

## The effect of local taxes on increasing local original revenue in Bengkulu City

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### ABSTRACT

This study analyzes the effect of regional taxes on Regional Own Source Revenue (ROSR) in Bengkulu City and explains the dynamics of ROSR development from 2018 to 2023. Using a quantitative approach, the research employs multiple linear regression with secondary data from regional budget realization reports and regional tax realization by type, covering hotel, restaurant, entertainment, parking, and street lighting taxes. ROSR is treated as an indicator of local fiscal capacity and independence. The results show that hotel, restaurant, and street lighting taxes have a positive and statistically significant effect on ROSR, indicating that hospitality, culinary, and electricity-based tax bases are the dominant contributors to locally generated revenue. In contrast, entertainment and parking taxes do not have a significant effect, reflecting limited sector potential and suboptimal tax administration in these areas. Simultaneously, all five tax types significantly influenced the ROSR, and the model explained a large proportion of its variation, underscoring the importance of regional tax management as an integrated system. The findings highlight the need to strengthen regulations, enhance supervision, expand the formal tax base, and intensify the digitalization of tax collection to optimize the ROSR and support the long-term fiscal independence of Bengkulu City.

**Keywords:** Regional own-source revenue, regional taxes, hotel and restaurant tax, street lighting tax, Bengkulu City

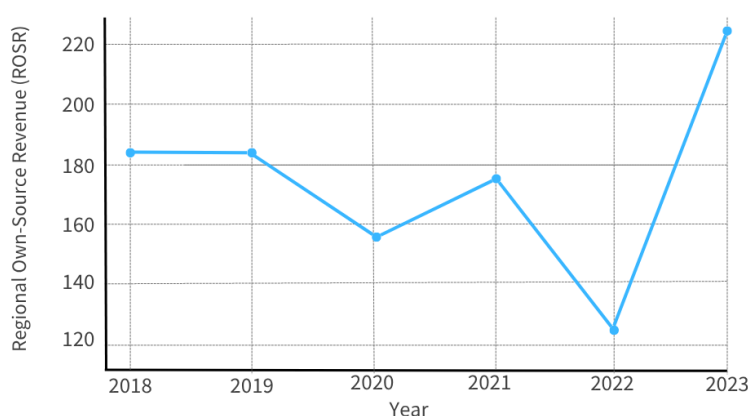
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## 1. INTRODUCTION

Regional Own-Source Revenue (ROSR) is a central pillar of regional fiscal independence in Indonesia. In Bengkulu City, the ROSR does not merely function as a routine funding source; it reflects how far the local government can mobilize its economic potential to finance development, public services, and urban infrastructure without excessive reliance on central government transfers. The main components of the ROSR in this city are hotel, restaurant, entertainment, parking, and street lighting taxes. These tax bases are closely tied to patterns of local economic activity, especially in trade, hospitality, services, and urban consumption; therefore, changes in ROSR can be read as an indirect indicator of the dynamism of the local economy as well as the effectiveness of tax administration.

The period from 2018 to 2023 constitutes a critical phase for regional public finance in Indonesia (Figure 1). At the national level, the new fiscal decentralization framework and revisions in the relationship between central and regional governments have reshaped the incentives for local revenue mobilization, while simultaneously tightening rules on the types of taxes regions are allowed to levy (Lewis, 2023). Empirical studies on Indonesia show that own-source revenues remain relatively small compared to intergovernmental transfers and are very unevenly distributed across regions, with cities that have a stronger service base and more developed tax administration enjoying higher fiscal capacity than lagging regions (Akita et al., 2021). For many local governments, including Bengkulu City, this context creates a dual challenge: they are expected to increase ROSR as a sign of fiscal autonomy but operate within a tightly regulated tax menu and under structural constraints in their local economies. See Figure 1



