**The Effect of Regional Taxes, Regional Levies, Local Original**

**Revenues on District and City Regional Expenditures in East**

**Kalimantan Province in 2017-2021**

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| --- | --- |
| **KEYWORDS** | **ABSTRACT** |
| Regional Taxes, Regional Retribution, Regional Own Revenue, Regional Expenditures. | This study aims to determine the influence of Regional Taxes, Regional Levies, and Regional Own Revenue on Regional Expenditure in the Regency or City of the Province of East Kalimantan in 2017-2021. The population in this study were districts or cities in the province of East Kalimantan, which has 7 regencies and 3 cities with 5 years of observation. As for those who meet the criteria in this study as many as 8 districts or cities. The method used in collecting data in this study used purposive sampling. The results of the study show that the t test and f test have their respective effects on variables, where the influence of regional taxes, regional levies, and regional original income significantly affects regional spending. |
|  |
|  | Attribution- ShareAlike 4.0 International (CC BY-SA 4.0)**https://jurnal.syntax-idea.co.id/public/site/images/idea/88x31.png** |

**Introduction**

Local revenue is a source of financial support for regional governments that originates from within the respective areas. The parameters of local revenue variables include local taxes, regional levies, results from Regional-Owned Enterprises (BUMD), separate regional wealth management, and other legitimate regional income (Mundiroh, 2019). Local revenue represents the pure income of a region, generated from the contributions of the local community and the region's own resources. Local revenue varies from one region to another because the wealth and income potential in each region differ (Rizal, 2019).

According to Law Number 32 of 2004, one of the sources of regional income comes from local revenue. Many governments still face challenges in increasing regional income due to limitations in infrastructure and facilities that support investments and the connection between local revenue and regional expenditure. This raises questions about whether low local revenue values or improper allocation are the main issues.

As part of local revenue, local taxes are a taxation system in Indonesia primarily shouldered by the community. Therefore, policies regarding local taxes need to be fair to the public. Under Law Number 28 of 2009, taxes are divided into two categories: provincial taxes and district or city taxes. This division is based on the jurisdiction for imposing and collecting each type of local tax within provincial or district/city administrative regions (Rabiyah & Firman, 2021).

Regional levies are mandatory payments made by individuals to the regional government in exchange for certain services and facilities provided by the local government. These payments from the community serve as a source of income for the region and are part of the local revenue. Local revenue reflects a region's self-sufficiency in gathering its financial resources (Nasir, 2019). According to Law Number 28 of 2009, there are a total of 30 types of levies that can be collected by regions, categorized into three groups: general service levies, business service levies, and specific licensing levies.

In Minister of Home Affairs Regulation Number 13 of 2006, regional expenditure encompasses all regional obligations recognized as reducing the net wealth value during the respective budget year. Regional expenditure includes all expenses from the general regional cash account that reduce the current fund's equity, constituting the region's obligations within a budget year. Regional expenditure is used for the implementation of regional government affairs, including both mandatory and discretionary affairs stipulated by legislation (Sorongan, 2013).

Regional expenditure, when associated with its programs and activities, is classified into two types: direct expenditure and indirect expenditure. Direct expenditure is budgeted directly related to program and activity implementation and is used to execute regional government programs and activities (Purwantoro & Setyowati, 2019). This category includes personnel expenses, goods and services expenses, and capital expenses. In contrast, indirect expenditure is budgeted without direct relevance to program and activity implementation. It includes personnel expenses, interest expenses, subsidy expenses, grant expenses, social assistance expenses, revenue-sharing expenses, financial assistance expenses, and unforeseen expenses (Putra, 2021).

The research needs to be well-formulated based on the problem background and problem identification mentioned above. Therefore, the research questions are as follows: 1. Do local taxes, regional levies, and local revenue collectively affect regional expenditure in districts and cities in East Kalimantan Province from 2017 to 2021? 2. Does local tax have an impact on regional expenditure in districts and cities in East Kalimantan Province from 2017 to 2021? 3. Does regional levy influence regional expenditure in districts and cities in East Kalimantan Province from 2017 to 2021? 4. Does local revenue affect regional expenditure in districts and cities in East Kalimantan Province from 2017 to 2021?

Based on the research questions above, the objectives of this study are as follows: 1) To determine whether local taxes, regional levies, and local revenue collectively influence regional expenditure in districts and cities in East Kalimantan Province from 2017 to 2021. 2) To determine whether local taxes individually impact regional expenditure in districts and cities in East Kalimantan Province from 2017 to 2021. 3) To determine whether regional levies individually influence regional expenditure in districts and cities in East Kalimantan Province from 2017 to 2021. 4) To determine whether local revenue individually affects regional expenditure in districts and cities in East Kalimantan Province from 2017 to 2021.

Given the background information provided, the author is interested in conducting research on the influence of various sources of regional income received by regional governments on Regional Expenditure from 2017 to 2021. The research focuses on regional governments in the districts and cities of East Kalimantan Province. The choice of these years, 2017-2021, is intended to ensure that the data used is recent and relevant. As a result, the study's title is "The Influence of Local Taxes, Regional Levies, and Local Revenue on Regional Expenditure in Districts and Cities of East Kalimantan Province from 2017 to 2021."

**The Effect of Local Taxes on Regional Spending**

One of the sources of regional revenue is regional taxes, besides that there are also regional levies. These two components of local original income play a major role in providing income for the region. The proceeds from this regional tax are used for funding or expenditure intended to prosper the people so that there are no inequalities in some regions. (Napitupulu & Malau, 2021) in their journal stated that, Regional taxes have a positive and significant effect on regional spending because taxes are the largest component of Regional Original Revenue, so the hypothesis can be stated as follows;

**H1: It is suspected that local taxes affect regional spending.**

**The Effect of Regional Levies on Regional Spending**

If the levy can increase, then the Local Original Revenue will also increase. This increase in Regional Original Revenue will also increase Regional Expenditure, so that the allocation is used for the benefit of the community as well. According to (Rubiyanto & Rahayu, 2019) in their journal, regional retribution has a significant effect on regional spending in a positive direction. Having a positive direction means that when regional levies increase, regional spending increases. Likewise, if the regional levy decreases, then regional spending will decrease. Based on the theoretical foundation, the hypothesis can be stated as follows;

**H2: It is suspected that Regional Levies Affect Regional Spending.**

**The Effect of Local Original Income on Regional Expenditure**

It is known that Regional Original Revenue is a source of income derived from the potential of the region itself. Where the area has great potential will affect the productivity of its claim which will increase the Regional Original Revenue fund. According to (Suryani, 2018) in his journal, Regional Original Revenue has a significant influence on Regional Expenditure, where this can be interpreted that local government expenditure will be adjusted to changes in local government revenue or changes in revenue occur before changes in expenditure. Based on the theoretical foundation, the hypothesis can be stated as follows;

**H3: It is suspected that local revenue affects regional spending.**

**The Effect of Regional Taxes, Regional Levies, and Local Original Revenues on Regional Expenditures**

Local Original Revenue Sources come from Regional Taxes, Regional Levies, Segregated Regional Wealth Management, and Other Legal Local Original Revenues. Where Regional Taxes and Regional Levies which are components of Regional Original Revenue play an important role in increasing Revenue for the regions (Ramlan & Abdullah, 2016). If the Local Original Revenue increases, the funds owned by the local government will also be higher. If it is seen that the Regional Original Revenue is high, then the government can say that the area has increased so that there is an increase in Regional Expenditure expenditure. Based on the theoretical foundation, the hypothesis can be stated as follows;

**H4**: **It is suspected that Regional Taxes, Regional Levies, and Local Original Revenues Affect Regional Expenditures.**

**Research Methods**

This research is a type of quantitative research, which aims to collect numerical data and find knowledge through measurement. The goal is to perform measurements that focus on the measurement center itself, helping to see important and interdependent fundamental relationships between empirical observations and quantitative data.

