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Impact of Local Tax Revenue and Regional Levies on Local Own Source Revenue in Banten Province (2019–2023)

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ABSTRACT
This study investigates the influence of local tax revenue and regional levies on local own-source revenue (PAD) in Banten Province during the 2019–2023 period. The objective is to determine whether these fiscal components, individually and collectively, strengthen the capacity of local governments to achieve greater financial independence. A quantitative research approach was applied using secondary data obtained from the official regional budget realization reports. Multiple linear regression analysis, supported by classical assumption tests, was conducted to examine the partial and simultaneous effects of the variables. The results reveal that local tax revenue has a positive and significant effect on local own-source revenue ($p < 0.001$), while regional levies have a positive but insignificant effect ($p = 0.972$). Simultaneously, both variables exert a significant joint influence on regional fiscal performance, explaining 63.5% of the variation in PAD ($R^2 = 0.635$). These findings support the principles of Fiscal Federalism Theory, which emphasize the role of fiscal decentralization in enhancing local revenue capacity. Practically, the results suggest that optimizing tax collection efficiency and reforming regional levy structures are essential strategies for improving fiscal independence and promoting sustainable regional development in Banten Province.

Keywords: Local Tax Revenue, Regional Retribution, Local Own-Source Revenue, Fiscal Independence.

I. Introduction

Indonesia is one of the countries that has implemented a system of regional autonomy as part of its governance reform. The implementation of regional autonomy, which began in 1999, aims to strengthen decentralization and improve the efficiency of public administration (Rizki et al., 2023). Regional autonomy grants local governments the authority, rights, and responsibilities to manage governmental affairs and the interests of their communities in accordance with statutory regulations. According to Law No. 1 of 2022 on Regional Government and Law No. 35 of 2023 on Fiscal Balance between the Central and Regional Governments, every region bears the responsibility to meet its own fiscal needs. This autonomy system enables regions to manage their governance more independently, bringing services closer to communities, enhancing transparency, and fostering innovation through healthy interregional competition. Consequently, local governments are expected to mobilize their own financial resources to finance administration and regional development effectively.

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Among the various sources of local revenue, Regional Original Revenue (PAD) plays a vital role in supporting regional fiscal independence. Local taxes and levies constitute the main components of PAD that directly reflect the ability of local governments to generate income from their jurisdictions. As Sidik (2002) states, optimizing local taxes and levies is crucial for enhancing regional financial capacity, and these instruments must be managed transparently and professionally to maximize their contribution to PAD. The effectiveness and efficiency of local tax and levy collection have a direct impact on PAD. According to Gunawan (2018), the effectiveness of tax collection reflects the local government's ability to achieve its targeted revenue, with higher effectiveness leading to greater PAD growth. Similarly, Kang et al. (2020) highlight that the effectiveness of regional levy collection, measured as the ratio between realized and targeted collections, indicates the government's performance in service provision. These findings confirm that improving the effectiveness of tax and levy systems strengthens the financial autonomy of regional governments.

Fiscal Federalism Theory emphasizes that fiscal decentralization enhances local capacity to generate and manage revenue, aligning expenditure responsibilities with revenue authority (Bird & Zolt, 2020). In this context, PAD becomes a key indicator of how far a region can reduce dependency on central transfers and achieve fiscal self-reliance. Local taxes, as mandatory contributions from individuals or entities without direct compensation, and regional levies, as payments for specific government services, both serve as strategic tools for financing local development. Despite their importance, empirical findings regarding the contribution of local taxes and levies to PAD remain inconsistent. Utami (2021) found that local taxes significantly affect PAD, while regional levies do not, although both variables jointly influence regional revenue. Similarly, Panjaitan and Sahara (2017) showed that local taxes have a stronger contribution (57.9%) compared to levies (42.2%). However, the magnitude of these effects may vary across regions depending on administrative capacity and local economic structure.

In the case of Banten Province, which represents a dynamic industrial and service-based economy, the extent to which local taxes and levies contribute to PAD has not been extensively studied. Previous studies have primarily focused on national-level analysis or other provinces, leaving a research gap in understanding the fiscal dynamics of Banten. Therefore, this study aims to analyze the effect of local tax revenue and regional levies on local own-source revenue (PAD) in Banten Province during the 2019–2023 period, both partially and simultaneously. The results are expected to provide insights for improving regional fiscal policy, enhancing tax and levy management, and strengthening local financial independence to support sustainable regional development.