**Figure 1. ROSR Trend of Bengkulu City (2018-2023)**

Within this broader national setting, the evolution of the ROSR in Bengkulu City from 2018 to 2023 shows clear fluctuations. In 2018 and 2019, ROSR grew in line with the expansion of the service and tourism sectors, which raised hotel and restaurant occupancy, stimulated food and beverage consumption, and increased the utilization of public facilities. This was reflected in the higher realization of hotel, restaurant, and street lighting taxes, as economic activity extended into new commercial areas and residential zones. However, this positive trend was broken in 2020 when the COVID 19 pandemic struck. Mobility restrictions, limits on public gatherings, temporary closure of hotels and entertainment venues, and a sharp fall in household spending led to a contraction in tax bases, which in turn triggered a steep drop in ROSR realization. In the subsequent period of 2021 to 2023, the recovery of economic activity, reopening of tourism and hospitality businesses, and gradual adaptation of firms and households to new patterns of consumption contributed to a rebound in hotel and restaurant tax revenues and a more stable contribution from street lighting tax. Simultaneously, the city government began to strengthen the use of digital systems for tax payment and reporting, which has the potential to reduce leakage and improve compliance, although its actual impact on ROSR still needs to be empirically measured.

International evidence suggests that local governments can expand their own-source revenues by exploiting underutilised tax bases, improving taxpayer compliance, and aligning tax instruments with local development strategies (Akita et al., 2021). However, in Indonesia, the design of local taxation is highly centralized, and local authorities, such as Bengkulu City, must work within a limited set of tax instruments whose productivity depends heavily on the local economic structure and administrative capacity. This makes it essential to understand not only whether regional taxes are associated with increases in ROSR but also which specific tax types are most responsive to changes in local economic conditions.

Given these dynamics, an in-depth empirical examination of the relationship between regional taxes and ROSR in Bengkulu City is timely and necessary. This study focuses on three interrelated questions: The first concerns whether regional taxes as a whole have a statistically significant effect on ROSR and how large that effect is in the context of recent shocks, such as the COVID 19 pandemic. The second concerns which tax categories among hotel, restaurant, entertainment, parking, and street lighting taxes exert the strongest influence on ROSR and should therefore receive priority in policy reform, supervision, and digitalization. The third concerns how the trajectory of the ROSR over the 2018–2023 period can be characterized in terms of growth, decline, and recovery, and what this implies for the city's progress toward fiscal independence. By answering these questions, this study is expected to provide both empirical evidence and practical insights for strengthening the ROSR through more strategic regional tax management in Bengkulu City.

## 2. LITERATURE REVIEW

Regional taxes are compulsory contributions imposed by subnational governments on individuals and entities within their jurisdiction based on statutory authority and without direct quid pro quo, with the primary aim of financing local governance and development. In the Indonesian context, Law Number 1 of 2022 on Financial Relations between the Central and Regional Governments classifies key local taxes at the city and regency levels, including hotel, restaurant, entertainment, parking, and street lighting taxes. These instruments are not only revenue sources but also policy tools that shape local economic behavior. Through tax rates, bases, and enforcement intensity, local governments can influence investment patterns, land use, tourism dynamics, and urban service structures. Comparative work on fiscal federalism shows that when such tax instruments are devolved, local governments have greater incentives to align revenue policy with local preferences and service demands, provided that accountability institutions function adequately (Oates, 1999).

From a public finance perspective, regional taxes are typically ascribed four core functions. First, the budget function refers to their role as a primary and relatively predictable source of local revenue, especially in settings where intergovernmental transfers are constrained or subject to central political considerations. Second, the regulatory function allows local governments to encourage or discourage certain activities, for example, by promoting tourism and hospitality through targeted incentives or by discouraging congestion and environmental externalities via parking and entertainment taxes. Third, the distribution function reflects the ability of local governments to design tax policies that support equity objectives, such as differentiating rates or thresholds across taxpayer groups. Fourth, the stabilization function captures the contribution of local taxes to smoothing local fiscal cycles, although in practice, this role is limited compared with national taxation and macroeconomic policies. Cross-country evidence shows that where subnational governments can effectively mobilize their own revenue bases, they tend to exhibit stronger fiscal discipline and closer links between taxation and service delivery performance (Bird, 2011; Sohail et al., 2022).