The research site involved 10 regencies/cities in East Kalimantan Province with the research time lasting from 2017 to 2021, with observations starting in October 2022. The dependent variable in this study is Regional Expenditure. Independent variables include Local Taxes, Regional Levies, and Local Original Revenue. Analysis of the relationship between dependent and independent variables using multiple regression equation models (Nailufar & Sufitrayati, 2019).

The study population covers all regencies/cities in East Kalimantan Province. The sample consists of 8 districts/cities that experienced a decrease in regional income during the study period (2017-2021). Data collection uses secondary data sources in the form of reports on the realization of local government budgets. Data collection techniques include literature research, documentation studies, and internet research.

Data analysis was performed using multiple regression. Previously, classical assumption tests were carried out such as normality tests, multicollinearity tests, autocorrelation tests, and heteroscedasticity tests. Panel data regression estimation model selection can use Common Effect Model, Fixed Effect Model, or Random Effect Model. To select a suitable model, the Hausman test, the Chow test, and the Lagrange Multiplier test are used (Zahari, 2020).

The hypothesis is tested using the coefficient of determination (R^2), statistical test t (partial test), and statistical test F (simultaneous test). Conclusions are drawn based on the results of hypothesis tests and consistency with theories relevant to the object of study. Drawing conclusions is carried out based on the results of testing hypotheses and supporting theories. If H0 is accepted, then the variable has no significant effect; if H0 is rejected, then the variable has a significant effect.

**Results and Discussions**

**Research Object**

This research was conducted in districts or cities in East Kalimantan Province in the 2017-2021 period. The total number of Districts or Cities is 10 with 3 Cities and 7 Districts. All districts and cities will be popular from this study with a list of samples that meet the criteria can be seen in the following table;

**Table 1 Elimination**

|  |  |  |
| --- | --- | --- |
| **NO.** | **Information** | **Sum** |
| 1 | Number of Regencies / Municipalities in East Kalimantan Province | 10 |
| 2 | Districts/Municipalities in East Kalimantan Province that issued APBD reports during the 2017-2021 observation period | 0 |
| 3 | Districts/Municipalities in East Kalimantan Province that had a decrease in regional income during the 2017-2021 observation period | 2 |
|  | Number of Sampling | 8 |
|  | Total sample size over 5 years (8x5) | 40 |

**Table 2 District or City**

| **No.** | **County or City Name****in East Kalimantan Province** |
| --- | --- |
| 1 | Kota Bontang |
| 2 | Kota Samarinda |
| 3 | Kota Balikpapan |
| 4 | Kabupaten Penajam Paser Utara |
| 5 | Kabupaten Mahakam Ulu |
| 6 | Kabupaten Berau |
| 7 | Kabupaten Kutai Kartanegara |
| 8 | Kabupaten Kutai Barat |
| 9 | Kabupaten Kutai Timur |
| 10 | Kabupaten Paser |

(<https://kaltim.bps.go.id/>)

**Descriptive Statistical Analysis**

Descriptive statistics provide the results of a data that can be seen from the mean, standard deviation, maximum, and minimum values. The results of descriptive statistical analysis in this study are presented in the table as follows:

**Table 3 Descriptive Statistical Test Results**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Date: 03/06/23 Time: 23:30** |  |  |  |  |
| **Sample: 2017 2021** |  |  |  |
|  | **Y** | **X1** | **X2** | **X3** |
| **Mean** | 2390000 | 3393360 | 4932700 | 5782742 |
| **Median** | 2268630 | 5992000 | 1034500 | 1671600 |
| **Maximum** | 5973940 | 5150000 | 1000000 | 7150000 |
| **Minimum** | 9139100 | 1580000 | 8000000. | 1099000 |
| **Std. Dev.** | 9820425 | 1048537 | 1548445 | 1907528 |
| **Skewness** | 1.544253 | 3.575116 | 5.264431 | 3.098992 |
| **Kurtosis** | 5.860289 | 14.79552 | 31.08674 | 10.61211 |
| **Jarque-Bera** | 36.91692 | 396.3751 | 1874.420 | 200.7484 |
| **Probability** | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| **Sum** | 1195135 | 1696680 | 2466350 | 2891371 |
| **Sum Sq. Dev.** | 4.725597 | 5.387215 | 1.174864 | 1.782946 |
| **Observations** | **50** | **50** | **50** | **50** |

From the table above, it can be seen that the total sample (n) is 50 data with the following results: (Mulyani, 2013)

1. The results of the study on Regional Shopping have a minimum value of 9139100 produced from Bontang City in 2017, a maximum value of 5973940 produced from Kutai Kartanegara Regency in 2020, an average value of 2390000, and a standard deviation value of 9820425.
2. The results of research on Regional Tax have a minimum value of 1580000 produced from Mahakam Ulu Regency in 2021, a maximum value of 5150000 generated from Balikpapan City in 2019, an average value of 3393360, and a standard deviation value of 1048537.
3. The results of research on Regional Retribution have a minimum value of 8000000 generated from Mahakam Ulu Regency in 2021, a maximum value of 1000000 generated from Balikpapan City in 2019, an average value of 4932700, and a standard deviation value of 1548445.
4. The results of the study on Regional Original Revenue have a minimum value of 1099000 generated from Mahakam Ulu Regency in 2021, a maximum value of 7150000 generated from Balikpapan City in 2020, an average value of 5782742, and a standard deviation value of 1907528.

