

CHAPTER II

LITERATURE REVIEW

A.Theoretical Basis

1. Intergovernmental Fiscal Relations From Central to Regional

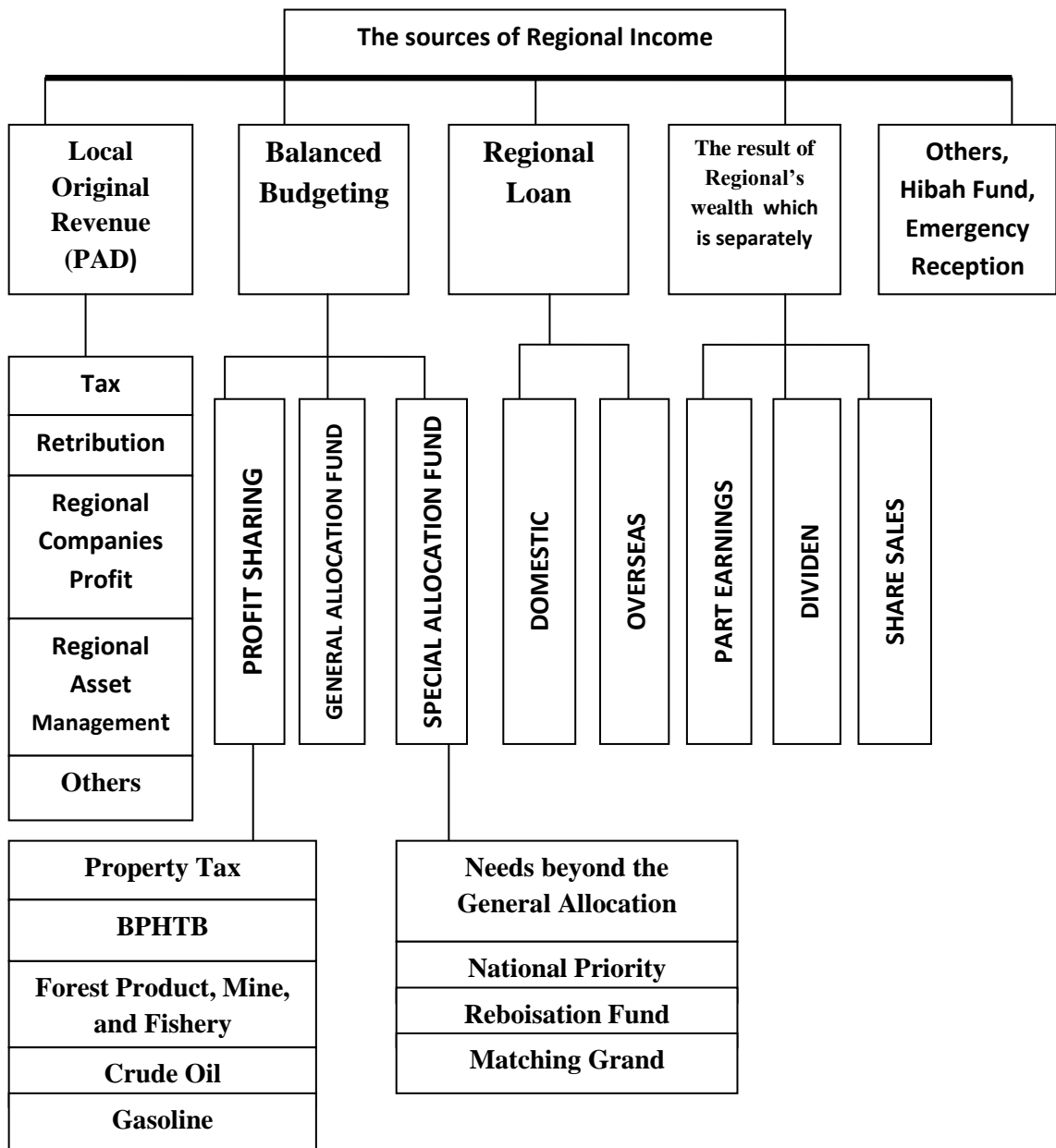
In the book entitle "Keuangan Negara" explained about the intergovernmental relation in Government's system the level of Government divided into two, are: Central Government and Regional Government, then the level of Regional Government also divided into two, first level mentioned as Province and second level mentioned as the municipality and regency area. Each regency area divided into sub-district, and also each sub district divided into villages. Because of the division of local administration, it makes Government must arrange the financial system of the country to make easy in administration and development especially for Government's obligation which must prepare public services, although the country must collect the fund from many sources, especially from tax. Beside that, the intergovernmental fiscal relation shows the financial relationship in each level of Government and it also has relation to the distribution of country's income and the expenditure pattern. The centralization level of Financial in one country generally showed by variables acception and also from the

Government expenditure overall. There are some reasons for high level of fiscal centralization in the developing country, are: The weakness in the administration's ability in regional government's level, The different situation and condition in each area, Need the authority from the Government to reduce separatist movements, Need to national plan for social development and economics including preparing communication infrastructure, transportation, irrigation, which are very vital for development economic of country. There are three methods in the financial division between Central Government and Regional Government are:

- a. Apointed Revenue / Submitted such as Tax , royalty, levies that given by the government, but submitted overall or part of them give to regional government. Include regional development contribution such land and buildings in the city and production levies.
- b. Subsidy: There are some types of subsidy paid by Central Government to the Regional Government in the first and second level to some projects. Such as Regional autonomy subsidy, help Regional development for the first level, help regency, help for Education (Elementary school), help for health infrastructure, help for the village.

c. Sectoral Budgeting, include kind of subsidy which spent by central government to do some projects which exist under government's control. The total amount of transfer that given by central government to the regional government (Province or Regency or Municipality) in 1977/1988 until 1982/1983 the amount of subsidy from central government to regional government in the first level around 75% from routine budget, and around 60% from development budget. Overall around > 70% revenue budget for Regional Government in the first level comes from Government's subsidy (Suparmoko Edisi Kelima, Mei 2000).