Regional Own Source Revenue (ROSR, often referred to as PAD in Indonesia) represents the aggregate of income derived from within the region's territory, collected under regional regulations. Its components include regional taxes, regional levies, returns from regionally owned enterprises and separated assets, and other legitimate local incomes. Empirical studies in Indonesia emphasize that ROSR is a key indicator of local fiscal independence because it reflects the extent to which regional governments can finance their expenditure without excessive reliance on general and specific transfers from the central

government (Hasanah et al., 2025; Putra et al., 2023). Regions with a higher ROSR relative to total revenue are generally better placed to determine their own development priorities, respond flexibly to local shocks, and sustain public services, whereas low ROSR regions remain structurally dependent on transfers and vulnerable to central policy shifts.

The literature on fiscal decentralization provides the main theoretical foundation for analyzing the relationship between regional taxes and ROSR. Oates (1999) argues that devolving revenue and expenditure responsibilities to lower tiers can improve allocative efficiency when local governments possess better information about local preferences and cost structures than do central authorities. In this framework, local taxes are central to aligning spending with local willingness to pay. Bird (2011) extends this view to developing countries, noting that the composition and design of subnational taxes are typically constrained by national legislation and administrative capacities. This means that the potential gains from decentralization depend critically on institutional quality and the breadth of the local tax base. For Indonesia, recent empirical work on Asian economies shows that fiscal decentralization interacts with institutional quality in shaping government size and performance, highlighting that decentralization without robust local governance can fail to deliver the expected welfare gains (Sohail et al., 2022).

The notion of fiscal capacity and tax effort is closely related. Fiscal capacity reflects the underlying economic potential of a jurisdiction to raise revenue from its tax bases, whereas tax effort measures how intensively this capacity is used. Bird et al. (2008) demonstrate that in developing and high-income countries, tax effort is strongly influenced by institutional factors such as corruption, voice, and accountability, not merely by the size of the formal economy. Their findings suggest that even when the economic base is modest, improvements in governance and enforcement can significantly enhance revenue mobilization. Applied to regional taxes in Indonesia, this implies that the magnitude of ROSR derived from hotel, restaurant, entertainment, parking, and street lighting taxes is a function not only of economic activity but also of how seriously local governments invest in assessment, monitoring, and compliance systems. Studies on Indonesian local governments confirm that differences in ROSR across regions cannot be explained solely by variations in GDP but also by differences in local revenue mobilization strategies and institutions (Hasanah et al., 2025; Putra et al., 2023).

Tax compliance theory offers an additional lens to understand why regional tax collection often falls short of its potential. A major stream of research synthesized by Marandu et al. (2015) emphasizes that compliance is shaped by a combination of economic deterrence, social norms, tax morale, perceived fairness, and tax system complexity. Deterrence alone, in the form of higher penalties or more frequent audits, is rarely sufficient to secure high compliance levels in the absence of trust in the government and transparent use of tax revenues. Behavioral approaches anchored in the Theory of Planned Behavior and related frameworks underscore the importance of attitudes, subjective norms, and perceived behavioral control in shaping compliance intention. Experimental and survey-based studies further highlight the central role of procedural and distributive justice. Van Dijke et al. (2019) find that taxpayers are more willing to comply voluntarily when they perceive tax authorities as fair in both procedures and outcomes, and when authorities wield their power in a legitimate rather than coercive manner. In the Indonesian context, Sudiartana and Mendra (2018) show that tax compliance behavior among small and medium enterprise owners is significantly influenced by intentions derived from attitudes, norms, and perceived control, consistent with the Theory. These findings suggest that regional governments seeking to increase local tax revenue must not only expand the tax base but also foster taxpayer trust, simplify procedures, and invest in communication and digital platforms that lower compliance costs. This is particularly relevant for regional taxes, such as hotel and restaurant taxes, where a large part of the base consists of many small or medium establishments.