**Panel Data Regression Test**

Panel data regression test in this study there are several techniques to estimate parameters, namely through;

**Common Effect Model (CEM)**

**Tabel 4 Hasil Common Effect Model**

|  |  |  |
| --- | --- | --- |
| **Dependent Variable: LY** |  |  |
| **Method: Panel EGLS (Cross-section weights)** |  |
| **Date: 03/06/23 Time: 23:37** |  |  |
| **Sample: 2017 2021** |  |  |
| **Periods included: 5** |  |  |
| **Cross-sections included: 10** |  |  |
| **Total panel (balanced) observations: 50** |  |
| **Linear estimation after one-step weighting matrix** |
| **White period (cross-section cluster) standard errors & covariance (d.f.** |
| **corrected)** |  |  |
| **Standard error and t-statistic probabilities adjusted for clustering** |
| **Variable** | **Coefficient** | **Std. Error** | **t-Statistic** | **Prob.** |
| **X1** | **-1.861613** | **6.000650** | **-3.102353** | **0.0127** |
| **X2** | **3.803277** | **1.541467** | **2.467309** | **0.0357** |
| **X3** | **1.663786** | **5.572117** | **2.985915** | **0.0153** |
| **C** | **28.39528** | **0.045383** | **625.6772** | **0.0000** |
|  | **Weighted Statistics** |  |  |
| **Root MSE** | **0.354091** | **R-squared** | **0.176382** |
| **Mean dependent var** | **52.62199** | **Adjusted R-squared** | **0.122668** |
| **S.D. dependent var** | **33.65611** | **S.E. of regression** | **0.369165** |
| **Sum squared resid** | **6.269008** | **F-statistic** | **3.283714** |
| **Durbin-Watson stat** | **0.872149** | **Prob(F-statistic)** | **0.029015** |
|  | **Unweighted Statistics** |  |  |
| **R-squared** | **0.042443** | **Mean dependent var** | **28.43183** |
| **Sum squared resid** | **6.470171** | **Durbin-Watson stat** | **0.241309** |

Based on the table above, it shows that from the processing of Eviews data produces a Common Effect Model with a C coefficient of 28.39528, the variable coefficient X1, namely Regional Tax of -1.861613, the variable coefficient X2, namely Regional Retribution of 3.803277, and the variable coefficient X3, namely Regional Original Revenue of 1.663786. Where the variable X1 with a probability of 0.0127 indicates that the variable does not affect the variable Y. The variable X2 with a probability of 0.0357 indicates that the variable does not affect Y. The variable X3 with a probability of 0.0153 indicates that the variable does not affect Y. All dependent variables have no effect on Y because the probability value is more than 0.05. This happens because the probability value is more than the crisis limit, which is 0.05 which means that the independent variable concerned does not have a significant influence on the dependent variable statistically.

**Fixed Effect Model (FEM)**

**Tabel 5 Hasil Fixed Effect Model**

|  |  |  |
| --- | --- | --- |
| **Dependent Variable: LY** |  |  |
| **Method: Panel Least Squares** |  |  |
| **Date: 03/06/23 Time: 23:38** |  |  |
| **Sample: 2017 2021** |  |  |
| **Periods included: 5** |  |  |
| **Cross-sections included: 10** |  |  |
| **Total panel (balanced) observations: 50** |  |
| **White period (cross-section cluster) standard errors & covariance (d.f.** |
| **corrected)** |  |  |
| **WARNING: estimated coefficient covariance matrix is of reduced rank** |
| **Standard error and t-statistic probabilities adjusted for clustering** |
| **Variable** | **Coefficient** | **Std. Error** | **t-Statistic** | **Prob.** |
| **X1** | **-8.107832** | **1.426969** | **-0.568185** | **0.5838** |
| **X2** | **1.832895** | **3.653901** | **5.016269** | **0.0007** |
| **X3** | **3.156739** | **6.038692** | **5.227522** | **0.0005** |
| **C** | **28.40728** | **0.008669** | **3276.978** | **0.0000** |
|  | **Effects Specification** |  |  |
| **Cross-section fixed (dummy variables)** |  |
| **Root MSE** | **0.127032** | **R-squared** | **0.880588** |
| **Mean dependent var** | **28.43183** | **Adjusted R-squared** | **0.841860** |
| **S.D. dependent var** | **0.371345** | **S.E. of regression** | **0.147672** |
| **Akaike info criterion** | **-0.768751** | **Sum squared resid** | **0.806860** |
| **Schwarz criterion** | **-0.271625** | **Log likelihood** | **32.21877** |
| **Hannan-Quinn criter.** | **-0.579442** | **F-statistic** | **22.73768** |
| **Durbin-Watson stat** | **1.694255** | **Prob(F-statistic)** | **0.000000** |

Based on the table above, it shows that from the processing of Eviews data produces a Fixed Effect Model with a C coefficient of 28.40728, the variable coefficient X1 is Regional Tax of -8.107832, the variable coefficient X2 is Regional Retribution of 1.832895, and the variable coefficient X3 is Regional Original Revenue of 3.156739. Where variable X1 with probability 0.5838 indicates that the variable does not affect variable Y. Variable X2 with probability 0.0007 indicates that the variable does not affect Y. Variable X3 with probability 0.0005 indicates that the variable affects Y. Variables X1 and X2 have no effect on Y because the probability value is more than 0.05. While X3 is declared influential because the value is not more than 0.05. This happens because the probability value is more than the crisis limit, which is 0.05, which means that the independent variables (X1 and X2) concerned do not have a significant influence on the dependent variable statistically. Whereas with X3, the variable has a significant influence on the dependent variable statistically because the prob value is right or less than the crisis limit, which is 0.05.

**Random Effect Model (REM)**

**Table 6 Result Random Effect Model**

|  |  |  |
| --- | --- | --- |
| **Dependent Variable: LY** |  |  |
| **Method: Panel EGLS (Cross-section random effects)** |
| **Date: 03/06/23 Time: 23:43** |  |  |
| **Sample: 2017 2021** |  |  |
| **Periods included: 5** |  |  |
| **Cross-sections included: 10** |  |  |
| **Total panel (balanced) observations: 50** |  |
| **Swamy and Arora estimator of component variances** |
| **White diagonal standard errors & covariance (d.f. corrected)** |
| **Variable** | **Coefficient** | **Std. Error** | **t-Statistic** | **Prob.** |
| **X1** | **-9.41254** | **1.255311** | **-0.749818** | **0.4572** |
| **X2** | **1.939041** | **7.767763** | **2.496267** | **0.0162** |
| **X3** | **2.915919** | **7.960899** | **3.662802** | **0.0006** |
| **C** | **28.40859** | **0.127130** | **223.4604** | **0.0000** |
|  | **Effects Specification** |  |  |
|  |  |  | **S.D.** | **Rho** |
| **Cross-section random** | **0.401987** | **0.8811** |
| **Idiosyncratic random** | **0.147672** | **0.1189** |
|  | **Weighted Statistics** |  |  |
| **Root MSE** | **0.138492** | **R-squared** | **0.078961** |
| **Mean dependent var** | **4.609167** | **Adjusted R-squared** | **0.018893** |
| **S.D. dependent var** | **0.145771** | **S.E. of regression** | **0.144388** |
| **Sum squared resid** | **0.958998** | **F-statistic** | **1.314531** |
| **Durbin-Watson stat** | **1.427286** | **Prob(F-statistic)** | **0.281095** |
|  | **Unweighted Statistics** |  |  |
| **R-squared** | **0.025358** | **Mean dependent var** | **28.43183** |
| **Sum squared resid** | **6.585614** | **Durbin-Watson stat** | **0.207842** |

Based on the table above, it shows that from the data processing Eviews produces a Random Effect Model with a coefficient C of 28.40859, the variable coefficient X1 is Regional Tax of -9.412542, the variable coefficient X2 is Regional Retribution of 1.939041, and the variable coefficient X3 is Regional Original Revenue of 2.915919. Where the variable X1 with a probability of 0.4572 indicates that the variable does not affect the variable Y. The variable X2 with a probability of 0.0162 indicates that the variable does not affect Y. The variable X3 with a probability of 0.0006 indicates that the variable does not affect Y. All dependent variables have no effect on Y because the probability value is more than 0.05. This happens because the probability value is more than the crisis limit, which is 0.05 which means that the independent variable concerned does not have a significant influence on the dependent variable statistically.