II. Literature Review and Hypothesis Development

2.1. Tax

A tax is a mandatory contribution imposed by law on individuals or entities without direct compensation, serving to finance government expenditures and promote social welfare. According to the Fiscal Federalism Theory, taxation at both central and regional levels plays a dual role:

a. The budgetary function, which provides fiscal resources to fund government operations and development programs.
b. The regulatory function, whereby taxation acts as a policy instrument to achieve social and economic objectives beyond fiscal goals (Bird & Zolt, 2020).

In the context of regional autonomy, taxes collected by local governments are crucial to strengthening Local Own-Source Revenue (PAD) and achieving fiscal independence.

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2.2. Local Tax Objects

Local tax objects encompass activities and facilities that generate economic value within a region's jurisdiction. In Banten Province, the following local taxes are applied based on local government regulations:

a. Hotel Tax, 10% of accommodation service payments.
b. Restaurant Tax, 10% of food and beverage transactions.
c. Entertainment Tax, 10% for general entertainment and up to 35% for nightclubs and karaoke establishments.
d. Advertising Tax, 25% of rental or operational advertising costs.
e. Street Lighting Tax, Between 3% and 10%, depending on electricity usage categories.
f. Parking Tax, 20% of parking fees.
g. Groundwater Tax, 20% of extraction value.
h. Land and Building Tax (PBB-P2), Progressive rate between 0.01% and 0.3% of assessed property value.
i. Acquisition Duty of Land and Building Rights (BPHTB), 5% of the taxable acquisition value.

These taxation schemes represent a key component of regional fiscal capacity and align with Decentralization Theory, which posits that empowering local governments to collect taxes fosters efficiency and accountability in service delivery.

2.3. Tax Subjects

Local tax subjects are individuals or business entities legally obliged to pay taxes in relation to the use of specific taxable objects. Examples include:

a. Hotel and Restaurant Tax, Paid by service providers managing accommodation or food services.
b. Entertainment Tax, Paid by operators of cinemas, karaoke lounges, and nightclubs.
c. Advertising Tax, Paid by individuals or firms using advertising media.
d. Street Lighting Tax, imposed on electricity consumers for business or household use.
e. Parking and Groundwater Tax, Levied on operators of parking facilities and groundwater extraction enterprises.
f. Land and Building Tax (PBB-P2) and BPHTB, Applied to landowners or acquirers of property through purchase, grants, or inheritance.

This framework ensures local governments maintain a stable revenue base and uphold fiscal responsibility as mandated by Law No. 1 of 2024 and Law No. 1 of 2022.

2.4. Tax Collectors

Tax collectors are government entities authorized to impose and collect compulsory contributions from the public. Tax collection in Indonesia is divided into two levels:

a. Central Taxes, managed by the Directorate General of Taxes under the Ministry of Finance—such as income tax, value-added tax, and stamp duty.
b. Local Taxes, administered by regional governments, including motor vehicle tax, fuel tax, surface water tax, and municipal taxes (hotel, restaurant, parking, and entertainment taxes).

Local governments use these revenues to fund regional development and improve public services, thereby supporting fiscal decentralization objectives as outlined in the Fiscal Balance Law (Law No. 35 of 2023).

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2.5. Tax Revenue

Tax revenue refers to compulsory contributions collected by central or regional authorities that serve both fiscal and regulatory functions. Under Law No. 1 of 2022, local taxes are defined as obligatory payments collected without direct compensation and utilized to promote public welfare.

a. Local tax revenue forms part of Local Own-Source Revenue (PAD), which comprises:
b. Local taxes,
c. Regional levies,
d. Returns on separated regional assets, and
e. Other legitimate revenues.

Provincial taxes include motor vehicle tax, fuel tax, and cigarette tax, while municipal or regency taxes cover hotel, restaurant, entertainment, advertisement, street lighting, parking, groundwater, and BPHTB taxes. Collection is implemented through three mechanisms: direct taxpayer payment, determination by local authorities, or collection by appointed officials. Each local tax type must be established through a Regional Regulation (Perda) specifying the tax base, rate, collection method, and sanctions to ensure legality and transparency.

