
REGIONAL REVENUE AND EXPENDITURE BUDGET TO ANALYZE THE ECONOMIC CONDITION OF BOJONEGORO REGENCY IN 2011 - 2022

Ria Amelia Putri¹, Joko Hadi Susilo², Hartiningsih Astuti³, Salsa Devi Vellyana⁴

^{1,2,3,4}Faculty of Economics, Universitas Bojonegoro

Jl. Lettu Suyitno Nomor 2, Bojonegoro, East Java, 62119, Indonesia

admin@unigoro.ac.id

ABSTRACT

This research aims to analyze Capital Expenditures from Special Allocation Funds and Regional Taxes on the economic conditions of Bojonegoro Regency in 2011-2022. This research uses a quantitative analysis approach with a descriptive approach, the data used in this research is time series data with a period of 12 (twelve) years from 2011 - 2022 with all annual data on capital expenditure, Special Allocation Fund, regional taxes and economic growth for Bojonegoro district obtained through the Central Statistics Agency (BPS). Data analysis techniques in this research use the Classic Assumption Test, Multiple Linear Regression Analysis, and Partial Test (T), Simultaneous Test (F), Determination Test, with the help of the eviews 12 analysis tool. The results of the Partial Test (T) show that Shopping capital does not have a significant effect on economic growth, Special Allocation Fund has a significant effect on economic growth, Regional Taxes do not have a significant effect on Economic Growth. Based on the results of the Simultaneous Test (F), it shows that Special Allocation Fund Capital Expenditures and Regional Taxes simultaneously have a significant effect on the Economic Growth Conditions of Bojonegoro Regency in 2011 - 2022.

Keywords: Capital Expenditure, Special Allocation Fund, Regional Taxes

INTRODUCTION

The economy, growth and economic development in a country are very important indicators and must be paid attention to. One of the goals of economic development is to improve community welfare (Susilo, Joko Hadi 2023). Economic growth is a process where the economic situation of a country continues to change towards improvement over a certain period of time. Therefore, economic growth can be used as a generally accepted benchmark and can be applied in assessing national economic growth. Economic growth is also an indicator of the success of economic development which aims to achieve community welfare (Endang, 2023). Economic growth is not always linear, economic development can move quickly or slowly, which means the level of activity is lower than in the previous period. Slow economic growth or economic decline has economic and social consequences that have a negative impact on society. The important impacts that arise are increasing unemployment, decreasing levels of welfare and growing social unrest. Therefore, the government always strives to ensure that economic growth increases from year to year so as to improve people's welfare. High economic growth is the hope of every country to improve the welfare of its citizens. There are various factors that determine economic growth, namely land and other natural resources. Indonesia is a country rich in natural resources. These natural resources include soil fertility, climate and weather conditions, the amount and type of forest and marine products available, as well as the amount and type of mineral resources. Indonesia's natural wealth will make it easier for businesses to develop the country's economy, especially in the early stages of the economic growth process (Andy Tonggo Michael Sihombing, 2023).

The process of economic growth and the role of human labor are largely determined based on the quantity and quality of available labor. The availability of labor allows a country to increase production. In addition, skills continue to be improved through education, training and professional experience. This causes an increase in productivity which ultimately leads to an increase in output faster than the increase in the workforce. However, if in an economy national product cannot be increased by increasing the quality

and quantity of the workforce, then the rate of increase will be higher than the rate of population growth and per capita income will decrease. Therefore, excessive population will reduce community welfare (Sukirno, 2015). The East Java government continues to strive to increase economic growth because East Java has higher economic performance than other provinces due to high economic growth in several districts and cities in East Java. East Java Province is one of the provinces in Indonesia that has a significant economic role because it has sufficient and diverse economic sectors, including agriculture, trade, services and tourism (Endang, 2023). However, there are variations in each region so that disparities between regions are high. If you look closely at the districts/cities in East Java, it seems that many areas are only experiencing high economic growth. However, if we look at the economic growth of each district and city, we find that the rate of economic growth is slowing down in several areas. Looking at East Java BPS (Central Statistics Agency) data, it can be seen that two regions, namely Bojonegoro Regency and Bangkalan Regency, recorded a decline, while other areas recorded an increase.

