

## ANALYSIS OF FACTORS AFFECTING CAPITAL EXPENDITURE IN THE PROVINCE OF YOGYAKARTA IN 2013-2022

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**Abstract:** The purpose of this study is to examine the impact of local taxes, regional levies, general allocation funds and special allocation funds on capital expenditures. This study uses data on the realization of the local government budget (APBD) for 2013 to 2022 taken from the website of the Directorate General of Fiscal Balance (DJPK) of the Ministry of Finance. The population in this study are all regencies and cities in Yogyakarta. The sampling technique used was saturated sample with a total sample of 5 regions consisting of 4 regencies and 1 city. This type of research is quantitative research using descriptive statistical tests, classical assumption tests, determination tests ( $R^2$ ), statistical tests F-tests and t-tests tested using SPSS version 26. The results of this study indicate that: 1) local taxes affect capital expenditures; 2) regional levies have no effect on capital expenditures; 3) general allocation funds affect capital expenditures; 4) special allocation funds have an effect on capital expenditures. Whit an adjustment  $R^2$  value of 0,664 meaning 66,4% of the dependent variable.

**Keywords:** *Capital Expenditures, General Allocation Funds, Regional Levies, Regional Taxes, Special Allocation Funds*

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### 1. Introduction

By adhering to the principles of compliance, needs and regional capabilities, local governments now have the authority to decide how to allocate resources for expenditures. The standards for regional financial management are outlined in Pemendagri No. 13 of 2006, which also classifies expenditures into two categories: direct expenditures and indirect expenditures. The term "direct expenditure" refers to expenditures that are specifically budgeted for the implementation of work plans and activities in each region. Employee expenses, expenses for goods and services, and capital expenditures all fall under the category of direct expenses.

Edo & Sugeng (2020) define capital expenditures as expenditures intended to improve tangible assets used in government operations that have a useful life of more than 12 months. Therefore, it is essential for local governments to increase local revenue sources that affect the allocation of capital expenditures to improve the quality of services and infrastructure that the community can directly experience. In the government budget, capital expenditures are a subcategory of direct expenditures that result in fixed assets as an outcome. In order for the community to reap the benefits of regional development, capital expenditures are often allocated to be used as a method of regional development, such as the development and improvement of the education, health, and transportation sectors.

The primary sources of capital spending, according to Sudika & Budiarta (2017), are regional taxes, local levies, general allocation funds (DAU), and special allocation funds (DAK). Local taxes are described as levies imposed on taxpayers personally or corporately that are required in nature, do not immediately provide benefits, and are used to support local requirements and needs.

According to Law No. 28 of 2009, Regional Retribution is a regional levy that taxpayers pay in exchange for certain services or permits that the regional government specifically provides and/or grants for the benefit of persons or entities. If the taxpayer does not receive such services or permits, the taxpayer is not obligated to pay. Increasing PAD from the local retribution sector is one strategy to achieve regional independence; as local retribution grows, so does PAD, allowing for an increase in the allocation of capital expenditures.

The General Allocation Fund (DAU), established by the central government, is a fund allocated to local governments as a means of financial equalization among regions so that there are no disparities between regions, in accordance with Law No. 23 of 2014. The General Allocation Fund (DAU) is an amount of money that is distributed annually to each autonomous region in Indonesia (province, regency, or city) as a development fund with the aim of balancing regional financial capacities to support the needs of autonomous regions in the context of implementing decentralization. According to the study of Sudika and Budiarta (2017), there is empirical support for the idea that transfer funds have a long-term impact on capital spending, and a decrease in transfer funds may lead to a decrease in capital investment.

According to Halim (2017), Special Allocation Fund The purpose of the special allocation fund, which is derived from the APBN income and distributed to specific areas, is to support the funding of specific reasons that are regional issues and in line with national priorities.

Budget allocation is the problem faced by local governments. The sum of money set in the budget for each program. In reality, capital expenditures are allocated less than labor and goods and services expenditures. Local governments have historically spent more local money on operating expenses than on capital improvements. Local government operating expenses include salaries and benefits, purchases of goods and services, interest payments, and grants and subsidies. Budget allocations for capital expenditures are highly beneficial and effective in delivering services to the public. The quality of public services can be improved by strengthening service quality management, including initiatives to reduce the gap between service levels and customer expectations. Budiarta and Sudika (2017).