2.6. Definition of Regional Levies

Regional levies are charges imposed by local governments as payments for specific services or permits provided to individuals or business entities. Levies are integral components of PAD since they directly support financing for public services and facilities (Law No. 1 of 2024). Regional levies are categorized into three groups:

a. General Service Levies, covering essential public services such as healthcare, waste management, parking, and market operations.
b. Business Service Levies, involving the commercial use of local facilities such as terminals, slaughterhouses, recreational areas, and ports.
c. Specific Licensing Levies, imposed for regulatory purposes, including route permits, liquor sales licenses, building permits, and fishing licenses.

Regional governments are required to establish levy regulations through local legislation published in the official gazette, ensuring conformity with national law and safeguarding public interests.

2.7. Effectiveness

Effectiveness essentially refers to the degree of success in achieving predetermined goals. According to the Indonesian Dictionary, effectiveness is defined as the accuracy in reaching objectives through the selection of the most appropriate method among available alternatives. It also serves as a benchmark to measure the extent to which established targets can be realized, including the achievement of objectives, program satisfaction, the balance between inputs and outputs, and overall attainment of intended outcomes. A higher proportion of target realization reflects a higher level of effectiveness. In the context of local taxation, effectiveness illustrates the ability of regional governments to realize local own-source revenue (PAD) in accordance with targets set against the region's actual potential. Tax effectiveness indicates how well actual tax revenue meets the targeted amount, while efficiency relates to the cost incurred in the collection process compared with the revenue obtained. Effectively managed local taxation significantly contributes to strengthening PAD, thereby enhancing regional autonomy and supporting sustainable development.

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Table 2. Interpretation of Regional Levy Effectiveness Value

Percentage	Criteria
> 100%	Very Effective
91 – 100%	Effective
81 – 90%	Fairly Effective
61 – 80%	Less Effective
< 60%	Ineffective

The effectiveness of Local Own-Source Revenue (PAD) serves as a key instrument to evaluate the performance of regional governments in managing public finances according to established budgetary targets. The effectiveness ratio of PAD reflects the ability of local governments to independently finance governmental activities, development programs, and public services. A higher effectiveness ratio indicates a lower dependence on central government support or external assistance, and vice versa. The effectiveness of PAD is calculated by comparing the actual realization of PAD revenue with the predetermined target, multiplied by one hundred percent. The criteria for assessing PAD effectiveness are stipulated in the Decree of the Ministry of Home Affairs No. 690.900-327 of 1996.

Table 3. Interpretation of Regional Levy Effectiveness Value

Percentage	Criteria
> 100%	Very Effective
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81 – 90%	Fairly Effective
61 – 80%	Less Effective
< 60%	Ineffective

This table presents the criteria for interpreting the effectiveness of regional levy collection. A higher percentage indicates stronger government performance in achieving or exceeding revenue targets, while a lower percentage reflects weaker effectiveness in meeting fiscal objectives.

III. Research Method

3.1. Research Design

This study adopts a quantitative explanatory research design, which is appropriate for examining causal relationships between independent and dependent variables. The objective is to determine how local tax revenue and regional levies influence local own-source revenue (PAD) within the context of Banten Province. As noted by Creswell (2014), quantitative research provides a structured framework for hypothesis testing using statistical models, making it suitable for studies relying on numerical and time-series data.

3.2. Population and Sample

The population of this study comprises all Budget Realization Reports (Laporan Realisasi Anggaran) published by the Regional Government of Banten Province during the period 2019–2023. These reports represent official and audited records of fiscal performance, ensuring the reliability and validity of the data source. A purposive sampling technique was employed to select fiscal years with complete and comparable information on local tax revenue, regional levies, and local own-source revenue (PAD). This method ensures data consistency and minimizes potential errors caused by missing values. According to Sugiyono (2018), purposive sampling enables researchers to select information-rich cases relevant to specific research objectives.

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3.3. Data Type and Source

The study uses secondary data obtained from the official website of the Banten Provincial Government (www.bantenprov.go.id) and the Directorate General of Fiscal Balance (DJPK). Secondary data were selected because they are publicly available, audited, and standardized across fiscal periods. As Sekaran and Bougie (2016) emphasize, archival financial data serve as credible sources for policy-oriented research.

3.4. Variable Definition and Measurement

The study employs three main variables:

a. Dependent Variable (Y)
Local Own-Source Revenue (PAD), measured in realized annual rupiah amounts based on official budget realization reports.

b. Independent Variables (X_1 and X_2):

1) Local Tax Revenue (X_1), income derived from mandatory contributions imposed by local governments on individuals or entities without direct compensation.
2) Regional Levies (X_2), charges imposed as payment for specific services or licenses provided by local governments.