**Panel Data Regression Selection Test**

**Uji Chow**

The hypotheses in the Chow Test are:

H0: Common Effect Model

H1: Fixed Effect Model

The results of the Chow Test in this study, as follows;

**Table 7 Chow Test Results**

|  |  |  |
| --- | --- | --- |
| **Redundant Fixed Effects Tests** |  |  |
| **Equation: Untitled** |  |  |
| **Test cross-section fixed effects** |  |
| **Effects Test** | **Statistic** | **d.f.** | **Prob.** |
| **Cross-section F** | **28.684080** | **(9,37)** | **0.0000** |
| **Cross-section Chi-square** | **103.8294** | **9** | **0.0000** |
| **Cross-section fixed effects test equation:** |  |
| **Dependent Variable: LY** |  |  |
| **Method: Panel Least Squares** |  |  |
| **Date: 03/06/23 Time: 23:39** |  |  |
| **Sample: 2017 2021** |  |  |
| **Periods included: 5** |  |  |
| **Cross-sections included: 10** |  |  |
| **Total panel (balanced) observations: 50** |  |
| **White period (cross-section cluster) standard errors & covariance (d.f.** |
| **corrected)** |  |  |
| **Standard error and t-statistic probabilities adjusted for clustering** |
|  |  |  |  |  |
| **Variable** | **Coefficient** | **Std. Error** | **t-Statistic** | **Prob.** |
| **X1** | **-1.024560** | **2.778653** | **-0.368726** | **0.7209** |
| **X2** | **5.008980** | **1.973058** | **2.538688** | **0.0318** |
| **X3** | **1.351494** | **1.643948** | **0.822103** | **0.4323** |
| **C** | **28.40278** | **0.144091** | **197.1175** | **0.0000** |
| **Root MSE** | **0.358789** | **R-squared** | **0.047427** |
| **Mean dependent var** | **28.43183** | **Adjusted R-squared** | **-0.014697** |
| **S.D. dependent var** | **0.371345** | **S.E. of regression** | **0.374064** |
| **Akaike info criterion** | **0.947838** | **Sum squared resid** | **6.436493** |
| **Schwarz criterion** | **1.100800** | **Log likelihood** | **-19.69595** |
| **Hannan-Quinn criter.** | **1.006087** | **F-statistic** | **0.763427** |
| **Durbin-Watson stat** | **0.285001** | **Prob(F-statistic)** | **0.520408** |

In the table above shows that the value of the Chi-square Cross-section is 0.0000 < 0.05, then H0 is rejected. Thus, the Fixed Effect Model is more appropriate in estimating regression panel data compared to the Common Effect Model. This happens because, the probability of cross section is less than 0.05, therefore the model chosen is Fixed Effect Model.

**Uji Hausman**

Hipotesis dalam Uji Hausman adalah

H0: Random Effect Model

H1: Fixed Effect Model

Hasil Uji Hausman dalam penelitian ini, sebagai berikut;

**Table 7 Hausman Test Results**

|  |  |
| --- | --- |
| **Correlated Random Effects – Hausman Test** |  |
| **Equation: Untitled** |  |  |
| **Test cross-section random effects** |  |
| **Test Summary** | **Chi-Sq. Statistic** | **Chi-Sq. d.f.** | **Prob.** |
| **Cross-section random** | **0.000000** | **3** | **1.0000** |
| **\* Cross-section test variance is invalid. Hausman statistic set to zero.** |
| **\*\* WARNING: robust standard errors may not be consistent with** |
| **assumptions of Hausman test variance calculation.** |
| **Cross-section random effects test comparisons:** |
| **Variable** | **Fixed** | **Random** | **Var(Diff.)** | **Prob.** |
| **X1** | **-0.000000** | **-0.000000** | **0.000000** | **0.7883** |
| **X2** | **0.000000** | **0.000000** | **-0.000000** | **NA** |
| **X3** | **0.000000** | **0.000000** | **-0.000000** | **NA** |
| **Cross-section random effects test equation:** |  |
| **Dependent Variable: LY** |  |  |
| **Method: Panel Least Squares** |  |  |
| **Date: 03/06/23 Time: 23:47** |  |  |
| **Sample: 2017 2021** |  |  |
| **Periods included: 5** |  |  |
| **Cross-sections included: 10** |  |  |
| **Total panel (balanced) observations: 50** |  |
| **White diagonal standard errors & covariance (d.f. corrected)** |
| **Variable** | **Coefficient** | **Std. Error** | **t-Statistic** | **Prob.** |
| **C** | **28.40728** | **0.021870** | **1298.920** | **0.0000** |
| **X1** | **-8.107832** | **1.346062** | **-0.602337** | **0.5506** |
| **X2** | **1.832895** | **6.544061** | **2.800853** | **0.0081** |
| **X3** | **3.156739** | **6.195825** | **5.094946** | **0.0000** |
|  | **Effects Specification** |  |  |
| **Cross-section fixed (dummy variables)** |  |
| **Root MSE** | **0.127032** | **R-squared** | **0.880588** |
| **Mean dependent var** | **28.43183** | **Adjusted R-squared** | **0.841860** |
| **S.D. dependent var** | **0.371345** | **S.E. of regression** | **0.147672** |
| **Akaike info criterion** | **-0.768751** | **Sum squared resid** | **0.806860** |
| **Schwarz criterion** | **-0.271625** | **Log likelihood** | **32.21877** |
| **Hannan-Quinn criter.** | **-0.579442** | **F-statistic** | **22.73768** |
| **Durbin-Watson stat** | **1.694255** | **Prob(F-statistic)** | **0.000000** |

The table above shows that the random Cross-section value is 1.0000 > 0.05, hence H0 is accepted. Thus, the Random Effect Model is more appropriate to be used in estimating regression panel data compared to the Fixed Effect Model. This happens because, the probability of random cross section is more than 0.05, therefore the chosen model is a random effect approach or Random Effect Model.