Based on the explanation above, it is interested in conducting research entitled "**The Effect of Local Taxes, Local Levies, General Allocation Funds, and Special Allocation Funds on Capital Expenditures**" (Empirical Study in Regencies and Cities in Yogyakarta Province in 2013-2022)".

This study's goal is to evaluate how local taxes, levies, general allocation funds, and special allocation funds would affect capital expenditures in the districts and cities of the Special Region of Yogyakarta between 2013 and 2022.

## **2. Literature Review**

Edo & Sugeng (2020) define capital expenditure as an expenditure intended to increase tangible fixed assets with a useful life of more than 12 months that are used in government operations. Therefore, it is essential for local governments to increase local revenue sources that affect the distribution of capital expenditures in order to improve the quality of services and infrastructure that the community can directly experience. In the government budget, capital expenditures are a subcategory of direct expenditures that result in fixed assets as an outcome. Capital

expenditures are frequently designated to be utilized as a way of regional development, such as the development and upgrading of the education, health, and transportation sectors, in order for the community to benefit from regional development.

Hendrati (2021) defines capital expenditures as all state budget expenditures for the acquisition and/or construction of tangible fixed assets that are used during the course of more than one accounting period. Local taxes are an important source of revenue for regions to meet expenditures, especially capital expenditures, so the relationship between the community and local government in the context of local revenues can be seen from the ability and responsibility of local governments in providing good public services and improving community welfare through capital expenditures (Waskito, et al, 2019).

According to Law No. 28 of 2009, regional retribution, also known as regional tax, is a regional tax used to compensate the local government for services provided or for granting certain special permits in favor of people or businesses. According to Windhu (2018), an increase in Regional Retribution does not necessarily lead to an increase in capital spending, as it is a component of the Regional Original Revenue (PAD).

The General Allocation Fund is a fund that is produced from APBN earnings and then allocated in order to assist regional needs in the context of promoting decentralization (Rahajeng, et al., 2021). The general allocation fund aims to equalize resource distribution by taking into consideration the capabilities and needs of each region.

According to Law No. 33 of 2004, the Special Allocation sum (DAK), a sum that is received from the APBN and then disbursed to the regions, is meant to assist in assisting special activities, including regional issues, in accordance with national priorities. The Special Allocation Fund (DAK), which receives funding from the APBN, distributes funds to particular regions in accordance with national priorities to support special initiatives, finance crucial community service facilities and infrastructure that have not yet attained certain standards, or encourage the acceleration of regional development.

## **Hypothesis Development**

Hypothesis development in this study is as follows:

### **a. The Effect of Local Taxes on Capital Expenditures**

**H1 :** Local taxes have a significant effect on capital expenditure

The justification in Law No. 28 of 2009 states that local taxes are used for good government purposes for the greatest prosperity of the people and that one of the tax revenues is earmarked for financing capital expenditures for state finance and international development. According to research (Pravasanti et al., 2020), municipal taxes influence capital expenditure. According to study findings (Rachmi Intani, 2018), municipal taxes have a positive impact on capital spending. According to the above explanation, municipal taxes have an impact on capital investment.

### **b. Effect of Local Retribution on Capital Expenditure**

**H2 :** Local Retribution has a significant effect on Capital Expenditure.

Improved municipal services are possible if local government revenues are sufficient. Local governments need to exploit the potential in their areas to increase PAD, despite the support they receive from the central government. Increasing PAD from the regional levy sector is one approach to achieving regional independence; as regional retribution increases, so does PAD, allowing for an increase in the distribution of capital expenditures. According to Intani's (2018) previous research, municipal levies have a positive and significant impact on capital spending. This rationale leads to the conclusion that

increasing regional levies will increase municipal capital spending. Regional levies have an impact on capital spending, as seen in the previous description.