Each variable is measured in nominal rupiah values, consistent with operational definitions recommended by Ghozali (2018) to ensure comparability and analytical accuracy.

3.5. Data Analysis Technique

The analysis utilizes multiple linear regression, which allows simultaneous estimation of the effects of multiple independent variables on a dependent variable. The regression model is formulated as follows:

$$\mathbf{PAD\_t=\alpha+\beta1(Tax)\_t+\beta2(Levy)\_t+\varepsilon\_t}$$

Where:
PAD_t = Local Own-Source Revenue in year t
Tax_t = Local Tax Revenue
Levy_t = Regional Levies
α = Constant term
ε_t = Error term

Prior to hypothesis testing, several diagnostic tests were conducted to validate the regression model:

a. Normality Test (Jarque-Bera) – to confirm that residuals are normally distributed.
b. Multicollinearity Test (VIF < 10) – to ensure independence among explanatory variables.
c. Heteroskedasticity Test (White Test) – to verify the homogeneity of error variance.
d. Autocorrelation Test (Durbin-Watson) – to detect serial correlation in residuals.

To determine the most appropriate regression specification, Chow, Lagrange Multiplier (LM), and Hausman tests were performed sequentially to choose between Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM) (Baltagi, 2005). The model with the best statistical fit was retained for final interpretation.

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3.6. Hypothesis Testing

Two main hypothesis tests were conducted:

a. Partial Test (t-test), to evaluate the individual effects of local tax revenue and regional levies on PAD.
b. Simultaneous Test (F-test), to assess the joint significance of both independent variables in explaining variations in PAD.

The coefficient of determination (R^2) was used to measure the explanatory power of the model — that is, the proportion of variance in PAD explained by the predictors. According to Wooldridge (2016), interpreting R^2 provides insight into the model's effectiveness and the relative importance of the predictors.

3.7. Software Utilized

All data processing and statistical analyses were conducted using EViews 12, which is widely recognized for its reliability in time-series and panel data econometric estimation (Gujarati & Porter, 2009). The 5% significance level (α = 0.05) was adopted to determine the threshold for statistical significance in hypothesis testing

IV. Results and Discussion

4.1. Classical Assumption Test

a. Multicollinearity Test
The results of the multicollinearity test are presented in Table 1.

Table 4. Multicollinearity Test Results

Model	Variable	Tolerance	VIF
1	Local Tax (PD)	0.984	1.017
	Regional Retribution (RD)	0.984	1.017

The results presented in Table 4 indicate that the tolerance values for all variables are greater than 0.100 and the VIF values are below the critical threshold of 10. Specifically, both local tax and regional retribution show tolerance values above the minimum requirement and VIF values of 1.017, which are far below the cut-off point. Based on these results, it can be concluded that there is no multicollinearity in the regression model, and the independent variables can be reliably included in further analysis.

b. Autocorrelation Test
The decision rule is based on the significance value: if Sig < 0.05, autocorrelation is present; if Sig > 0.05, no autocorrelation is detected. The detailed results are presented in Table 5.

Table 5. Autocorrelation Test Results (Runs Test)

Statistic	Unstandardized Residual
Test Value	0.00259
Cases < Test Value	19
Cases ≥ Test Value	20
Total Cases	39
Number of Runs	14
Z	-1.944
Asymp. Sig. (2-tailed)	0.052

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As shown in Table 5, the study used a sample of forty observations with two independent variables. The Run Test produced a significance value of 0.052, which is greater than the 0.05 threshold. Therefore, it can be concluded that no autocorrelation exists in the sample data, indicating that the residuals are independent across observations.

c. Normality Test

The results of the normality test are presented in Figure 1, which includes both the P-P plot and the Jarque-Bera table.