A growing body of Indonesian empirical work specifically examines the contribution of individual tax instruments to the ROSR. Titania and Rahmawati (2022), who analyzed data from one Indonesian district, reported that hotel and restaurant taxes exhibit a statistically significant positive effect on local own-source revenue, confirming that the tourism and hospitality sector can be a strategic pillar for local fiscal capacity. However, they also note that the elasticity of these taxes is sensitive to macroeconomic shocks and sector-specific downturns, which became evident during the COVID 19 pandemic. Safarida

(2024) investigates hotel and restaurant taxes in Langsa City through the lens of Islamic public finance and concludes that these taxes contribute meaningfully to ROSR, but their full potential is constrained by compliance gaps and administrative weaknesses, particularly in taxpayer registration and monitoring.

Other studies have broadened the analysis beyond hospitality taxes. Thomson (2023) evaluates a basket of local taxes, including hotel, restaurant, entertainment, and advertising taxes, and finds that local taxes as a group have a strong and significant impact on ROSR, with hotel and restaurant taxes usually ranking among the largest contributors, while entertainment taxes contribute far less in jurisdictions with limited entertainment venues. Hasanah et al. (2025) provide panel evidence that ROSR, driven largely by local taxes and levies, positively and significantly supports regional fiscal independence across Indonesian local governments, reinforcing the argument that optimizing regional tax performance is central to achieving meaningful autonomy rather than mere administrative decentralization.

More nuanced insights emerge from studies focusing on specific tax types and time periods. Karyanto and Sofyani (2025) conduct a systematic literature review on restaurant tax contribution to ROSR and conclude that, across various Indonesian jurisdictions, restaurant tax performance is often below potential due to weak enforcement, underreporting of sales, and limited use of electronic point of sales systems. They identified the digitalization of tax collection, strengthening taxpayer databases, and inter-agency coordination as recurring policy recommendations. Nurcholis and Ningsih (2025) analyze hotel and restaurant tax revenue before and during the COVID 19 pandemic and show that while these taxes experienced a sharp contraction in 2020, there was a notable rebound in subsequent years as mobility restrictions eased and local governments improved their tax administration, including the use of online payment channels. These findings resonate with the experiences of many cities, where ROSR trends closely track service sector cycles and the speed of administrative adaptation.

The link between the ROSR and broader development outcomes is also emphasized in the literature. Putra et al. (2023) find that a higher ROSR in West Sumatra is associated with stronger support for regional development programs within the framework of fiscal decentralization, although they caution that revenue growth must be matched by improvements in spending quality to translate into better welfare outcomes. Hasanah et al. (2025) similarly show that local governments with stronger ROSR tend to exhibit higher fiscal independence ratios, which in turn are associated with greater discretion in allocating capital expenditure and social spending. In this sense, regional taxes are not only a technical fiscal issue but also a lever for local development strategy and political bargaining power vis-à-vis the center.

The theoretical and empirical literature suggests several key patterns relevant to the Bengkulu City. First, fiscal decentralization theory implies that local governments should increasingly rely on ROSR, especially local taxes, to finance context-specific public services, and that such reliance is beneficial when coupled with accountable and capable institutions (Bird, 2011; Oates, 1999). Second, tax effort and fiscal capacity analyses show that differences in ROSR across regions often reflect differences in governance and compliance rather than just the economic base, implying that even a medium-sized city with a modest GDP can significantly improve ROSR through better tax administration and policy design (Bird et al., 2008; Sohail et al., 2022). Third, tax compliance research underlines the importance of taxpayer perceptions, justice, and behavioral intentions, which are particularly salient in sectors where taxes are collected through many small establishments, such as restaurants and hotels (Marandu et al., 2015; Sudiartana & Mendra, 2018; van Dijke et al., 2019).