**c. Effect of General Allocation Fund on Capital Expenditure**

H3: The General Allocation Fund (DAU) has a significant effect on capital expenditure. As part of the implementation of decentralization, the General Allocation Fund is a fund distributed by the APBN to maintain financial equity among regions and to meet their expenditure requirements. The cost of establishing a local government increases with the amount of the General Allocation Fund granted to the provincial government. Each region receives a certain amount of the General Allocation Fund based on its weight. According to the preceding definition, the general allocation fund has an influence on capital expenditure. The findings of Sudika and Budiarta's (2018) study demonstrate that the General Allocation Fund has an impact on capital spending.

**d. Effect of Special Allocation Fund on Capital Expenditure**

H4 : The Special Allocation Fund has a significant effect on capital expenditure. Local governments receive funds from the state budget, known as the Special Allocation Fund, to support specific initiatives that are important to the local community and the country as a whole. According to a study by Arthur (2019), the special allocation fund has a moderately beneficial impact on local expenditure. Similar claims were made by Halim (2019), who conducted research to show that the Special Allocation Fund significantly and favorably affects Regional Expenditure. According to Sudika & Budiarta (2017), the Special Allocation Fund significantly affects the distribution of regional expenditure. This suggests that there is a relationship between regional government expenditures and the distribution of transfers from the federal government (Special Allocation Fund). According to the previous explanation, the Special Allocation Fund has an impact on capital expenditures.

### **3. Research Method**

#### **Population and Sample**

The population in this issue is made up of 50 data over a ten-year period and four regencies and one city, namely Yogyakarta City, Bantul, Gunung Kidul, Sleman, and Kulon Progo.

In this study, a saturation sampling method is used where samples are drawn from the entire population Handayani (2020). This is in reference to Sugiono's (2019) assertion that when the whole population is sampled, saturation sampling is a sample selection approach.

#### **Data Collection Technique**

In this study, which uses quantitative data, secondary data was collected from a variety of sources, including journals, publications and websites dedicated to the subject of the research. This information, which is directly relevant to the study being conducted, was taken from financial statistics published by the Central Statistics Agency (BPS) and obtained from the official website of the Directorate General of Fiscal Balance ([www.djpk.kemenkeu.go.id](http://www.djpk.kemenkeu.go.id)), specifically the APBD Budget Realization Report for 4 Districts and 1 City in Yogyakarta Province in 2013-2022, which was audited by the Supreme Audit Agency (BPK).

The documentation method is the data collection method used in this study. The documentation approach involves locating and examining the necessary documents or data, and then collecting and processing the data relevant to this research.

The source of secondary data utilized in this study is the Yogyakarta Province Regency and City Regional Governments' Regional Revenue and Expenditure Budget Realization Report (LRAPBD) for the years 2013 to 2022. Information acquired from the Central Bureau

of Statistics' (BPS) and the Ministry of Finance's Director General of Fiscal Balance's (www.djpk.kemenkeu.go.id) websites.

#### **Research Variables**

- a. Dependent Variable (Bound)  
a variable that other variables can affect. The capital expenditure of the province government of Yogyakarta from 2013 to 2022 is the relevant variable considered in this analysis.
- b. Independent Variable (Free)  
A variable that influences other variables. The independent variables used in this study are local taxes, local levies, general funds, and special funds.

#### **Analysis Technique**

According to Sugiyono (2018), data analysis approaches involve calculations to address problem formulations and evaluate given hypotheses. The data are processed using pre-existing formulas or rules according to the research strategy, and this data analysis is used to simplify the data to make them easier to analyze. In this work, descriptive statistical tests, traditional assumption tests, and hypothesis tests (such as multiple linear regression tests, F tests, t tests, and R tests) are used for analysis.

## **4. Results and Discussion**

### **4.1. Results**

#### **Descriptive Statistics**

Descriptive statistics, according to Ghazali (2018), explain data that displays the average (mean), standard deviation, and minimum-maximum findings of measurements.