2. Regional Income



Source: UU 25/99 about Financial Balance and Central and Regional Government

Figure.2.1

The Sources of Regional Income in Decentralization Implementation

As can be seen from the figure above, the source of regional income come from local original revenue (PAD), balance budgeting, regional loan, the result of regional's wealth which is separately with other which come from Hibah funds and emergency reception. But, the prime source of regional income comes from local original revenue and balance budgeting. The income from PAD comes from all of economic potential or economic activity which is exist in the region's area and also can be developed become income's budget such as tax, retribution, regional companies profit, regional asset management . While, the regional income's from balanced budgeting comes from profit sharing, general allocation fund and special allocation fund which are comes from central government's budget.

A theory which written by J. Meynard Keynes about the calculation of National Income. Keynes said that the consumption expenditure (C) it bases on Income (Y) if the consumption higher it means the income also higher. $C = a + bY$, Constant coefficient shows the amount of consumption if $Y = 0$ and another factor that influences income. In the Keynes theory supporting the distribution of wealth which managed under the control when needed. The main idea in Keynes theory is "The Role of Government" in the managing economic cycle.

The analysis of National Income have three approachs in economic model, are:

- a. The economy in two sector (Household and Business Entity)

$$Y = C + I \text{ (close economy)}$$

- b. The economy in three sector (Household, Business Entity, and Government)

$$Y = C + I + G \text{ (Close economy with Government's role)}$$

- c. The economy in four sector (Household, Business Entity, Government and International Trade)

$$Y = C + I + G + (X - M) \text{ (Open economy)}$$

Where :

Y = Income

I = Investment

G = Government Expenditure

X = Export

M= Import

The formulation above can be applied in the model of regional income by using the same model but, there are some variables changed and adapt to the research methodology that used in this research.

According to the book entitled "Pajak Daerah dan Retribusi Daerah" said "by the regional autonomy where the regional driven to increase the amount of Local Original Revenue (PAD) and make many regions think how they can increase tariff of local tax and local levy and also think to create new local tax's object and local levy". Beside that, as the anticipation's step to lost the doubt of government, government decide the policy to give the authority greater than before to dig fund as the

source of financing and equipping of public services to the society. According to the law in Indonesia Number 28 year 2009 about local tax and local levy (retribution) have the authority are:

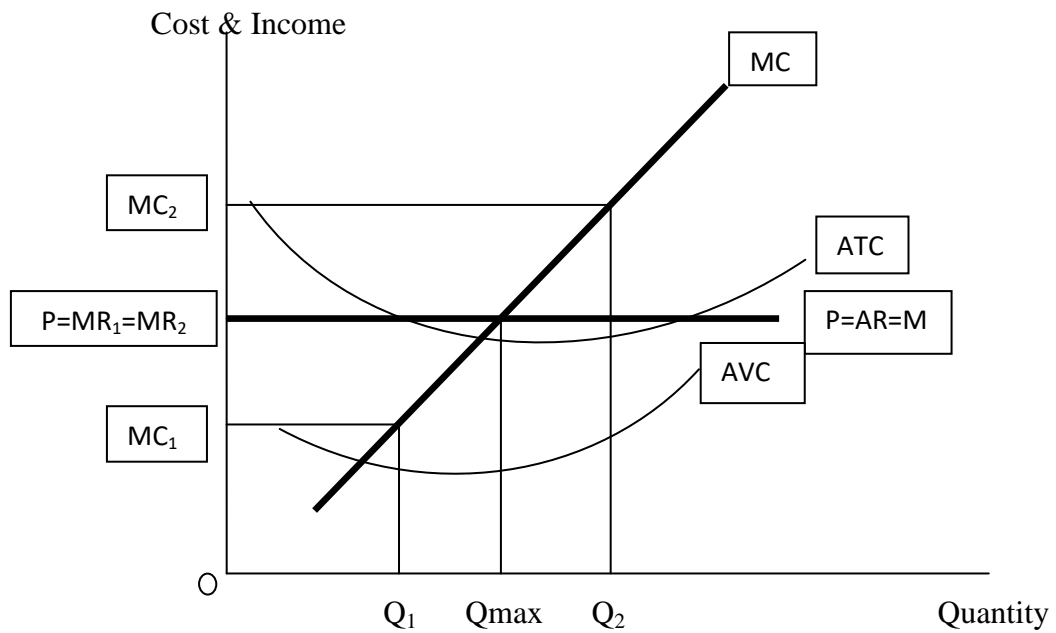
- a) The expansion of the type and the scope of local tax and local levy
- b) Giving region's flexibility to change the type of local tax and local levy

The role of local tax and local levy as the prime source of income between balance's fund which obtained from the exploitation result of a natural resource which determines the power of income and expenditure budget (APBD), (Darwin 2010) .

In the relation of Government's financing in the regional area need to know the certain source of income to know the real implementation and performance of Government's activity in the regional area. Quoted from Davey (1988) about the source of regional income are :

- a) Allocation from Central Government which consist of budget center (votes), help center (grants), tax profit sharing, loan, and capital enclosing
- b) Taxes
- c) Retribution (levies)
- d) Company (business entity).

Actually adopted the condition of Regional Finance by use Curve of Marginal Cost. The way regional government to maximize profit (income) and also minimize cost (expenditure), (Mankiw, Principles of Economics 2004).