Within this broader body of work, studies on Indonesian regional taxes increasingly document the significant contribution of hotel, restaurant, and in some cases street lighting taxes to ROSR, while noting the relatively minor role of entertainment taxes and the variability of parking tax performance (Karyanto & Sofyani, 2025; Nurcholis & Ningsih, 2025; Safarida et al., 2024; Thomson, 2023; Titania & Rahmawati,

2022). However, much of this research is either cross-sectional, focused on a single tax type, or limited to short pre-pandemic periods. There remains relatively little work that simultaneously examines the contributions of multiple local taxes to the ROSR over a full shock and recovery cycle, such as 2018 to 2023, particularly for intermediate cities such as Bengkulu.

This gap provides a rationale for the present study. Building on fiscal decentralization and tax effort theories, and informed by the evidence on tax compliance and sector-specific tax performance, the study posits that regional taxes should have a significant simultaneous effect on ROSR, with hotel, restaurant, and street lighting taxes expected to be the strongest contributors, while entertainment and parking taxes may provide smaller or statistically insignificant contributions in a medium-scale urban economy. By situating Bengkulu City within this conceptual and empirical landscape, the literature review supports a focused investigation into how local governments can strategically manage different tax instruments to stabilize and enhance ROSR in the face of economic shocks and the ongoing digital transformation of tax administration.

### **3. RESEARCH METHOD**

This study uses a quantitative approach with multiple linear regression analysis to measure the influence of regional tax variables on Regional Own-Source Revenue (ROSR) in Bengkulu City. A quantitative design is appropriate because the research questions focus on how strongly and significantly hotel, restaurant, entertainment, parking, and street lighting taxes explain the variation in ROSR across time, using numerical fiscal data that are consistently recorded in government financial reports. Multiple regression has been widely applied in public finance and tax effort research to estimate how different revenue instruments contribute to overall fiscal capacity while controlling for the simultaneity of policy tools (Amoh, 2019; Bird et al., 2008). In this context, the model allows for the estimation of the partial effect of each tax type on the ROSR under a single coherent framework.

The analysis was based entirely on secondary data. This choice is justified because regional financial information is systematically compiled by the Bengkulu City government using standard public-sector accounting procedures, which supports reliability and comparability across years. The main source is the 2018–2023 Regional Budget Realization Report for Bengkulu City, which provides annual data on revenue, expenditure, and financing, including ROSR and its components. These reports are complemented by detailed regional tax realization records disaggregated by tax category, namely hotel, restaurant, entertainment, parking, and street-lighting taxes. Additional supporting documents from the Regional Financial and Asset Management Agency were used to clarify any changes in classification or policy that could affect the consistency of the tax series and to cross-check the internal coherence of the figures. Using official secondary data also makes it possible to construct a six-year time series, which is essential for capturing the impact of shocks such as the COVID 19 pandemic and subsequent recovery.

The model consists of one dependent variable and five independent variables. The dependent variable is ROSR, defined as the total revenue generated from local sources in a given fiscal year, serving as a proxy for the city's fiscal autonomy and capacity. The independent variables are the five main regional taxes expected to influence the ROSR: hotel tax, representing revenue collected from hotel businesses; restaurant tax, derived from sales of food and beverages at restaurants and similar outlets; entertainment tax, originating from commercial entertainment activities; parking tax, collected from paid parking facilities; and street lighting tax, which is imposed on electricity users to finance public street lighting. In the regression specification, ROSR is modelled as a linear function of these five tax variables, so that the estimated coefficients indicate the marginal contribution of each tax type to changes in ROSR, similar to

the way tax revenue studies relate specific tax bases to aggregate revenue performance (Bird et al., 2008; Sinaga et al., 2023).

