from per capita to ad valorem, arguing that sales tax is generated by consumer spending and is not correlated to property values. City Manager Ritchie Haynes expressed his view that the City of Lincolnton is one of only two significant commercial centers in the county—along with the Denver area—and that the city drives a disproportionate share of actual sales tax generation, possibly as much as 30 percent, despite being allocated only approximately 8.4 percent under the new methodology.

Commissioner Mark Mullen acknowledged the valid concerns about timing and stated that the County's decision was also shaped by anticipated legislative changes at the state level, including pending legislation regarding property tax reappraisal caps and potential constitutional amendments affecting how property tax is assessed statewide. He argued that acting proactively was a fiscally responsible posture for the county as a whole, and that the impact of federal Medicaid and DSS cost-shifting to counties further underscored the need to protect the county's revenue base. He noted that portions of Article 40 and Article 42 sales tax revenues are statutorily dedicated to school debt service and the school system, reducing the net gain to the county from the redistribution.

Commissioners acknowledged the City's concerns about timing and indicated that the county's door remained open for continued conversation in future budget years, though he stopped short of committing to a formal multi-year phase-in, citing uncertainty about economic conditions and growth.

Mayor Ed Hatley and Council members continued to press that a five-to-ten-year transition period, similar to an arrangement reportedly used by Gaston County and the City of Gastonia, would have been a more equitable approach. Commissioner Carpenter referenced the prior meeting discussion regarding the fire district tax, noting the City had indicated it would not adjust the fire district rate if the County offset half the sales tax impact, which City Manager Ritchie clarified could not be guaranteed beyond the current year.

Throughout the discussion, multiple participants noted the history of informal, verbal agreements between the city and county on shared services and rates—including the county receiving favorable water rates in exchange for the per capita distribution methodology being maintained—and agreed that a formal, written master interlocal agreement had been in development for some time and was needed to replace those informal arrangements.

Commissioner Carpenter also addressed the South Fork situation directly, clarifying for the public record that the county was not unilaterally taking over South Fork Volunteer Fire Department, but rather had negotiated with the City to have a contingency plan in place if and when South Fork approached the county and indicated it could no longer sustain operations independently.

Councilmember Kevin Demeny urged the Board of Commissioners to either rescind the change entirely or establish a formal multi-year phase-in period. Mayor Ed Hatley reiterated his view that the working relationship between the two bodies remained intact despite the disagreement, noting: "I know it's legal, but it's not right." City Manager Ritchie echoed that had the City known of the proposed change in November, certain capital expenditures—such as the initiation of the city park project—would not have been started given the receipt of a related grant.

Commissioner Carpenter proposed that going forward, any significant decisions affecting both bodies should be discussed in joint public sessions rather than through private manager-level conversations, a position that drew agreement from several participants on both sides of the dais.

Council member Roby Jetton offered closing remarks acknowledging the improving relationship between the two governing bodies over recent years, expressing confidence that layoffs would not ultimately occur, and thanking the County for the efforts made to mitigate the financial impact.

No additional items of business were raised.

> **A motion to adjourn the Lincolnton City Council meeting was made by Council member Roby Jetton. The motion carried by unanimous voice vote.**
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> **A motion to adjourn the Lincoln County Board of Commissioners meeting was made. The motion carried by unanimous voice vote.**

Both meetings were adjourned.

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Daphne Ingram, City Clerk Ed Hatley, Mayor

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