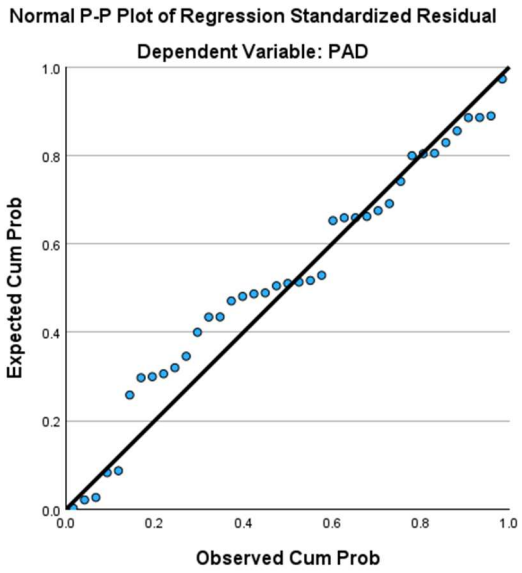

Figure 1. Results of the P-Plot Graph Test

Based on Figure 1, the P-Plot graph shows that the data points are distributed around the diagonal line and follow its direction. Therefore, it can be concluded that the regression model meets the normality assumption.

Table 6. One-Sample Kolmogorov–Smirnov Test

Statistic	Unstandardized Residual
N	39
Normal Parameters	
Mean	0
Std. Deviation	0.0971355
Most Extreme Differences	
Absolute	0.138
Positive	0.079
Negative	-0.138
Test Statistic	0.138
Asymp. Sig. (2-tailed)	0.059
Monte Carlo Sig. (2-tailed)	
Sig.	0.057
Lower Bound	0.051
Upper Bound	0.063

Based on the table above, it can be concluded that the data tested using the non-parametric Kolmogorov–Smirnov test meet the normality assumption. This is indicated by a significance value greater than 0.05, specifically 0.059 (rounded to 0.06). Therefore, the residuals are normally distributed.

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d. Heteroskedasticity Test

Heteroskedasticity refers to a condition in which the variance of residuals differs across observations in a regression model. The heteroskedasticity test aims to determine whether such inequality exists. For a regression model to be valid, it must be free from heteroskedasticity problems.

Table 7. Spearman's Rho Correlation Test Results

Variable		PD	RD	Unstandardized Residual
PD	Correlation Coefficient	1	0.183	0.272
	Sig. (2-tailed)	–	0.257	0.09
	N	40	40	40
RD	Correlation Coefficient	0.183	1	-0.095
	Sig. (2-tailed)	0.257	–	0.561
	N	40	40	40
Unstandardized Residual	Correlation Coefficient	0.272	-0.095	1
	Sig. (2-tailed)	0.09	0.561	–
	N	40	40	40

The results presented in Table 7 show that the significance value for local tax (X1) is 0.90, which is greater than 0.05, and the significance value for regional retribution (X2) is 0.561, also greater than 0.05. Therefore, it can be concluded that heteroskedasticity does not occur in the data. This condition is further illustrated through the accompanying graph.

4.2. Multiple Linear Regression Test

a. Multiple Regression Equation

According to Ghozali (2016), multiple linear regression is applied to predict the relationship between variables when two or more independent variables are involved. This analysis is used to determine the direction and strength of the relationship of each variable in the study. The results of the multiple regression analysis are presented in the following table.

Table 8. Multiple Linear Regression Coefficients

Model	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)
(Constant)	0.353	0.078	–
PD (Local Tax)	0.596	0.075	0.796
RD (Regional Retribution)	-3.505	0	-0.003

Based on Table 8, the multiple linear regression equation is: $Y = 0.353 + 0.596X1 - 3.505X2 + e$. From this equation:

1) The constant value is 0.353, meaning that if both local tax and regional retribution are zero, the local own-source revenue (PAD) would amount to 0.353.
2) The regression coefficient for local tax (X1) is 0.596. The positive sign indicates a positive relationship between local tax and PAD. This means that an increase in local tax will lead to an increase in PAD, assuming other variables remain constant.
3) The regression coefficient for regional retribution (X2) is -3.505. The negative sign indicates a negative relationship between retribution and PAD, meaning that an increase in regional retribution is associated with a decrease in PAD.

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b. Hypothesis Testing

The purpose of hypothesis testing is to verify statistical statements and conclude whether they can be accepted or rejected. Based on the conceptual framework, the hypotheses tested are:

1) H1: Local tax revenue has a significant effect on Local Own-Source Revenue (PAD) of Banten Province.
2) H2: Regional retribution has a significant effect on PAD of Banten Province.
3) H3: Local tax revenue and regional retribution simultaneously affect PAD of Banten Province.