Data analysis was conducted in several stages. First, descriptive statistics were calculated for all variables to provide an overview of their central tendencies and dispersion, including the minimum, maximum, mean, and standard deviation. This step helps identify extreme values, structural breaks, and any unusual patterns that must be understood before estimating the models. In empirical tax studies, such descriptive exploration is important for interpreting later regression results in light of macroeconomic conditions and policy changes (Amoh, 2019; Sinaga et al., 2023).

Before estimating the regression model, key classical assumptions were examined. Normality of residuals is checked using graphical methods and formal tests, such as Kolmogorov–Smirnov or Shapiro–Wilk, because approximately normal residuals are important for the validity of standard t and F statistics when sample sizes are limited. Multicollinearity among the independent variables was diagnosed by inspecting the tolerance values and the Variance Inflation Factor. Multicollinearity is a common problem when regressors are conceptually related and move together with the business cycle; if severe, it inflates standard errors and makes individual coefficients unstable. The assessment follows the logic of the classic treatment of multicollinearity in regression analysis, which shows how high intercorrelation among predictors distorts inference (Farrar & Glauber, 1967). Heteroscedasticity and autocorrelation were also tested because the data formed a short time series. Heteroscedasticity is examined using Glejser or Breusch–Pagan tests and residual plots, while autocorrelation is checked using the Durbin–Watson statistic. Simulation and econometric work demonstrate that unaddressed heteroscedasticity and autocorrelation can lead to biased standard errors and misleading significance tests, especially in time series models (Evans, 1992).

After confirming that the regression assumptions are reasonably satisfied or, if necessary, adjusting the inference with robust standard errors, the multiple linear regression model is estimated with ROSR as the dependent variable and the five tax categories as predictors. The main outputs interpreted are the estimated regression coefficients, their standard errors, and the associated t-statistics and p values. The t-test for each coefficient is used to evaluate whether the corresponding tax has a statistically significant partial effect on ROSR, controlling for the other taxes in the model. The F-test evaluates the joint significance of all independent variables and indicates whether the combination of regional taxes significantly explains the variation in ROSR. The coefficient of determination ( $R^2$ ) is interpreted as the proportion of variation in the ROSR that can be explained by the five tax variables. In line with the applied regression practice in fiscal and tax studies,  $R^2$  is not treated as the sole indicator of model quality but is interpreted in conjunction with diagnostic tests and theoretical expectations about the structure of local revenue systems (Amoh, 2019; Bird et al., 2008). This methodological design aligns with the quantitative approaches used in international research on tax effort, taxable capacity, and tax buoyancy, where regression models based on official secondary data are used to quantify how specific revenue sources drive broader measures of fiscal performance (Bird et al., 2008; Evans, 1992; Farrar & Glauber, 1967; Sinaga et al., 2023).

#### **4. RESULT AND DISCUSSION**

The results of the multiple linear regression analysis show a clear pattern in the relationship between regional taxes and regional own-source revenue of Bengkulu City (Table 1). Three tax types, hotel tax, restaurant tax, and street lighting tax, have a statistically significant effect on ROSR. In contrast, entertainment and parking taxes did not have a significant effect within the observed period of 2018–2023.

The regression coefficients for hotel tax, restaurant tax, entertainment tax, parking tax, and street lighting tax are 0.321, 0.287, 0.041, 0.022, and 0.402, respectively, with street lighting tax displaying the largest coefficient among all variables. The F statistic of 17.82 with a significance value of 0.000 indicates that, taken together, all regional taxes in the model significantly influence the ROSR. The coefficient of determination, R-squared, is 0.87, which means that 87 percent of the variation in ROSR can be explained by the five tax variables included in the model, while the remaining 13 percent is influenced by other factors outside the model.