Source: Principles of Economics Book

Figure 2.2

Marginal Cost Curve

The curve above can use looking for maximize the amount of profit. We can imagine if Government Regional produces goods around Q_1 , in this production level marginal income higher than marginal cost. If Government Regional increases the amount of production and sale around 1 unit, additional income (MR_1) increasing higher than additional cost (MC_1). The profit which equal with total income minus total cost, it will increase. Government Regional can increase the amount of Regional income by increasing potential source of income which exists in each Region.

3. Local Original Revenue

a. The Definition

Local Original Revenue (PAD) is revenue received by the region from sources within its sub-district territory levied according to the Local Regulation in accordance with the prevailing laws and regulations (Article 1 of Law Number 33 the Year 2004).

Thus, the Original Revenue is the original source of income derived from the potential of the region. Local government can dig out the source of Local Revenue optimally, (Mawitjewe 2013).

b. The Source of Local Original Revenue

1. The Result from Local Tax

Local Taxes hereinafter referred to as taxes, are a compulsory contribution to an area owned by an individual or a coercive body under the Act, without receiving direct remuneration and being used for regional purposes for the greatest possible prosperity of the people (Article 1 in constitution Law Number 28 the Year 2009).

2. The Result of Local Levy

Local Levy, hereinafter referred to as retribution, is a regional levy as payment for certain services or licenses specially provided and/or provided by the Regional Government for the

benefit of an individual or entity (Article 1 of Law Number 28 the Year 2009).

3. The Result of Separated Wealth

For regions with BUMDs such as PDAM, Regional Development Banks (BPD), sub-district credit agencies, markets, entertainment/recreation venues, villas, boarding houses, etc. The profits are income for the region concerned Nurcholis (2007) According to Ahmad Yani (2004), the results of the management of regional wealth are separated, among others, the profit, dividends, and the sale of shares owned by the region.

4. Other Local Original Revenue Legitimate

According to Article 6 of Law Number 33 the Year 2004 Concerning Financial Balance between Central and Regional Government, other legitimate PAD includes:

- a) The proceeds from the sale of unspecified regional wealth
- b) Giro service
- c) Interest income
- d) Gains on the exchange rate of the rupiah against foreign currencies, and
- e) Commissions, deductions, or other forms as a result of the sale and/or procurement of goods and/or services by the region.

There are some steps to strengthen of reception structure and to optimize the amount of PAD according to the one of thesis entitle "The Contribution Of Local and Retribution Tax To The PAD" they are: 1) conduct surveillance and excavation efforts on new natural resources, 2) intensification and extensification of local taxes and levies. By doing intensification to the components of local reception such as post profit and business it can optimal the condition of management system in the company which exists in the certain area. Until now the problem of each region still same they can not dig and process the potential that they have from natural resources or excellent culture. Beside that, the lack awareness from the society to pay local tax and levies still become a problem. So, better for Government to manage the budget area and save it as much as possible to prepare all of the needs of an area, (Roslina 2014).

According to the one of research result about the influence of GRDP and PAD stated that, The region which have positive in economy growth it can because of increase the local original revenue (PAD) and in the connection of his research PAD in central Maluku show the development of production one of sub-sector in the GRDP can effect to increase the society's income and automatically it will increase the PAD's reception, (Sitaniapessy 2013).

4. Export

Export is all of the kind of goods and services which is produced in one of a country than the sale to another country. Meanwhile, import is

all of the kind of goods and services which is produce in outside country than sale within the county. If one of country or region already develops export and import it means that country and region use the open economy as a system to run the economic activity. An open economy is an economy that interacts freely with the economies of other countries. For Net export in each country is the export value from that country reduced the import value. Beside tha export also mentions as balance trade. If the value of net export is positive it means the export value higher than import value that is can look from the case. Example, if one of country sells more goods and services abroad compared to buying goods and services from other countries, (N. Gregory Mankiw 2008).

From the book entitled " Ilmu Ekonomi Regional Dan Beberapa Aplikasinya Di Indonesia" structured by Iwan Jaya Aziz explain about some terms in the regional's knowledge explicitly include urban economy one of province, meanwhile microeconomic include site selection and decision making will discuss in group of migration. In the reality, this election far from the clear way because of the growth of production one of the region not only determined by location of population and the region's activity but also influenced by another region. There are two conceptual structures of region's development that used widely, the first concept is economic base. The theory of economic bases assumes that demand for input can only increase through the expansion of demand for outputs that are produced by the base (export) and non-base (local) sectors. The

demand and production of local sector only increase if the region's income increase. Because of that, according to the base theory region's export is the one of a factor in the development of economy. This thought make assumption that "the region's problem is balance of payments" but this thought also contains an element of wisdom such promote the region and direct subsidy to the investor. The second concept is the different in rate of return which looks from the different in environment or infrastructure than unbalance in capital ratio. The conclusion in this part is the regional development influenced by the role of regional export, the allocation source of the budget along with pressure on decentralization and trends concentrations in industrial location, (Azis 1994).

Table 2.1
International Flows : Goods and Capital

Trade Deficit	Trade Balance	Trade Surplus
Export < Import	Export = Import	Export > Import
Net Export < 0	Net Export = 0	Net Export > 0
$Y < C + I + G$	$Y = C + I + G$	$Y > C + I + G$
Saving < Investment	Saving = Investment	Saving > Investment
Foreign Net Investment < 0	Foreign Net Investment = 0	Foreign Net Investment > 0

Source: Principle Of Economics Book

Table above explain about three possibilities for an open economy : Where a country or Region experience trade deficit, trade balance and trade surplus. According to the table above, the definition of trade surplus is export value > import value. Because net export is export

minus import, net export (NX) higher than 0. The result, income ($Y = C + I + G + NX$) must higher from the amount of expenditure in a country ($C + I + G$). If the amount of Y higher than $C + I + G$, So $Y - C - G$ must small than I. Than, saving ($S = Y - C - G$) must higher than investment. Because of the amount of saving higher than investment, that country sending some savings to the outside. So foreign net investment must higher than 0. Also, the opposite in trade deficit and trade balance also have their own interpretation.