Table 9. t-Test Results (Partial Regression Coefficients)

Model	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.
(Constant)	0.353	0.078	–	4.508	<0.001
PD (Local Tax)	0.596	0.075	0.796	7.959	<0.001
RD (Regional Retribution)	-3.505	0.000	-0.003	-0.035	0.972

To assess the partial effect of local tax revenue on Local Own-Source Revenue, the t-test was conducted. The calculation uses the degrees of freedom (n-k) with a significance level of 5%. The critical value for the t-table at (0.05; 37) is 2.026, which serves as the benchmark for testing the hypothesis. The detailed results of the t-test are presented in Table 7. For local tax (X1), the t-value is 7.959, which is greater than the critical t-table value of 2.026. The significance level is 0.001, which is less than 0.05. Therefore, H1 is accepted and H0 is rejected, indicating that local tax has a significant partial effect on Local Own-Source Revenue (PAD). For regional retribution (X2), the t-value is 0.035, which is smaller than the t-table value of 2.026. The significance level is 0.972, which is greater than 0.05. Thus, H2 is rejected and H0 is accepted, meaning that regional retribution does not have a significant partial effect on PAD.

According to Ghozali (2016), the F-test is used to determine whether the regression model is suitable for further analysis. The decision rule is as follows:

a. If F-calculated > F-table or the significance value < 0.05, then H0 is rejected and H1 is accepted, showing that the independent variables simultaneously influence the dependent variable.
b. If F-calculated < F-table or the significance value > 0.05, then H0 is accepted and H1 is rejected, indicating no simultaneous effect.

In this study, the critical F-table value with degrees of freedom (2;37) is 3.25.

Table 10. ANOVA – F-Test Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.625	2	0.313	32.152	<0.001
Residual	0.360	37	0.01		
Total	0.985	39			

Based on Table 10, the calculated F-value of 32.152 is greater than the critical F-table value of 3.25, with a significance level of 0.001, which is less than 0.05. This indicates that H0 is rejected and H3 is accepted, meaning that local tax (X1) and regional retribution (X2) simultaneously and significantly affect Local Own-Source Revenue (PAD).

c. Coefficient of Determination

According to Ghozali (2016), the coefficient of determination (R^2) measures the ability of the model to explain the dependent variable. The value ranges between 0 and 1:

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1) An R^2 value close to 1 indicates that the independent variables strongly explain variations in the dependent variable.
2) An R^2 value close to 0 suggests that the independent variables provide only a weak explanation of the dependent variable.

Table 11. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.797	0.635	0.615	0.09862

Based on Table 11, the R Square value is 0.635, meaning that 63.5% of the variation in Local Own-Source Revenue (PAD) can be explained by the independent variables, namely local tax and regional retribution. The remaining 36.5% is influenced by other factors not included in the model. The relatively high R Square value indicates that the independent variables have strong explanatory power in describing the dependent variable.

4.3. Discussion

a. The Effect of Local Tax Revenue on Regional Original Revenue

The results demonstrate that local tax revenue significantly influences Regional Original Revenue (PAD) in Banten Province. As one of the primary components of PAD, local taxes substantially determine the region's fiscal capacity. This finding reinforces the Fiscal Federalism Theory, which posits that greater fiscal decentralization enhances local financial capacity and independence by allowing regions to mobilize their own revenue sources. Based on the Budget Realization Report of Banten Province (2019–2023) issued by the Directorate General of Fiscal Balance, local tax revenues have fluctuated but maintained an overall Very Effective level of realization. This indicates that the Banten Provincial Government has efficiently managed tax collection, leading to consistent PAD growth. Increases in hotel, restaurant, entertainment, advertising, and property taxes have driven this trend.

The finding aligns with Phaureula Artah and Emy Iryanie (2018), who stated that local taxes contribute more substantially to PAD than other revenue sources. Similar results were also reported in Nugroho (2020) and Iqbal & Sunardika (2018), who found that local tax collection effectiveness significantly improves PAD realization. Furthermore, a study in Central Java by Wibowo and Nuraini (2022) and North Sumatra by Siregar (2021) revealed comparable results, strengthening the generalizability of this relationship across provinces. This study adds originality by confirming that consistent tax collection effectiveness, even amid post-pandemic fiscal challenges, plays a pivotal role in regional fiscal resilience, particularly in Banten Province, which relies heavily on service-based tax components.

b. The Effect of Local Retribution Revenue on Regional Original Revenue

The findings show that local retribution does not significantly affect PAD when tested partially. Although local levies are recognized as PAD components, their contribution remains relatively minor compared to tax revenue. Variations in local levy realization are influenced by several factors, including economic conditions, regulatory revisions, and fluctuating public compliance levels. According to Banten's Budget Realization Report (2019–2023), revenues were inconsistent, with the lowest realization recorded in South Tangerang City due to limited exploration of levy potential. The COVID-19 pandemic in 2020–2021 also caused a sharp decline in public service and business service levy payments. The average effectiveness in South Tangerang, Tangerang City, and Serang City falls into the Less Effective category, indicating unrealized fiscal potential.