**Table 1. Regression Result**

Variable	Coefficient	t-statistic	Sig.
Hotel Tax	0.321	3.55	0.001
Restaurant Tax	0.287	2.98	0.004
Entertainment Tax	0.041	1.11	0.268
Parking Tax	0.022	0.89	0.381
Street Lighting Tax	0.402	4.21	0

The significance of hotel tax in the model reflects the hospitality sector’s important role in Bengkulu City. The positive coefficient of 0.321 indicates that increases in hotel tax revenue are associated with an increase in ROSR. This finding suggests that activities related to tourism, business travel, conferences, and other forms of mobility contribute meaningfully to local fiscal capacity. During years when tourist arrivals or occupancy rates are higher, the hotel tax base expands, leading to higher tax collections, which then strengthens ROSR. The significant t-value of 3.55 and probability value of 0.001 confirm that this relationship is not random and holds at conventional significance levels. For Bengkulu City, this implies that efforts to promote tourism, improve hotel infrastructure, and create a conducive environment for visitors can directly impact local revenue performance.

Restaurant tax also has a significant and positive effect on ROSR, with a regression coefficient of 0.287 and a t-value of 2.98. This reflects the growing importance of the culinary sector and the proliferation of micro, small, and medium enterprises in the food and beverage services. This finding suggests that household consumption, lifestyle changes, and the emergence of new restaurants, cafés, and food stalls contribute to strengthening the regional tax base. When public spending on food outside the home increases, restaurant tax revenue rises, which subsequently boosts the ROSR. This result highlights the strategic value of supporting the culinary sector, improving business formalization, and ensuring that restaurants are properly registered, monitored, and compliant with tax regulations. For local policymakers, this indicates that economic policies that nurture small businesses in the food sector can align with efforts to increase regional fiscal independence.

The most dominant variable in the model is street lighting tax, with the highest regression coefficient of 0.402 and a t-value of 4.21. This result is not surprising, given the structural characteristics of the tax. Street lighting tax is generally imposed on electricity users and collected in a relatively automatic manner through the electricity bills. Consequently, its base is broad and stable, covering households, businesses, and government entities. Because electricity consumption tends to move gradually in line with population, urbanization, and economic activity, the tax provides a consistent and predictable revenue source. The magnitude and significance of the coefficient indicate that variations in street lighting tax revenue are strongly associated with variations in the ROSR. Practically, this means that improvements in tariff design, collection systems, and coordination with electricity providers can have a major impact on local fiscal capacity without relying on volatile sector-specific activities.

In contrast, entertainment and parking taxes did not significantly affect the ROSR in this study. The entertainment tax coefficient of 0.041, with a t-value of 1.11 and a probability of 0.268, suggests that, although the sign is positive, the contribution of this tax type is statistically indistinguishable from zero within the period and sample used. This may be linked to the relatively limited number and scale of entertainment venues in Bengkulu City, such as cinemas, large events and formal recreation centers. Many entertainment activities may be small-scale, informal, or sporadic, resulting in narrow and unstable tax bases for the government. It is also possible that compliance and enforcement issues reduce the effective collection of entertainment taxes, further weakening their impact on ROSR.

The parking tax exhibited similar patterns. With a coefficient of 0.022, a t-value of 0.89, and a significance value of 0.381, the variable does not have a statistically significant influence on the ROSR. This suggests that parking operations in Bengkulu City, whether on streets or in designated parking areas, have not been optimally managed as a source of local revenue. Several factors may explain this, including the limited coverage of formal parking areas, dominance of informal parking arrangements, weak supervision, leakage, and tariff levels that do not reflect the economic value of using public space. Although parking activities are visible in many urban areas, the ability of local governments to translate them into meaningful tax revenue appears constrained, resulting in a small and insignificant impact on the total ROSR.

When viewed collectively, the regression results show that the tax structure contributing to ROSR is dominated by hotel, restaurant, and street lighting taxes, while entertainment and parking taxes play a minor role. This pattern is consistent with the idea that taxes with broad, stable, and easy-to-administer bases tend to provide stronger and more reliable contributions to local revenue. Street lighting tax, which is collected through electricity billing systems, and hotel and restaurant taxes, which are closely tied to formal economic activities, are easier to manage than taxes that depend on sporadic events or fragmented informal operations. The high R squared value further indicates that focusing on these main taxes already explains a large portion of the variation in ROSR, although there remains space for other factors, such as levies, returns from regional enterprises, or changes in intergovernmental transfers, to play a role.