If a country perform export of goods and services to another country, it shall produce goods and services in excess of the amount of production required in the country. With the increase in the number of products (goods and services) produced by a State, it will also increase the national income (Y) of the country. Because exports are one type of aggregate expenditure, so it can affect the level of national income to be achieved by a State, (Muh. Amrullah 2016).

5. Tourism Sector

The definition of tourism based on Number 10 Year 2009 about tourism, mentioned tourism is a wide range of tourism activities and supported various facilities and services provided by the community, businessmen, the Government, and Local Government. While the Concept of tourism is a multidimensional and multi-disciplinary tourism-related activity that emerges as a manifestation of the needs of everyone and the

state as well as the interaction between tourists and the local community, fellow travelers, government, local government and employers.

There are some types of tourism based on geographical location, (Fajri 2014) :

a. Local Tourism

Local tourism that has a relatively narrow scope and limited in certain places only. For example tourism city of Bandung, DKI Jakarta, and others.

b. Regional Tourism

Tourism that develops in a place or area with a wider scope when compared with local tourism, but narrower when compared with national tourism. For example Tourism North Sumatra, Bali, and others.

c. National Tourism

1) National Tourism in the narrow sense

Tourism activities that develop within the territory of a country. This understanding is similar to "domestic tourism" or domestic tourism, where the emphasis of people who travel is the citizens of the country itself and the foreigners who are domiciled in the country.

2) National Tourism in a broad sense

Tourism activities that develop in the territory of a country, in addition to domestic tourism activities also developed foreign tourism, where in it including in bound tourism and out going tourism. So, in addition to the traffic of tourists within the country

itself, there is also traffic tourists from abroad, as well as from home to abroad.

c . Regional-International Tourism

Tourism activities are expanding in a limited international territory, but passing the boundaries of more than two or three countries in the region. For example ASEAN tourism, Middle East, South Asia, Western Europe, and others

d. International Tourism

Tourism activities are developing throughout the world in the world including regional-international tourism and national tourism.

Beside base on Geographical Location, there are the type of Tourism base Object, are:

1. Cultural Tourism

Type of Tourism where travel is done because of the motivation to see the attractiveness of the art-culture of a place or area. The object of his visit is the legacy of ancestors and ancient objects. Often open opportunities for tourists to take part in a cultural activity in the place he visited.

2. Recuperational Tourism

Commonly referred as health tourism. The purpose of traveling tourists is to cure an illness. As well as bathing in hot springs, mud baths are commonly found in Europe, as well as Japanese coffee baths that are believed to make the face look younger.

3. Commercial Tourism

Referred to as trade tourism, because this travel tour is associated with national or international trading activities, where often held expo, fair, exhibition, and others. Sport tours usually mentioned as sports tourism. People who travel aims to see or watch a sporting event somewhere or country (can also participate in the event). For example Olympiade, All England, Boxing match or football, Motor GP.

4. Political Tourism

Usually referred to as political tourism, which is a journey whose purpose is to see or witness an event related to the activities of a country. For example the independence of a country (the May 1 Parade in China, the October 1 Parade in Russia, and others).

5. Social Tourism

Social tourism should not be associated as a stand-alone tourism. This understanding is only seen in terms of organizing it that does not emphasize the effort to seek profit. For example study tour, youth tourism known as teen tourism.

6. Religion Tourism

The type of tourism in which the purpose of the trip is to see or witness religious ceremonies. Like the Hajj or Umroh to Mekaah for adherents of Islam, visits to Lourdes for adherents of Catholicism, and others.

There are some Positive Economic Impacts of Tourism, (Basyir 2014) :

1. Foreign Exchange Earnings

The expenditure of the tourism sector will cause the local economy to wriggle and become a stimulus to invest and cause the financial sector to grow as the growth of other economic sectors. Experience in some countries that the arrival of tourists to a tourist destination also led to the growth of foreign exchange business to provide services and convenience for tourists during their trip.

2. Contributions To Government Revenues

The contribution of tourism to government revenue can be described in two, namely: direct and indirect contributions. Direct contributions are derived from income taxes levied from tourism workers and tourism businesses in tourist areas received directly by the revenue service of a destination. While indirect contributions of tourism to government revenues come from taxes or customs on imported goods and taxes imposed on visiting tourists.

3. Employment Generation

In some countries that have developed the tourism sector, it is evident that the tourism sector internationally contributes significantly to the creation of employment opportunities, the creation of tourism-related businesses such as accommodation, restaurants, clubs, taxis, and souvenir artworks.