Bojonegoro Regency is one of the districts in East Java province which is geographically located at 112°25'–112°09' East Longitude and 6°59'–7°37' South Latitude. Based on BPS Bojonegoro data, Bojonegoro Regency is classified as a region that is experiencing a decline when viewed from the aspect of economic growth and GDP per capita. However, government spending reaches its highest level in 2022 but economic growth actually contracts negatively. Bojonegoro Regency's economic growth has experienced fluctuations and in the last 2 years has contracted negatively and even lower from year to year. The percentage of economic growth from 2011 - 2022 continues to fluctuate, aka unstable, so that a decline in economic growth could have a negative impact on the area. In 2020, Bojonegoro Regency's economic growth was -0.40, then decreased by -5.14%, in 2021 it became -5.54 and decreased by -0.62 in 2022 to -6.16 (Statistics, Bojonegoro Regency Central Statistics Agency, 2022), so that Bojonegoro Regency is designated as the district with the lowest economic growth in East Java (Statistics, East Java in Figures 2023, 2023). During the 2011-2022 period, it can be seen that the lowest economic growth in Bojonegoro Regency was in 2022, namely -6.16% and the highest economic growth in Bojonegoro Regency was in 2016, namely 21.95% and from the 2011-2022 period the economic growth rate of East Java Province an average of 5.58% (Statistics, Bojonegoro Regency Central Bureau of Statistics, 2022). The level of economic growth in Bojonegoro Regency is an accumulation of all economic activities in Bojonegoro Regency, where economic dynamics will give color to economic growth in Bojonegoro Regency. The added value formed in GRDP is usually used as material to measure the level of the economy in the area, such as routine spending, Special Allocation Funds and Regional Taxes. However, in fact, Bojonegoro Regency has sufficient resources, so that it can realize income that can finance development in Bojonegoro Regency through programming and budgeting methods which must be included in the Regional Revenue and Expenditure Budget (APBD) categorization. Based on the results of the Bojonegoro City regional income and expenditure budget report, it shows that the overall realization report has increased over the last 2 years. In 2020, the realization of expenditure in Bojonegoro Regency was IDR 5,746,950,369,390.71, then in 2021 it was IDR 6,283,560,670,041.47. 6,491,543,974,138.00 (Bojonegoro P.K., n.d., 2023).

Government spending policy is part of fiscal policy as a form of government intervention in the economy, so that the government through its policies can spend in order to obtain goods and services to meet public needs. Government spending implemented includes capital expenditure, goods expenditure and social assistance expenditure which is reflected in the Regional Revenue and Expenditure Budget (APBD) (Ministry of Finance of the Republic of Indonesia, 2022). Therefore, the government has an absolute obligation to optimize regions with the aim of economic development in a region. The Provincial Revenue and Expenditure Budget (APBN) is one of the government's instruments in achieving the right goals in collecting and financing funds to regulate the national economy. At the regional level it is called the Regional Revenue and Expenditure Budget (APBD). According to the 2022 Regional Revenue and Expenditure Budget

Realization Report from the Bojonegoro Regency BPKAD, the Bojonegoro APBD can be said to be the highest APBD in 2022 ranked first at the district level in Indonesia with a realization of Regional Revenue (PD) of 137.28% (Bojonegoro B., 2023). However, the large amount of income received by Bojonegoro cannot make Bojonegoro an independent region. This is proven by the high level of dependence of Bojonegoro Regency on balancing funds obtained from central assistance. Based on article 39 of Law No. 33 of 2004, the central government issues balancing funds in the form of DAK which are funds sourced from APBN revenues which are then allocated to certain regions to help fund special activities which are regional affairs and in accordance with national priorities and regional affairs. The use of DAK is directed at development investment activities, procurement, improvement and repair of physical facilities and infrastructure. The allocation of DAK is expected to have an impact on the capital expenditure budget because DAK tends to increase the government's fixed resources in order to improve public services. Based on data sourced from BPKAD, the highest realization of Special Allocation Funds (DAK) from 2011 - 2022 was in 2016 which was where the realization is IDR 135,279,268,549.00 Then the lowest realization is in 2022 amounting to IDR 38,098,520,212.00 The realization of Bojonegoro Regency's capital expenditure is experiencing instability. In terms of DAK realization in 2011, only amounting to IDR 67,916,900,000.00 so the DAK realization value fluctuates. DAK is given by the central government to regions in the hope of increasing a region's economic growth. The economic growth of each region is different, this is caused by several factors, such as differences in ownership of natural resources and differences in population between regions. The regional ability to provide funding depends on the regional ability to realize economic potential which creates a circulation of funds for sustainable regional development, resulting in uneven economic growth.