**Lagrage Multiplier Test**

The hypothesis in the Langrage Multiplier Test is

H0 : Common Effect Model

H1 : Random Effect Model

The results of the Langrage Multiplier Test in this study, as follows;

**Table 8 Langrage Multiplier Test Results**

|  |
| --- |
| **Residual Cross-Section Dependence Test** |
| Null hypothesis: No cross-section dependence (correlation) in weighted |
| residuals |  |  |
| Equation: Untitled |  |
| Periods included: 5 |  |
| Cross-sections included: 10 |  |
| Total panel observations: 50 |  |
| Note: non-zero cross-section means detected in data |
| **Cross-section means were removed during computation of correlations** |
| Test | Statistic   | d.f.   | Prob.   |
| Breusch-Pagan LM | 73.45952 | 45 | 0.0047 |
| Pesaran scaled LM | 2.999896 |  | 0.0027 |
| Pesaran CD | 5.556288 |  | 0.0000 |

In the table above shows that the Berusch-Pagan value F is 0.0047 < 0.05, then H0 is rejected. Thus, the Random Effect Model is more appropriate in estimating regression panel data compared to the Common Effect Model.

Based on testing the selection of panel data regression models, it can be concluded that the Random Effect Model in panel data regression is further used in estimating the Effect of Regional Taxes, Regional Levies, and Regional Original Revenues on District and City Regional Expenditures in East Kalimantan Province in 2017-2021. The following are the results of the Random Effect Model panel data regression test;

**Tabel 9 Hasil Uji Regresi Data Panel Random Effect Model**

|  |  |  |
| --- | --- | --- |
| **Dependent Variable: LY** |  |  |
| **Method: Panel EGLS (Cross-section random effects)** |
| **Date: 03/06/23 Time: 23:43** |  |  |
| **Sample: 2017 2021** |  |  |
| **Periods included: 5** |  |  |
| **Cross-sections included: 10** |  |  |
| **Total panel (balanced) observations: 50** |  |
| **Swamy and Arora estimator of component variances** |
| **White diagonal standard errors & covariance (d.f. corrected)** |
| **Variable** | **Coefficient** | **Std. Error** | **t-Statistic** | **Prob.** |
| **X1** | **-9.412542** | **1.255311** | **-0.749818** | **0.4572** |
| **X2** | **1.939041** | **7.767763** | **2.496267** | **0.0162** |
| **X3** | **2.915919** | **7.960899** | **3.662802** | **0.0006** |
| **C** | **28.40859** | **0.127130** | **223.4604** | **0.0000** |
|  | **Effects Specification** |  |  |
|  |  |  | **S.D.** | **Rho** |
| **Cross-section random** | **0.401987** | **0.8811** |
| **Idiosyncratic random** | **0.147672** | **0.1189** |
|  | **Weighted Statistics** |  |  |
| **Root MSE** | **0.138492** | **R-squared** | **0.078961** |
| **Mean dependent var** | **4.609167** | **Adjusted R-squared** | **0.018893** |
| **S.D. dependent var** | **0.145771** | **S.E. of regression** | **0.144388** |
| **Sum squared resid** | **0.958998** | **F-statistic** | **1.314531** |
| **Durbin-Watson stat** | **1.427286** | **Prob(F-statistic)** | **0.281095** |
|  | **Unweighted Statistics** |  |  |
| **R-squared** | **0.025358** | **Mean dependent var** | **28.43183** |
| **Sum squared resid** | **6.585614** | **Durbin-Watson stat** | **0.207842** |

**Classical Assumption Test**

**Normality Test**

The Normality Test in this study is used to find out whether the data has a normal distribution or not because good data has a normal distribution. In this study, researchers compared if Jarque-bera count (JB) with Chi-square table, and compared probability value with alpha value. Here is the histogram chart of the Normality Test;



Figure 1 Normality Test Results

In the graph above, it can be seen that the value of Jarque-fallow is 2.559320, while the value of Chi-square table by looking at the number of 3 dependent variables and the significant value 0.05 which is probability 0.278132 > 0.05. Therefore, from these results, it can be concluded that the sample data in this study is normally distributed. Where, if the value of Jarque Bera with p value is greater than 0.05, then the residual is normally distributed, and vice versa.

**Multicollinearity Test**

Based on the table above, it shows that the value of the coefficient between independent variables in this study is less than 0.10, it can be concluded if the data used is free from the problem of Multicollinearity;

**Table 10 Multicollinearity Test Results**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **X1** | **X2** | **X3** |
| **X1** | **1.000000** | **0.153125** | **0.279766** |
| **X2** | **0.153125** | **1.000000** | **0.038623** |
| **X3** | **0.279766** | **0.038623** | **1.000000** |

Based on the table above, it shows that the value of the coefficient between independent variables in this study is less than 0.10, it can be concluded if the data used is free from the problem of Multicollinearity.

**Heteroscedasticity Test**

The heteroscedasticity test aims to test regression models where there is an inequality of variance from the residuals of one observation to another. If the variance from residual one observation to another observation remains, then it is called homokedasticity and if different it will be called heteroscedasticity. Here are the results of the Heteroscedasticity Test;

**Table 12 Heteroscedasticity Test Results**

|  |  |  |
| --- | --- | --- |
| **Dependent Variable: RESABS** |  |  |
| **Method: Panel EGLS (Cross-section random effects)** |
| **Date: 03/06/23 Time: 23:57** |  |  |
| **Sample: 2017 2021** |  |  |
| **Periods included: 5** |  |  |
| **Cross-sections included: 10** |  |  |
| **Total panel (balanced) observations: 50** |  |
| **Swamy and Arora estimator of component variances** |
| **White diagonal standard errors & covariance (d.f. corrected)** |
| **Variable** | **Coefficient** | **Std. Error** | **t-Statistic** | **Prob.** |
| **X1** | **1.073768** | **1.318811** | **0.814194** | **0.4197** |
| **X2** | **-4.127666** | **7.411787** | **-0.556906** | **0.5803** |
| **X3** | **-4.209413** | **1.195810** | **-0.352013** | **0.7264** |
| **C** | **0.285378** | **0.074784** | **3.816021** | **0.0004** |
|  | **Effects Specification** |  |  |
|  |  |  | **S.D.** | **Rho** |
| **Cross-section random** | **0.229035** | **0.7741** |
| **Idiosyncratic random** | **0.123715** | **0.2259** |
|  | **Weighted Statistics** |  |  |
| **Root MSE** | **0.116370** | **R-squared** | **0.011045** |
| **Mean dependent var** | **0.066816** | **Adjusted R-squared** | **-0.053452** |
| **S.D. dependent var** | **0.118206** | **S.E. of regression** | **0.121324** |
| **Sum squared resid** | **0.677103** | **F-statistic** | **0.171256** |
| **Durbin-Watson stat** | **1.422897** | **Prob(F-statistic)** | **0.915270** |
|  | **Unweighted Statistics** |  |  |
| **R-squared** | **0.007953** | **Mean dependent var** | **0.284551** |
| **Sum squared resid** | **2.516965** | **Durbin-Watson stat** | **0.382781** |

The table above shows that the probability value of X1 is 0.4197, the probability value of X2 is 0.5803, and the probability value of X3 is 0.7264. It can be seen from the description which means that the value is greater than the alpha value, which is 0.05. Thus, it can be concluded that the data is free from heteroscedasticity.