4. Infrastructure Development

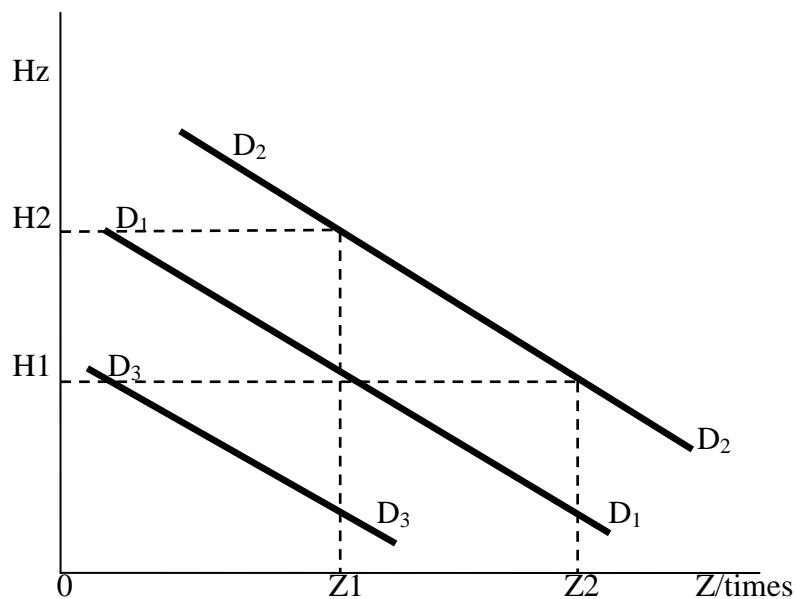
The development of the tourism sector can also encourage local governments to provide better infrastructure, the provision of clean water, electricity, telecommunications, public transport and other supporting facilities as a logical consequence and all of which can improve the quality of life for both tourists and the local community itself as the host.

5. Development of Local Economies

Tourism revenues are often used to measure the economic value of a tourist area. While, some local revenues are very difficult to quantify because not all tourist expenditures are clearly identifiable such as the income of informal workers such as unofficial taxi drivers, unofficial guides, and many others.

In the Reality, Tourism sector has seasonal character which is visited by tourist from local or overseas. Also the amount of visitor not always appropriate with the target that is expected. At the first time may be the amount of visitor is increase and able to return the amount of capital. But, time by time the amount of visitor will decrease because of the lack of tourist attraction.

The decreasing amount of tourist can be explain by the curve change of demand which is written by DR. Soediyono, R., M.B.A in his book with the title “Ekonomi Mikro : Perilaku Harga Pasar dan Konsumen”.



Source : *Ekonomi Mikro Book*

Figure 2.3
Change of Demand

Base on the curve above, If point Z avoid 0 it means the amount of demand increase, which is showed by line in point D_1D_1 to D_2D_2 . So the opposite if the line move to left from D_2D_2 to D_3D_3 near to point 0 it means the amount of demand decrease.

Increasing quantity of demand of goods and services Z followed by the additional goods and services Z also followed by change the price. From the curve above , increasing demand of goods (Z) from D_1D_1 to D_2D_2 with the units price of goods (Z) will not change to $0H_1$ make the amount of goods (Z) bought increasing from unit $0Z_1$ to unit $0Z_2$. Then, in another time the price of goods (Z) increase from $0H_1$ to $0H_2$ it will decreasing the

amount of demand but part of people pay in that point because of the needs, (Soediyono R 1989).

The change of demand from tourism sector also can be implemented base on the curve above. If the tourism area is new and interesting to visited so the earning of income will be increase. While, if the tourism has been long time and tourist attraction reduced because there is no new things it will make the amount of visitor decrease and automatically it will decrease the amount of income.

6. Hotel and Restaurant Tax

a. Definition

1). Hotel Tax

Hotel tax is a tax on service provided by the hotel.

The hotel is a lodging / lodging service facility including other related services with free of charge, which includes motels, inns, tourism huts, guesthouses tourism, guest house, lodging and the like, and boarding house with the amount rooms more than 10 (ten).

2). Restaurant Tax

Restaurant tax is a tax on service provided by the restaurant.

The restaurant is a food and / or beverage provider facility with free of charge, which is includes restaurants, cafeterias, canteens, stalls, bars, and the like, including services boga / catering.

b. Stipulation

The basic imposition of PHR is the amount of payments made to hotels and restaurants, with a tax rate of 10% (ten percent)

The duration to calculate the tax payable is the same length as one month takwin, whereas the tax year is a period of one year takwin

Taxpayer Obligation of PHR:

- (1) Completing the Regional Tax Notice (SPTPD)
- (2) SPTPD must be filled clearly, completely and completely and signed by the Taxpayer or its proxy and submitted to the Head of Region no later than 7 (seven) days after received by the Taxpayer.

Procedures for calculation, tax assessment:

- (1) Based on the SPTPD, the Regional Head shall determine the indebted tax by issuing a Local Tax Assessment Letter (SKPD)
- (2) A self-paying taxpayer, SPTPD is used to calculate and set an own indebted tax

If SKPD is not or less paid after a maximum of 30 (thirty) days since the SKPD is received, it shall be liable to administrative sanction in the form of interest of 2% (two percent) per month at the date of issuing STPD

c. Payment method:

- (1) The payment of tax shall be made in the regional treasury or other place appointed by the decision of the Regional Head in accordance with the time specified in the Regional Tax Return (SPTPD), the Local

Tax Assessment Letter (SKPD), the assessment letter of the tax underpayment (SKPDKB) , Regional Supplemental Additional Tax Assessment Letter (SKPDKBT) and Tax Collection Letter (STPD)

(2) The tax payment shall be made by using the Local Tax Payment (SSPD)

(3) Payment of PHR must be done at once or paid off

d. Criminal Sanctions

(1) a Taxpayer who due to his / her negligence does not submit SPTPD or fill in incorrectly or incompletely or attach incorrect information so that the financial losses of the region may be punished with a maximum of 1 (one) year imprisonment and or a fine of not more than 2 (two) times the amount of tax payable.

(2) A Taxpayer who intentionally fails to submit SPTPD or improperly or incompletely or attach incorrect information so as to impair regional finances may be punished by imprisonment for a maximum of 2 (two) years and or a fine of not more than 4 (four) times the amount of tax payable.