Economic growth is closely related to economic development. Regional taxes are a sector that can be used as a mainstay for the development of a region. Regional tax is a taxpayer levy that must be paid by residents of a region to the regional government which will be used for public interests and the interests of the regional government (Zasriati, 2021). This means that residents who pay taxes will not be able to feel the benefits directly (Ernita, 2021). Residents can feel the local taxes paid in the form of actual construction of roads, bridges, job vacancies and so on (Putri O. &, 2021). Regional taxes are also one of the APBD sources used to realize programs launched by the government. Taxation in Indonesia has an important role because it can balance state expenditure and state income, regulate social and economic policies, stabilize the economy and equalize development (Perdana, 2022). shows the highest regional tax realization from 2011 - 2022 showing a value of IDR 159,937,230,964.00 in 2022. However, the lowest regional tax realization was in 2012 amounting to 26,971,503,727.39. Then, in the following year, the realization of regional taxes in Bojonegoro Regency continued to increase although the changes were not too high from year to year. The realization of this regional tax can increase regional government income which can be used to implement development projects and economic programs.

LITERATURE REVIEW

Capital Expenditure

Capital Expenditure is a budget allocation planned by local governments to acquire fixed assets and other assets that provide benefits for more than one period (Dwi Ratmono, 2017). Basically, the allocation of capital expenditure is based on a region's needs for infrastructure development for the smooth implementation of government tasks or public spaces. Capital expenditure plays an important role in developing regional infrastructure so that it can increase economic growth through the high level of investment made by the government in the region's economic development (BPS, 2015).

According to Erlina and Rasdianto (2013), capital expenditure is an investment in the form of an expenditure budget for the acquisition of fixed assets that provides benefits for

more than one period. The value of fixed assets in investment is related to the purchase or construction of the asset plus all costs related to construction until the property is ready for use. Capital expenditures include land, buildings, infrastructure and so on as fixed assets to increase investment which includes budgeted maintenance costs to maintain asset quality.

Fixed assets owned by local governments as a result of capital expenditure are the main requirement for providing public services. To increase fixed assets, local governments allocate funds in the form of capital expenditure budgets in the APBD. Thus, the annual procurement of fixed assets carried out by local governments is in accordance with budget priorities and public services which have long-term financial impacts (Adytama, November 2015).

Special Allocation Fund

According to Rudy Badruddin (2017) Special Allocation Funds are funds allocated in the APBN to regions to help fund special activities which are regional affairs. Law number 23 of 2014 concerning regional government and its amendments defines that Special Allocation Funds (DAK) are funds sourced from APBN revenues which are distributed to certain regions to help fund activities, especially regional government activities which fall under regional authority.

Based on the definition above, it can be concluded that Special Allocation Funds (DAK) are funds originating from the APBN which are distributed to various regions with the aim of helping provide funds for certain/special needs in a region. The use of DAK is directed at development investment activities, procurement, improvement and improvement of physical facilities and infrastructure with a long economic life, including the procurement of supporting physical facilities. According to Niswani (2022), Special Allocation Funds (DAK) are distributed by transferring books from the state general treasury account to regional general treasury accounts where the DAK recipient regions must meet general criteria, special criteria and technical criteria.

Local Taxes

According to Syofya H (2022) Regional taxes are the main source of state revenue which is the government's prerogative right based on law. Based on Law Number 28 of 2007 in Aisyah (2015) regional tax is a mandatory contribution to the state by individuals or bodies that is coercive based on law without receiving direct compensation and is used for state needs for the welfare of the people. Examples include building roads, bridges, opening new jobs, and other development interests. Regional tax revenues are also one of the sources of the Regional Revenue and Expenditure Budget used by the government to carry out its programs (Maulida, 2022).