**Autocorrelation Test**

Autocorrelation test is used to determine in linear regression models there is a correlation between disruptor error in period t with confounding error in period t-1. To determine whether or not there is an autocorrelation, it can be measured using the Durbin Watson Test (DW). Here are the results of the Autocorrelation Test.

**Table 13 Autocorrelation Test Results**

|  |  |  |  |
| --- | --- | --- | --- |
| **Root MSE** | 0.138492 | **R-squared** | 0.078961 |
| **Mean dependent var** | 4.609167 | **Adjusted R-squared** | 0.018893 |
| **S.D. dependent var** | 0.145771 | **S.E. of regression** | 0.144388 |
| **Sum squared resid** | 0.958998 | **F-statistic** | 1.314531 |
| **Durbin-Watson stat** | 1.427286 | **Prob(F-statistic)** | 0.281095 |

Based on the results of the Autocorrelation Test above, the DW result is 1.427286. This value is the Durbin Watson value that can be compared with the DU and DL values in the Durbin Watson table. Durbin Watson's test criteria, as follows;

* If Durbin Watson's number < -2, then there is a positive autocorrelation.
* If Durbin Watson numbers are -2 to +2, there is no autocorrelation.
* If Durbin Watson's number > +2, there is a negative autocorrelation.

It can be seen from the Durbin Watson analysis, the Durbin Watson value is 1.427286 > -2 and 1.427286 < 2. This shows that the research data did not autocorrelate in this regression model.

**Panel Data Regression Analysis**

Based on the results of data elimination, the Random Effect Model model was selected as the best model in this study.

**Table 11 Panel Data Regression Analysis**

|  |  |  |
| --- | --- | --- |
| **Dependent Variable: LY** |  |  |
| **Method: Panel EGLS (Cross-section random effects)** |
| **Date: 03/06/23 Time: 23:43** |  |  |
| **Sample: 2017 2021** |  |  |
| **Periods included: 5** |  |  |
| **Cross-sections included: 10** |  |  |
| **Total panel (balanced) observations: 50** |  |
| **Swamy and Arora estimator of component variances** |
| **White diagonal standard errors & covariance (d.f. corrected)** |
| **Variable** | **Coefficient** | **Std. Error** | **t-Statistic** | **Prob.** |
| **X1** | **-9.41254** | **1.255311** | **-0.749818** | **0.4572** |
| **X2** | **1.939041** | **7.767763** | **2.496267** | **0.0162** |
| **X3** | **2.915919** | **7.960899** | **3.662802** | **0.0006** |
| **C** | **28.40859** | **0.127130** | **223.4604** | **0.0000** |
|  | **Effects Specification** |  |  |
|  |  |  | **S.D.** | **Rho** |
| **Cross-section random** | **0.401987** | **0.8811** |
| **Idiosyncratic random** | **0.147672** | **0.1189** |
|  | **Weighted Statistics** |  |  |
| **Root MSE** | **0.138492** | **R-squared** | **0.078961** |
| **Mean dependent var** | **4.609167** | **Adjusted R-squared** | **0.018893** |
| **S.D. dependent var** | **0.145771** | **S.E. of regression** | **0.144388** |
| **Sum squared resid** | **0.958998** | **F-statistic** | **1.314531** |
| **Durbin-Watson stat** | **1.427286** | **Prob(F-statistic)** | **0.281095** |
|  | **Unweighted Statistics** |  |  |
| **R-squared** | **0.025358** | **Mean dependent var** | **28.43183** |
| **Sum squared resid** | **6.585614** | **Durbin-Watson stat** | **0.207842** |

The results obtained for the panel data regression equation are as follows;

BD – (-PD) + RD + PAD

28.40859 – (-9.41254) + 1.939041 + 2.915919

Based on the results obtained from table 4.15, it can be explained as follows;

1. The constant has a value of 28.40859. In this study, it can be concluded that if local taxes, regional levies, and local original revenues are 0%, then regional expenditures are positive at 28.40859%.
2. The regional tax regression coefficient has a value of -9.41254, so from this value it is seen that there has been no increase, therefore regional spending has also not increased.
3. The regression coefficient of regional retribution has a value of 1.939041, so every 1% increase in regional retribution causes an increase in regional expenditure by 1.939041% assuming the value of another independent variable is constant.
4. The regression coefficient of local original income has a value of 2.915919, so every 1% increase in local original income causes an increase in regional expenditure by 2.915919% assuming the value of other independent variables is constant.

**Hypothesis Test**

**Test Coefficient of Determination (R2)**

The Coefficient of Determination (R2) test aims to determine how much the ability of the independent variable can explain the variation of related variables. If the value of the Adjusted R-Square is small, it means that the ability of the independent variables to explain the variation of the dependent variable is very limited, and vice versa if the Adjusted R-Square is large, it means the ability of the free variables to explain in the variation of the dependent variable is large. Here are the results of the Coefficient of Determination Test (R2)

**Table 12 Test Results of Coefficient of Determination (R2)**

|  |  |  |
| --- | --- | --- |
| **Dependent Variable: LY** |  |  |
| **Method: Panel EGLS (Cross-section random effects)** |
| **Date: 03/06/23 Time: 23:43** |  |  |
| **Sample: 2017 2021** |  |  |
| **Periods included: 5** |  |  |
| **Cross-sections included: 10** |  |  |
| **Total panel (balanced) observations: 50** |  |
| **Swamy and Arora estimator of component variances** |
| **White diagonal standard errors & covariance (d.f. corrected)** |
| **Variable** | **Coefficient** | **Std. Error** | **t-Statistic** | **Prob.** |
| **X1** | **-9.412542** | **1.255311** | **-0.749818** | **0.4572** |
| **X2** | **1.939041** | **7.767763** | **2.496267** | **0.0162** |
| **X3** | **2.915919** | **7.960899** | **3.662802** | **0.0006** |
| **C** | **28.40859** | **0.127130** | **223.4604** | **0.0000** |
|  | **Effects Specification** |  |  |
|  |  |  | **S.D.** | **Rho** |
| **Cross-section random** | **0.401987** | **0.8811** |
| **Idiosyncratic random** | **0.147672** | **0.1189** |
|  | **Weighted Statistics** |  |  |
| **Root MSE** | **0.138492** | **R-squared** | **0.078961** |
| **Mean dependent var** | **4.609167** | **Adjusted R-squared** | **0.018893** |
| **S.D. dependent var** | **0.145771** | **S.E. of regression** | **0.144388** |
| **Sum squared resid** | **0.958998** | **F-statistic** | **1.314531** |
| **Durbin-Watson stat** | **1.427286** | **Prob(F-statistic)** | **0.281095** |
|  | **Unweighted Statistics** |  |  |
| **R-squared** | **0.025358** | **Mean dependent var** | **28.43183** |
| **Sum squared resid** | **6.585614** | **Durbin-Watson stat** | **0.207842** |

Based on the table above, it shows that the magnitude of the Coefficient of Determination (R2), which is seen from the Adjusted R-Square 0.018893 which means that the effect of the independent variables (Regional Taxes, Regional Levies, and Regional Original Revenue) on the dependent variable (Regional Expenditure) is 0.18% and the remaining 99.82% is explained by other variables that are not included in this research method.