7. Employment

a. Labor Theory

The definition of employment or labor according to the economic theory, labor is people who are able to produce goods or services that can be used to fulfill their daily needs. So in this economic theory the meaning of this work does not regard age or other conditions as

long as the person can produce goods or services that can be used to meet their needs. However, the meaning of this goods or services can also be in the form of money such as salary, honorarium or wages.

There are two factors that affect the employment situation, namely demand and supply factors. The demand factor is influenced by the dynamics of economic development, while the supply factor is determined by changes in the age structure of the population. In accordance with the International Labor Organization (ILO) Convention, the age-of-employment limits used herein are people aged 15 years and over. Working age population is divided into two groups, namely Labor Force and Non-Labor Force.

The labor force is an economically active population, ie those who work and find work, while not the labor force are economically inactive with activities such as schools, household care and others. In conditions of high economic growth (above 8 %) then the creation of new jobs will be able to meet the additional labor force, this is happening in Indonesia before the year 1990 s / d 1997. And the increasing demand for investment so more jobs are also generated is very influential on the number of workers who will work.

One of the most common problems in the workforce is the imbalance between demand for labor and supply of labor at a wage level (Kusumowidho, 1981). Such imbalances may be: (a) greater supply than

labor demand (excess supply of labor) and, (b) greater demand than the labor supply (excess for labor).

An important theory related to labor issues is the Lewis theory (1959) which suggests that the excess of one sector worker will contribute to the growth of output and the supply of workers in other sectors. According to Lewis, the excess supply of workers does not give a problem on economic development. Instead, labor surpluses are the capital to accumulate income, assuming that the migration of workers from the subsistence sector to the modern capitalist sector goes smoothly and that the move will never be "too much."

b. Labor Force Criteria

In the reality there are some criterias for the workforce to enter the working world are:

- 1.type of education,
- 2.special skills possessed,
- 3.work experience,
- 4.excellent health,
- 5.attitude of personality and honesty.

c. Various Kinds of Labor

Employment or labor is divided into 3 namely:

1. Educated Workers

Educated workers are workers who require a high level of education. For example doctors, teachers, engineers.

2. Trained Workers

Trained labor is the workforce that results from training and experience, such as drivers, mechanics, and others.

3. Labor Educated and Trained

Educated and trained personnel are workers who in their work require education and training first, such as security guards (security guards).

Labor is a very important production factor for every country, in addition to natural and capital factors. Labor, capital, and natural resources are the factors of production that play an important role in increasing the amount of production as well as encouraging the increase of state revenues.

Increasing employee's welfare is closely related to work productivity. If the welfare of the workforce is good, then its productivity will increase. For workers will be able to fulfill all his needs, so that his mind and energy will be focused on his work.

Labor welfare and labor productivity are closely related to the quality of labor, because if the quality of labor is low, it will be difficult to achieve productivity, consequently the income of workers is also difficult to improve.

8. Gross Regional Domestic Product

a. Definition

Gross Regional Domestic Product (GRDP) is the gross added value of all goods and services created or produced in a country's domestic territory arising from various economic activities within a

certain period without paying attention whether the production factor is owned resident or non-resident. Preparation of GRDP can be done through 3 (three) approaches namely approach to production, expenditure, and income are presented on the basis of current prices and prices constant.

GRDP at current prices or known as nominal GRDP compiled based on the prevailing price in the calculation period, and aims to look at the structure of the economy. Whereas GRDP at constant prices is based on price in the base year and aims to measure economic growth (D.I.Yogyakarta 2017).

b. Use of Gross Regional Domestic Product

National income data is one macro indicator that can show national economic condition every year.

Benefits to be gained from this data such as:

- 1) GRDP of current price (nominal) shows the ability of economic resources generated by a region. Large GRDP values indicate the ability of large economic resources, so also vice versa.
- 2) GRDP of constant price (real) can be used to show the growth rate economy as a whole or every category from year to year.
- 3) GRDP price distribution is applicable according to the field shows the structure economy or any role economic category within a region. The economic categories are has a big role to show the economic base of a region.

- 4) GRDP per capita at current prices shows the value of GDP and GNI by one people residents.
- 5) GRDP per capita at constant prices useful for knowing growth real economy per capita of a population country.

c. The Calculation GDRP

The calculation of Gross Regional Domestic Product (GRDP) conceptually uses three approaches, namely: production approach, expenditure approach and income approach.

- 1) Production Approach; Gross Regional Domestic Product is the amount of added value of goods and services produced by various production units in the territory of a region within a certain period of time (usually one year). The production units in this presentation are grouped into 9 business fields, namely: (a) agriculture, livestock, forestry and fishery, (b) mining and quarrying, (c) processing industry, (d) electricity, gas and water (e) construction, (f) trade, hotels and restaurants, (g) transportation and communications, (h) finance, real estate and corporate services, (i) services (including government services).
- 2) Expenditure Approach; Gross Regional Domestic Product are all components of final demand consisting of: (a) household consumption expenditure and non-profit private entity, (b) government consumption, (c) establishment of gross domestic fixed capital, (d) inventory change and (e) export net (an export minus import).

3) Revenue Approach; Gross Regional Domestic Product is the amount of remuneration received by production factors that participate in the production process in an area within a certain period (usually one year). The remuneration in question is wages and salaries, land rent, interest on capital and profits; everything before tax withholding tax and other direct taxes. In this definition, GRDP also includes depreciation and net indirect taxes (indirect taxes minus subsidies).