These findings corroborate Sirry (2020), Putri (2020), and Zahri (2017), who found that local levies had no significant partial impact on PAD. However, this study contributes new insight by highlighting that regulatory updates, such as the amendment of Regional Regulation No. 9/2019 through Regional Regulation No. 1/2024, have altered the levy structure, potentially requiring a longer adaptation period before their fiscal

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effect becomes measurable. From a theoretical standpoint, the result aligns with the Fiscal Decentralization Principle, which suggests that not all local revenue instruments have equal elasticity. Taxes tend to respond faster to economic activity than retributions, which depend more on service utilization.

c. The Simultaneous Effect of Local Taxes and Local Retributions on Regional Original Revenue in Banten Province

The simultaneous test results reveal that both local tax and retribution revenues significantly affect PAD when combined. This suggests that despite retribution's lower individual contribution, its combined interaction with local taxes strengthens regional fiscal performance. In the context of Fiscal Federalism, these findings support the notion that diversified revenue sources collectively enhance financial autonomy and sustainability. The Budget Realization Report (2019–2023) shows that local taxes and levies together form the largest share of PAD in Banten Province. South Tangerang City and Tangerang Regency achieved Very Effective PAD realization levels, reflecting well-calibrated budget targets and improved fiscal governance. This aligns with Wahyuni (2018) and Putri & Rahayu (2015), who confirmed that local taxes and levies simultaneously have a significant influence on PAD. Moreover, comparative studies from West Java (Hidayat, 2021) and East Java (Setiyono, 2022) demonstrate that local fiscal strength depends on how well governments balance tax and levy collection mechanisms.

d. Theoretical Implications and Originality

The positive and significant relationship between local taxes and PAD supports the Fiscal Federalism perspective, asserting that well-designed fiscal decentralization enhances local government efficiency and accountability. This study extends prior literature by contextualizing these relationships in the post-pandemic era, when local governments faced revenue constraints and policy adjustments. Unlike prior studies that examined cross-provincial comparisons, this research provides a provincial-level longitudinal analysis that captures temporal shifts in local fiscal performance.

e. Policy Implications, Limitations, and Future Research

In practical terms, local governments should enhance tax collection efficiency, expand the levy base, and strengthen the capacity of fiscal management systems to promote long-term financial independence. The implementation of digital tax systems and public transparency initiatives can improve compliance and reduce leakage. This study is limited by its focus on five years (2019–2023) and a single province, which may restrict generalization. Future research should include cross-provincial comparisons, incorporate additional PAD components such as profits from regional enterprises, and explore the moderating role of governance quality.

V. Conclusion

This study examined the effect of local tax revenue and regional retribution on local own-source revenue (PAD) in Banten Province from 2019 to 2023. The findings show that local taxes have a positive and significant impact on PAD, emphasizing their role as the primary fiscal instrument supporting regional financial independence. This supports the Fiscal Federalism Theory, which explains that fiscal decentralization enhances local financial capacity and efficiency. Conversely, regional retribution does not significantly influence PAD when tested independently, suggesting that its contribution remains limited and highly dependent on administrative enforcement and the scope of service provision.

These results align with studies conducted in Central Java and North Sumatra, which found that local tax revenue contributes more consistently to PAD than retributions. However, this study's originality lies in its focus on Banten Province, highlighting the post-pandemic fiscal performance of a service- and industry-based regional economy. The simultaneous effect of taxes and retributions confirms that fiscal instruments are interdependent and collectively shape regional financial sustainability. From a policy perspective, these

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findings suggest that local governments should prioritize tax optimization, improve collection efficiency through digital systems, and reform retribution structures to ensure transparency and compliance. Capacity building for fiscal officers and clearer regulation of revenue sharing are also essential to enhance local fiscal governance. While limited to one province and five years, this study provides valuable empirical evidence and encourages future research involving cross-provincial comparisons to deepen understanding of local fiscal resilience within Indonesia's decentralized framework.

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