**F Test (Simultaneous)**

Test F aims to determine all independent variables together have a significant influence or not on the dependent variable. This test was performed using a significant level of 0.05. if fcalculate < ftable, then H0 is accepted. Thus, the independent variable as a whole does not have a significant effect on the dependent variable. Here are the results of the F Test

**Table 13 F Test Results**

|  |  |  |
| --- | --- | --- |
| **Dependent Variable: LY** |  |  |
| **Method: Panel EGLS (Cross-section random effects)** |
| **Date: 03/06/23 Time: 23:43** |  |  |
| **Sample: 2017 2021** |  |  |
| **Periods included: 5** |  |  |
| **Cross-sections included: 10** |  |  |
| **Total panel (balanced) observations: 50** |  |
| **Swamy and Arora estimator of component variances** |
| **White diagonal standard errors & covariance (d.f. corrected)** |
| **Variable** | **Coefficient** | **Std. Error** | **t-Statistic** | **Prob.** |
| **X1** | **-9.412542** | **1.255311** | **-0.749818** | **0.4572** |
| **X2** | **1.939041** | **7.767763** | **2.496267** | **0.0162** |
| **X3** | **2.915919** | **7.960899** | **3.662802** | **0.0006** |
| **C** | **28.40859** | **0.127130** | **223.4604** | **0.0000** |
|  | **Effects Specification** |  |  |
|  |  |  | **S.D.** | **Rho** |
| **Cross-section random** | **0.401987** | **0.8811** |
| **Idiosyncratic random** | **0.147672** | **0.1189** |
|  | **Weighted Statistics** |  |  |
| **Root MSE** | **0.138492** | **R-squared** | **0.078961** |
| **Mean dependent var** | **4.609167** | **Adjusted R-squared** | **0.018893** |
| **S.D. dependent var** | **0.145771** | **S.E. of regression** | **0.144388** |
| **Sum squared resid** | **0.958998** | **F-statistic** | **1.314531** |
| **Durbin-Watson stat** | **1.427286** | **Prob(F-statistic)** | **0.281095** |
|  | **Unweighted Statistics** |  |  |
| **R-squared** | **0.025358** | **Mean dependent var** | **28.43183** |
| **Sum squared resid** | **6.585614** | **Durbin-Watson stat** | **0.207842** |

Based on the table above, it shows that the calculated value is 1.314531 and the probability value is 0.281095. While the value of the ftable with the number of samples (n) = 50, the number of variables (k) = 4, the significant level of α = 0.05, df 1 = k - 1 = 4-1 = 3 and df 2 = n - k = 50 - 4 = 46. Thus, a ftable of 2.80 is obtained so that the calculation is 1.314531 > the table is 2.80 and the probability value of 0.281095 > 0.05. Thus, H0 is rejected and H1 is accepted, this shows that Regional Taxes, Regional Levies, and Regional Original Revenues have a significant effect simultaneously on Regional Expenditures in Districts or Municipalities in East Kalimantan Province in 2017-2021.

**Test T (Partial)**

The T test aims to influence how far the influence of one independent variable individually in explaining the variation of the dependent variable. Recipient of the hypothesis if the resulting significant value < 0.05, then there is a significant influence between the independent variable and the dependent variable. Here are the results of the T Test:

**Table 14 T Test Results**

|  |  |  |
| --- | --- | --- |
| **Dependent Variable: LY** |  |  |
| **Method: Panel EGLS (Cross-section random effects)** |
| **Date: 03/06/23 Time: 23:43** |  |  |
| **Sample: 2017 2021** |  |  |
| **Periods included: 5** |  |  |
| **Cross-sections included: 10** |  |  |
| **Total panel (balanced) observations: 50** |  |
| **Swamy and Arora estimator of component variances** |
| **White diagonal standard errors & covariance (d.f. corrected)** |
| **Variable** | **Coefficient** | **Std. Error** | **t-Statistic** | **Prob.** |
| **X1** | **-9.412542** | **1.255311** | **-0.749818** | **0.4572** |
| **X2** | **1.939041** | **7.767763** | **2.496267** | **0.0162** |
| **X3** | **2.915919** | **7.960899** | **3.662802** | **0.0006** |
| **C** | **28.40859** | **0.127130** | **223.4604** | **0.0000** |
|  | **Effects Specification** |  |  |
|  |  |  | **S.D.** | **Rho** |
| **Cross-section random** | **0.401987** | **0.8811** |
| **Idiosyncratic random** | **0.147672** | **0.1189** |
|  | **Weighted Statistics** |  |  |
| **Root MSE** | **0.138492** | **R-squared** | **0.078961** |
| **Mean dependent var** | **4.609167** | **Adjusted R-squared** | **0.018893** |
| **S.D. dependent var** | **0.145771** | **S.E. of regression** | **0.144388** |
| **Sum squared resid** | **0.958998** | **F-statistic** | **1.314531** |
| **Durbin-Watson stat** | **1.427286** | **Prob(F-statistic)** | **0.281095** |
|  | **Unweighted Statistics** |  |  |
| **R-squared** | **0.025358** | **Mean dependent var** | **28.43183** |
| **Sum squared resid** | **6.585614** | **Durbin-Watson stat** | **0.207842** |
|  |  |  |  |  |

Based on the table above, it shows that the value of Test T getting the result of the calculation using EViews 12 can be described as follows;

**The Effect of Local Taxes on Regional Expenditures**

The Regional Tax variable has a calculated value of -0.749818 and a probability value of 0.4572. While the value of ttable with the number of samples (n) = 50, the number of variables (k) = 4, the significant level of α = 0.05, df 1 = k -1 = 4 – 1 = 3, and df 2 = n –k = 50 – 4 = 46, then obtained ttable of 1.67866 so that **tcalculate** -0.749818 < ttable 1.67866 and probability value 0.4572 > 0.05. Thus, H0 is accepted and H1 is rejected, this shows that Regional Tax partially does not have a significant effect on Regional Expenditure in Districts or Municipalities in East Kalimantan Province in 2017-2021 (Asih, 2018).

**The Effect of Regional Levies on Regional Expenditures**

The Regional Levy variable has a calculated value of 2.496267 and a probability value of 0.0162. Meanwhile, ttable with the number of samples (n) = 50, the number of variables (k) = 4, the significant level of α = 0.05, df 1 = k - 1 = 4 - 1 = 3, and df 2 = n - k = 50 - 4 = 46, then obtained ttable of 1.67866, so that **tcalculate** 2.496267 > ttable 1.67866 and probability value 0.0162 < 0.05. Thus, H0 is rejected and H1 is accepted, this shows that the Regional Levy partially has a significant effect on Regional Expenditure in Districts or Municipalities in East Kalimantan Province in 2017-2021.