Rahardjo Adisasmita (2011) argues that the indicator used to measure economic growth is the growth rate of Gross Regional Domestic Product (GRDP). The underlying reasons for GRDP selection as an indicator measure economic growth are (Nursetyo 2013):

1. GRDP is the amount of added value generated by all production activities within the regional economy. This means that the increase in GRDP reflects also an increase in remuneration to the factors of production used in the production activity.
2. GRDP is calculated on the basis of the concept of goods flow, meaning that the GRDP only covers the value of the product produced in a certain period. This conceptual flow allows us to compare the amount of output generated this year by the previous year.
3. The Boundary of GRDP is an area (domestic economy). This makes it possible to measure the extent to which the government's economic policies are capable of promoting domestic economic activity.

B. Previous Research

Table 2.2
The Previous Research

NO	THE NAME OF RESEARCHER	TITLE AND RESEARCH METHODOLOGY	THE RESULT OF ANALYSIS
1.	Aisyah Kamila, 2016	Influence of Tourism Sector, Gross Regional Domestic Product (GRDP), Investment Level and Population To Local Income Improvement (PAD) Year 2010-2014, Surakarta Residency District. This research uses a quantitative method and the sampling method used purposive sampling technique. Tool the analysis used included normality test, multicollinearity test, heteroscedasticity test, regression analysis linear multiple, F test, coefficient determination test R2, and t test.	Based on the results of data analysis can be concluded that the variable of tourism sector has no effect on the local revenue, while the gross regional domestic product variables have an effect on local revenue. Then on the variable level of investment influence on locally-generated revenue. Furthermore, the number of residents affect the local revenue (Kamila 2016).
2.	Merynda Puspitaningrum, 2015	"Influence of Tourism Sector's Revenue To Regional Financial Performance In DIY Province With Small Medium Business Growth (SMEs) As Intervening Variable". The technique of collecting data in this research is documentation. The analysis technique used is simple regression analysis and multiple regression analysis.	The results of this study indicate that the Tourism Sector's Revenue influences the Regional Financial Performance with a t-count of 6.457 higher than t-table, ($6,457 > 2.0301$) and significance $0,000 < 0,05$. This study also shows the result that Tourism Sector Revenue influences Local Financial Performance, but SME growth does not intervene the influence of the influence of Tourism Sector on Local Financial Performance. This is indicated by a t-count of 0.01071454, smaller than t-table 2.0301 ($-0.01071454 < 2.0301$) and

			significance of 0.256 ($0.256 > 0.05$), (Puspitaningrum 2015).
3.	Indah Rianti, 2017	Analysis influence local revenue, investment, Provincial minimum wage, and employment to the growth of economy in Sumatra Island priode 2011-2015. This analysis technique used is pooled data regression with fixed effect model.	The result showed simultaneously local revenue, foreign investment, provincial minimum wage have a significant effect on economic growth. Employment has insignificant effect economic growth in Sumatra.
4.	Arief Eka Atmaja	The analysis factors that influence to Local Original Revenue in Semarang City Area. This research use Ordinary Least Square (OLS)	The analysis result from this research are; Regional Expenditure Variable, Population Variable, and PDRB influence to the Local Original Revenue. Individually, we can say each Regional Expenditure Variable ,Population Variable and PDRB can influence Local Original Revenue. The one of variable which is give big influence to the Regional Income in Semarang City is Population, this happen because the coefficient regression value highest than other around 5.742.
5.	Miranti Sedyaningrum, Suhadak, and Nila Firdausi Nuzula	The influence of Export, Import value and Economic Growth to the Exchange Rate and Public Purchasing Power in Indonesia. Analysis method that used in this research is multiple linear with Quantitative explanatory.	Analysis result, significant value 0.024 small than 0.05 it means H0 is rejected and H1 is accepted. The conclusion is Export value partially give negative influence to the exchange rate because value 0.831 highest than significant value 0.05, so H0 is accepted and H1 is rejected. Meanwhile, the amount of import partially is not influence significantly to the exchange rate. The amount

			0.194 highest than significant level 0.05 it means H0 is accepted and H1 is rejected. The conclusion, Economic growth partially not give significant influence to the Exchange Rate.
6.	Febrian Dwi Prakarsa	Analysis of the Effects of Regional Income and Regional Government Expenditure on Economic Growth. Methodology that used is Data Panel	The research use combination technique regression from cross section and time series and usually call as data panel. Base on the Random Effect model which obtained the value of F around 0,0001. Because of that the significant value is $0,0001 < 0,05$ it means the hyphotesis is accepted. In another word the variables of Local Original Revenue (PAD), Spending on goods and services (BBJ), and Spending Capital (BM) singnificantly influence the economic growth in East Java.
7.	Luis R. Matinez, 2015	Source of Revenue and Local Government Perforce: Evidence From Colombia. The journal provide empirical evidence in support of this hyphotesis by comparing the effect of incresase in internally-raised tax revenue and in royalti from the extraction of oil on Local Public goods provision in a panel of Colombian municipalities.	An increase in property tax revenue, occurring as a result of an exogenous cadastral update, has a positive effect on several basic public services in the areas of education, health and water. These effect are at least ten times larger than the effects of an equivalent increase in oil royalties, obtained as a consequence of higher oil prices. The effect of oil royalties on public goods is basically zero, even though royalties are earmarked for this purpose. Using novel