The findings also support the view that regional tax performance reflects a city's underlying economic structure. A service-oriented urban economy with growing tourism and consumption tends to rely more on hotel and restaurant taxes, while a city with strong industrial or commercial hubs may rely more on other tax types. For Bengkulu City, the significance of hotel and restaurant taxes suggests that policies that strengthen tourism, hospitality, and the culinary sector will create jobs and business opportunities and reinforce local fiscal independence through higher ROSR. Simultaneously, the dominance of street lighting tax indicates that essential utility-based taxes remain a core pillar of local revenue and should be managed with high administrative efficiency and transparency.

From a policy perspective, the insignificant contribution of entertainment and parking taxes should not necessarily lead to their neglect but rather to a critical evaluation of their design and administration. The local government can consider reviewing tariff structures, expanding the formal coverage of taxable activities, improving monitoring mechanisms, and exploring technological solutions, such as electronic ticketing or integrated payment systems for parking and entertainment venues. Even if these taxes are unlikely to become as dominant as hotel or street lighting taxes in the short term, incremental improvements can still contribute to the diversification of the revenue base and reduce over-reliance on a small number of instruments.

The results of this study reinforce the conceptual position that regional taxes are a central pillar of ROSR and that variations in tax performance have direct implications for local governments' fiscal

capacity. The significant F test confirms that hotel, restaurant, entertainment, parking, and street lighting taxes form an important explanatory set for the ROSR in Bengkulu City. The strong role of hotel, restaurant, and street lighting taxes demonstrates the importance of aligning local economic development strategies with tax administration policies. Strengthening these sectors, coupled with better governance and enforcement, can support sustainable growth in ROSR and enhance the ability of Bengkulu City to fund development programs, improve public services, and reduce dependence on central transfers.

## **5. CONCLUSION**

Based on the data analysis and discussion, several key conclusions can be drawn regarding the role of regional taxes in shaping Bengkulu City's Regional Own-Source Revenue. First, hotel, restaurant, and street lighting taxes are proven to have a significant effect on ROSR, indicating that these three tax bases are the dominant and most reliable contributors to local revenue. Their significance reflects the central role of the hospitality, culinary, and utility-related sectors in the city's economic structure and highlights the importance of maintaining and strengthening these sources through effective administration and supportive economic policies. Second, entertainment and parking taxes have no significant effect on ROSR, indicating that these tax types have not yet contributed optimally to the regional revenue base. This condition may stem from limited economic potential in related sectors, the dominance of informal or small-scale activities, weaknesses in enforcement, or an ineffective collection mechanism that prevents the full capture of existing potential. Third, when viewed simultaneously, all regional taxes included in the model have a statistically significant impact on ROSR, confirming that the combined performance of various tax instruments determines local fiscal capacity. This implies that Bengkulu City cannot rely solely on one or two dominant taxes but must instead manage its entire tax portfolio strategically, improving compliance, administration, and policy design across all tax types to secure the sustainable growth of ROSR and reduce dependence on transfers from higher levels of government.

### **Ethical Approval**

Ethical approval was not required for this study.

### **Informed Consent Statement**

This study did not involve human participants; therefore, informed consent was not required for this study.

### **Authors' Contributions**

FA conceptualized the study, developed the research framework, and supervised the overall research process. She also served as the corresponding author and coordinated communication during the manuscript submission and review. SDW was responsible for data compilation from regional fiscal reports, conducted statistical analyses, and contributed to interpreting the regression results and refining the final manuscript.

### **Disclosure Statement**

No potential conflict of interest was reported by the author(s).

### **Data Availability Statement**

The data presented in this study are available on request from the corresponding author due to privacy reasons.

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## Notes on Contributors

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