**The Effect of Local Original Revenue on Regional Expenditure**

The Regional Original Income variable has a calculated value of 3.662802 and a probability value of 0.0006. Meanwhile, ttable with the number of samples (n) = 50, the number of variables (k) = 4, the significant level of α = 0.05, df 1 = k - 1 = 4 - 1 = 3, and df 2 = n - k = 50 - 4 = 46, then obtained ttable of 1.67866, so that **tcalculate** 3.662802 > ttable 1.67866 and probability value 0.0006 < 0.05. Thus, H0 is rejected and H1 is accepted, this shows that Regional Original Revenue partially has a significant effect on Regional Expenditure in Districts or Municipalities in East Kalimantan Province in 2017-2021.

**Research Discussion**

**The Influence of Local Taxes, Regional Levies, and Local Revenue on Regional Expenditure**

The results of variable testing show that the calculated F-value is 1.314531, and the probability value is 0.281095. Meanwhile, the tabulated F-value is 2.80. Therefore, the calculated F-value of 1.314531 is less than 2.80, and the probability value of 0.281095 is greater than 0.05. Thus, the null hypothesis (H0) is rejected, and the alternative hypothesis (H1) is accepted. This indicates that Local Taxes, Regional Levies, and Local Revenue collectively have a significant influence on Regional Expenditure in districts and cities in East Kalimantan Province from 2017 to 2021.

This is consistent with prior research (Rubiyanto & Rahayu, 2019) that supports this study. "The Influence of Local Taxes and Regional Levies on Regional Expenditure in Mojokerto District for the Period 2013-2017" states that both Local Taxes and Regional Levies, when considered together, significantly influence Regional Expenditure.

In this context, it aligns with agency theory, where Regional Governments are accountable for their regional expenditures to the central government, and an increase in Regional Expenditure is accompanied by an increase in Local Taxes, Regional Levies, and Local Revenue.

**The Influence of Local Taxes on Regional Expenditure**

The results of variable testing reveal that Local Taxes have a t-value of -0.749818, and the probability value is 0.4572. In contrast, the tabulated t-value is 1.67866. Therefore, the calculated t-value of -0.749818 is less than the tabulated t-value of 1.67866, and the probability value of 0.4572 is greater than 0.05. Consequently, the null hypothesis (H0) is accepted, and the alternative hypothesis (H1) is rejected. This indicates that Local Taxes individually do not have a significant influence on Regional Expenditure in districts and cities in East Kalimantan Province from 2017 to 2021.

These findings do not align with prior research (Rubiyanto & Rahayu, 2019) "The Influence of Local Taxes and Regional Levies on Regional Expenditure in Mojokerto District for the Period 2013-2017." In this study, it is stated that Local Taxes significantly and positively influence Regional Expenditure. When Local Taxes increase, Regional Expenditure also increases, and vice versa.

In this context, it aligns with agency theory, where Regional Governments are accountable for their regional expenditures to the central government, and Regional Expenditure does not increase when Local Taxes remain unchanged.

**The Influence of Regional Levies on Regional Expenditure**

The results of variable testing show that Regional Levies have a t-value of 2.496267, and the probability value is 0.0162. Meanwhile, the tabulated t-value is 1.67866. Therefore, the calculated t-value of 2.496267 is greater than the tabulated t-value of 1.67866, and the probability value of 0.0162 is less than 0.05. Thus, the null hypothesis (H0) is rejected, and the alternative hypothesis (H1) is accepted. This indicates that Regional Levies individually have a significant influence on Regional Expenditure in districts and cities in East Kalimantan Province from 2017 to 2021.

This is consistent with prior research (Rubiyanto & Rahayu, 2019) that supports this study. "The Influence of Local Taxes and Regional Levies on Regional Expenditure in Mojokerto District for the Period 2013-2017" states that the Regional Levies significantly and positively influence Regional Expenditure. This result is also supported by previous research (Rubiyanto & Rahayu, 2019) "The Influence of Local Taxes, Regional Levies, and General Allocation Fund on Regional Expenditure in North Sumatra Province."

In this context, it aligns with agency theory, where Regional Governments are accountable for their regional expenditures to the central government, and an increase in Regional Expenditure is accompanied by an increase in Regional Levies.

**The Influence of Local Revenue on Regional Expenditure**

The results of variable testing show that Local Revenue has a t-value of 3.662802, and the probability value is 0.0006. Meanwhile, the tabulated t-value is 1.67866. Therefore, the calculated t-value of 3.662802 is greater than the tabulated t-value of 1.67866, and the probability value of 0.0006 is less than 0.05. Thus, the null hypothesis (H0) is rejected, and the alternative hypothesis (H1) is accepted. This indicates that Local Revenue individually has a significant influence on Regional Expenditure in districts and cities in East Kalimantan Province from 2017 to 2021.

This is consistent with prior research (Suryani, 2018) that supports this study. "The Flypaper Effect on Local Revenue (PAD) on Regional Expenditure (Study in Regencies/Cities in East Java, Central Java, and West Java Provinces for the Period 2011-2013)" states that there is a significant influence of the Local Revenue (PAD) variable on Regional Expenditure in regencies/cities in East Java, Central Java, and West Java Provinces (Suryani, 2018). This implies that regional government spending is adjusted to changes in regional government receipts or income changes before expenditure changes (Salawali et al., 2016).

In this context, it aligns with agency theory, where Regional Governments are accountable for their regional expenditures to the central government, and an increase in Regional Expenditure is accompanied by an increase in Local Revenue.

**Conclusion**

Based on the results of data processing in chapter IV, data analysis, and discussion of the Effect of Regional Taxes, Regional Levies, and Regional Original Revenues on Regency and City Regional Expenditures in East Kalimantan Province in 2017-2021 which were processed using EViews 12 with a total of 50 samples. Thus, the following conclusions can be drawn; 1. Regional Taxes, Regional Levies, and Local Original Revenues have a significant effect simultaneously on Regional Expenditures. This is proven by the results of variable testing that the calculated value is 1.314531 and the probability value is 0.281095. While the ftable is 2.80 so that the calculation is 1.314531 > 2.80 and the probability value is 0.281095 > 0.05.

Local tax does not have a significant effect on Regional Expenditure. This is proven by the results of variable testing that Regional Tax has a calculated value of -0.749818 and a probability value of 0.4572. While ttable is 1.67866 so that tcalculate -0.749818 < ttable 1.67866 and probability value 0.4572 > 0.05.

Regional Retribution partially has a significant effect on Regional Expenditure. This is proven by the results of variable testing that the Regional Retribution has a calculated value of 2.496267 and a probability value of 0.0162. Meanwhile, the ttable is 1.67866, so the tcount is 2.496267 > the table is 1.67866 and the probability value is 0.0162 < 0.05.

Local Original Revenue partially has a significant effect on Regional Expenditure. This is proven by the results of variable testing that Regional Original Revenue has a calculated value of 3.662802 and a probability value of 0.0006. Meanwhile, ttable is 1.67866, so the tcount is 3.662802 > ttable is 1.67866 and the probability value is 0.0006 < 0.05.

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