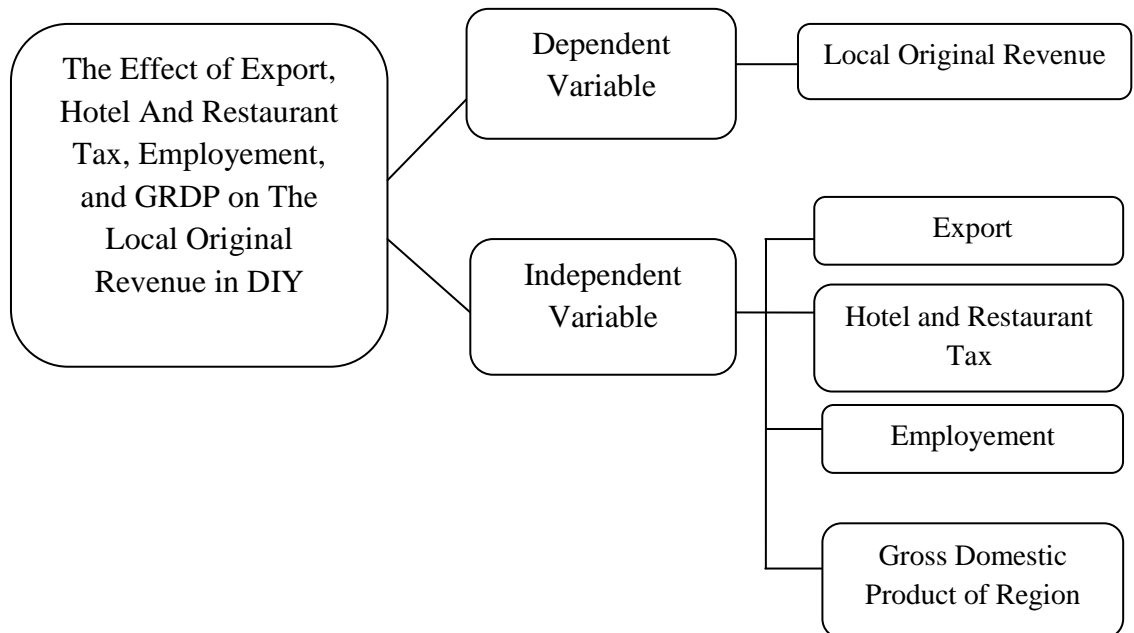
			<p>data on disciplinary processes, the additional oil royalties increase the probability that local public officials are prosecuted, found guilty, and removed from office, while increases in tax revenue have a negative effect on the likelihood of these events. These results suggest that the improvements in accountability resulting from the devolution of expenditure responsibilities to local governments are reduced as the dependence on external sources of revenue, such as natural resource rents or intra-government transfers, increases, (Martinez 2015).</p>
8.	Galina Williams, 2016	<p>Economic Impact from Development of the Coastal Town in Queensland on Tourism and Regional Economy. An economic impact assessment of new projects can be done using simple spending multipliers, IO analysis or computable general equilibrium (CGE) modelling.</p>	<p>Then the result show an analysis of the direct and indirect economic impacts of the construction stage of the project has identified large and positive gains for the regional and state economies. During the construction, total impacts on the Fitzroy region are expected to be A\$11.2M of output, A\$4.4M in value added, A\$2.2M of income, and an additional 31.2 jobs. At the state level, the total impacts of the construction stage are expected to be A\$13.3M of output, A\$5.5M in value added, A\$2.7M of income, and an additional 38.2 jobs. Tourism related industries in Fitzroy SD have a strong potential to contribute more to the regional economy, (Williams 2016).</p>

9.	Mosab I.Tabash, 2017	The Role Of Tourism Sector in Economic Growth : An Empirical Evidence From Palestine. Methodology that used in this research is time series data.	The maximum amount of GDP in Palestine is reaching 12,716 U.S \$ million and this is achieved in 2014. The same thing is applied to ITR. It reaches U.S \$615 millions in 2014 from 25 million in 1995 with growth rate equals to 95.93%. The median for the two variables is less than the mean which means that the data are positively skewed.
10.	IBP. Purbadharmaja, DN.Budiana,W. Wenagama, 2017	The Role of Local Government in Budget Allocation And Management Towards Income Distribution Inequality And Economic Growth Of Regencies/City In Bali Province. Data processed is secondary data that analyzed using SEM-PLS with WARPLS application.	According to the result which is indicates that the role of local government budget and local budget management influence income distribution inequality, whereas the role of government budget has no influence on budget management and growth and income distribution inequality has no influence on local economic growth. Variable of income distribution inequality does not mediate the research model, (IBP.Purbadharmaja Desember 2017).

According to the previous research which can be seen from the table above, there are some difference things between this research and previous research, are:

1. Research time that used in this research start from 2010 until 2016
2. Research object taken in D. I. Yogyakarta Province and focus to the 4 regencies and city
3. This research is the combination from some previous researches which same in background and problem approach
4. This research use Data Panel for methodology test or regression test

C. Research Framework



From the picture above, the Writer want to examine and test are the export, hotel and restaurant tax, employment and GDRP give influence to the local original revenue or the opposite. To know the result, writer choose to use data panel to regress.

E. Hypotheses

From the hypothesis result it will appear the significant influence from both dependent or independent variables. Each variables will give different influence to the other variable positively or negatively, signifikan or insignificant. I hope the result of this research will accepted without any rejections according to the basic theory that relate with this research. According to the basic theory and the previous research, so the relegated hypotheses are:

- H.1 : The reception of sale Export will give significant influence to the Local Original Revenue in D. I. Yogyakarta
- H.2 : The reception of Hotel and Restaurant Tax will give significant influence to the Local Original Revenue in D. I. Yogyakarta
- H.3 : The reception of Employment will give significant influence to the Local Original Revenue in D. I. Yogyakarta
- H.4 : The reception of Gross Regional Domestic Product will give significant influence to the Local Original Revenue in D. I. Yogyakarta
- H.5 : The reception of Export, Hotel and Restaurant Tax, and Employment simultaneously will give significant influence to the Local Original Revenue in D. I. Yogyakarta.