According to Siahaan (2013) in Ode (2023), there are several characteristics of regional taxes: 1) Taxes are collected by the State; 2) Tax payments must go to the state treasury; 3) In paying taxes, it cannot be shown that there is a contravention of individual achievements by the government (there is no direct reward obtained by the taxpayer); 4) Government administration in general is a manifestation of counter-performance from the state to taxpayer; 5) Tax is levied due to circumstances, events and actions which according to tax laws and regulations are subject to tax; 6) Taxes are enforceable.

According to Gazali (2023), regional taxes are divided into two, namely Provincial Taxes and Regency/City Taxes. The following are 5 types of provincial taxes: 1) Motor vehicle tax; 2) Customs transfers the name of the motor vehicle; 3) Motor vehicle fuel tax; 4) Surface water tax; 5) Cigarette Tax

HYPOTHESIS

- H1: It is suspected that capital expenditure has a positive but not significant effect on economic growth in Bojonegoro Regency in 2011 - 2022. Stated in Amirullah's research (2019) "The Effect of Capital Expenditure on Economic Growth (Study of Districts in Aceh Province)".
- H2: It is suspected that the Special Allocation Fund (DAK) has a significant negative effect on economic growth in Bojonegoro Regency in 2011 - 2022. This is stated in Arniaty's (2023) research "The Effect of The General Allocation Fund and Special Allocation Fund on Economic Growth".
- H3: It is suspected that regional taxes have a positive and significant effect on economic growth in Bojonegoro Regency in 2011-2022. Stated in Miswara's research (2021) "Analysis of the Effect of Regional Taxes on Economic Growth in Aceh".
- H4: It is suspected that capital expenditure, Special Allocation Funds (DAK) and local taxes have a simultaneous influence on Economic Growth in Bojonegoro Regency in 2011 - 2021.

METHODS

This research uses a quantitative type of research using the E-views 12 tool with a time series data type with a total of 12 (twelve) years from 2011 - 2022 and all annual data on capital expenditure, DAK, regional taxes and economic growth for Bojonegoro Regency. Based on this explanation, there are 48 (fourty eight) data that will be observed, with details of 12 (twelve) capital expenditure data, then 12 (twelve) DAK data, 12 (twelve) regional tax data, and 12 (two) twelve economic growth data.

RESULTS

Table 1. Partial Test (T)

Variable	Coefficient	t-Statistic	Prob	
C	6.58709153978	2.051620	0.0743	
X1 (Capital Expenditure)	1.36421237133e	0.268493	0.7951	No significant effect
X2 (DAK)	1.03804371791e	2.466312	0.0389	Significant Influence
X3 (Regional Tax)	-9.16826727288e	-2.252028	0.0544	No significant effect

Source: Data processed by E-views 12 (2024)

Based on the results of the partial test (T), it shows that the Tcount value for the independent variable Capital Expenditure (X1) is 0.268493, while the Ttable value is 1.85955, which means that the Tcount value is smaller than the T table by (0.268493 < 1.85955). Apart from that, it can also be seen that the probability value is 0.7951 > 0.05. This shows that Capital Expenditures (X1) do not have a significant effect on Economic Growth (Y). This means that an increase in capital expenditure will affect the decline in economic growth in Bojonegoro Regency. This shows that there is still a lack of precision in the policy for allocating capital expenditure, especially in the infrastructure sector, so that it is unable to encourage an increase in production demand in the regional economy and needs to be reviewed.

Based on the results of the partial test (T) on the DAK variable (X2), it shows that the Tcount value is 2.466312, while Ttable is 1.85955, which means that the Tcount value is greater than Ttable by (2.466312 > 1.85955). Apart from that, it can also be seen that the probability value namely 0.0389 < 0.05. This shows that the DAK variable (X2) has a significant effect on Economic Growth (Y). This means that every increase in DAK will

affect economic growth in Bojonegoro Regency. In this case, DAK is used for development investment activities, procurement, improvement or repair of facilities and infrastructure in an area. Therefore, the greater the DAK obtained by the regional government of Bojonegoro Regency, the better the development carried out in Bojonegoro Regency.

Based on the results of the partial test (T) on the Regional Tax variable (X3), it shows that the Tcount value is -2.252028, while Ttable is 1.85955, which means that the Ttable value is greater than Tcount by $(-2.252028 < 1.85955)$. Apart from that, it can also be seen that the probability value is $0.0544 > 0.05$. This shows that the Regional Tax variable (X3) has no significant effect on Economic Growth (Y). This means that every increase in Regional Tax will affect the decline in economic growth in Bojonegoro Regency. In this case, local taxes are not specifically used to encourage the emergence of productive things. So local taxes are less able to increase growth in Bojonegoro Regency.

CONCLUSION

This research was carried out using field studies with data obtained from BPKAD. This research aims to determine the influence of capital expenditure, DAK and regional taxes on economic conditions in Bojonegoro Regency in 2011 - 2022. Based on the results of the analysis that has been carried out, this research results in the conclusion that capital expenditure and regional taxes do not have a significant effect on economic conditions in Bojonegoro Regency. DAK has a significant influence on economic conditions in Bojonegoro Regency. Based on the results of research and analysis carried out by researchers, there are still many improvements to this research for future researchers. The researcher hopes that this research can continue to be sustainable for future researchers and can add variables according to conditions in Bojonegoro Regency and it is hoped that this research can become a reference as a source of reference and information.

REFERENCES

- Joko Hadi Susilo, M. S. (2023). Pertumbuhan Ekonomi di Indonesia dengan Pendekatan Data Panel Dinamis Tahun 2012 - 2021. *JEMSI (Jurnal Ekonomi, Manajemen, dan Akuntansi)*, 312-321.
- Endang, R. S. (2024). Pengaruh Pertumbuhan Ekonomi, Jumlah Penduduk, Pendidikan Terhadap Pengangguran Terdidik di Jawa Timur. *Ekonomis : Journal of Economics and Business*, 545 - 550.
- Arniaty. (2023). The Effect of The General Allocation Fund and Special Allocation Fund on Economic Growth. *Advance in Economics and Financial Studies*, 14-24.
- Andy Tonggo Michael Sihombing, R. B. (2023). Politik Hukum Pengelolaan Sumber Daya Alam Di Indonesia. *Jurnal Ilmiah Simantek*, 7-15.
- Bojonegoro, B. (2023, Maret 16). *Pemkab Bojonegoro*. Retrieved from <https://bojonegorokab.go.id/berita/7176/pemkab-bojonegoro-raih-penghargaan-realisasi-pd-2022-tertinggi-se-indonesia>
- Bojonegoro, P. K. (n.d.). *Satu Data Bojonegoro*. Retrieved from <https://data.bojonegorokab.go.id/badan-pengelolaan-keuangan-dan-anggaran-daerah.html@detail=realisasi-apbd>
- Ernita, D. (2021). Analisis Pengaruh Pajak Hotel, Pajak Restoran, Dan Pajak Penerangan Jalan Terhadap Pendapatan Asli Daerah Kabupaten Kerinci. *Bussman Journal : Indonesian Journal of Business and Management*, 74-84.
- Kementerian Keuangan Republik Indonesia. (2022). Retrieved from <https://djpb.kemenkeu.go.id/kanwil/kepri/id/data-publikasi/berita-terbaru/2945-belanja-pemerintah-berperan-penting-terhadap-pertumbuhan-ekonomi-kepri.html>
- Perdana, A. C. (2022). Analisis Efisiensi Kinerja Agroindustri Kopi di Kota Sungai Penuh, Provinsi Jambi, Indonesia. *Agricultural Journal*, 322 - 330.

- Putri, O. &. (2021). Analisis Pengaruh Subsektor Pertanian terhadap Pembangunan Ekonomi di Provinsi Bengkulu tahun 2010 - 2020. *AGREGATE*, 28 - 36.
- Sukirno, S. (2015). *Ekonomi Pembangunan Proses, Masalah, dan Dasar Kebijakan LPFE*. Jakarta.
- Zasriati, M. (2021). Peranan Kredit Usaha Pemberdayaan Masyarakat dalam Meningkatkan Pendapatan Petani Kentang di Kecamatan Kayu Aro (Studi Kasus Kelompok Tani Mekar Seja Desa Sungai Rumpun). *E-Journal Al-Dzahab*, 53-38.