**Table 1. Data Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
PD	50	65420000000	229040000000	127289400000.00	37976985587.676
RD	50	8660000000	396500000000	21221400000.00	6759039905.858
DAU	50	261940000000	1282250000000	1009800400000.00	179703347054.789
DAK	50	108460000000	501730000000	284294800000.00	87624687608.748
BM	50	102080000000	565090000000	298476000000.00	92207556266.572

Source: Processed Secondary Data, 2023

It is evident from the table above that:

The minimum threshold for Yogyakarta Province Local Tax is IDR 65,420,000,000. This amount was reported by Yogyakarta City in 2013. Sleman Regency has a maximum local tax collection of IDR 229,040,000,000 in 2022. On average, the local tax revenue amounts to IDR 127,289,400,000 with a standard deviation of IDR 37,976,985,587,676.

The estimation for the valuation of Java Province in 2022 by Kulon Progo Regency indicates IDR 8,660,000,000 in regional reprisals. Yogyakarta City acquired the largest amount of local retribution in 2019, which amounted to Rp 396,500,000,000. The average regional retribution in Yogyakarta is IDR 21,221,400,000.00, with a standard deviation of IDR 6,759,039,905,858.

In 2018, the General Allocation Fund from Kulon Progo Regency acquired a minimum value of IDR 261,940,000,000 in the Yogyakarta Province. In 2014, the General Allocation Fund was granted a maximum value of IDR 1,282,250,000,000 by the Bantul Regency. The General Allocation Fund has an average value (mean) of IDR 1,009,800,400,000 with a standard deviation of IDR 179,703,347,054,789.



In 2020, the Sleman Regency contributed IDR 108,460,000,000 to the General Allocation Fund of Yogyakarta Province, representing the minimum value of the fund. In 2013, the Gunung Kidul Regency contributed IDR 501,730,000,000 to the General Allocation Fund, representing the fund's maximum value. The Special Allocation Fund has an average value (mean) of IDR 284,294,800,000.00, with a standard deviation of IDR 87,624,687,608,748.

According to Gunung Kidul Regency, Yogyakarta Province must allocate at least Rp102,080,000,000 for capital expenditures in 2020. Yogyakarta City permitted a maximum capital expenditure of IDR 565,090,000,000 in 2014. On average, the value of capital expenditures is IDR 298,476,000,000.00 with a standard deviation of IDR 92,207,556,266,572.

### Classical Assumption Test

**Table 2. Classical Assumption Test**

N	Normality Test		50
Most Extreme Differences			0,052
Asymp. Sig. (2-tailed)			0,200 <sup>c,d</sup>
Model	Multicollinearity Test	VIF	Tolerance
PD		4,098	0,244
RD		4,240	0,236
DAU		1,105	0,905
DAK		1,089	0,799
Model	Autocorrelation Test		Durbin-Watson
1			1,878

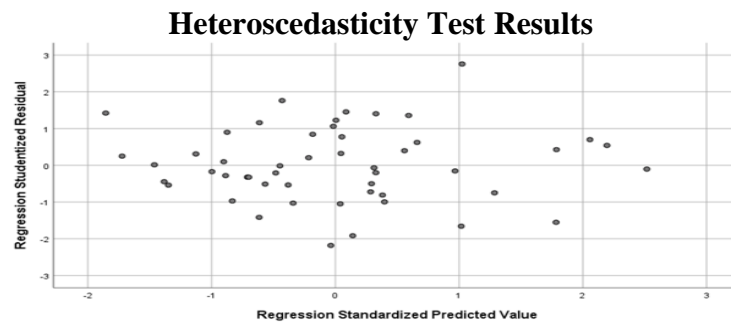
Source: Processed Secondary Data, 2023

Standard Test According to Ghazali (2018), the study data is normally distributed if the significant value is more than 0.05. According to table 3.2, the residual data is normally distributed since the absolute value is 0.052 and the Kolmogorov-Smirnov (K-S) test has a significant level of 0.200.

According to Ghazali (2018), the regression model is free from multicollinearity symptoms if the tolerance value is greater than 0.10 and the VIF value is greater than 10. The test results with a local tax tolerance value of  $0.244 > 0.010$ , a local retribution value of  $0.236 > 0.05$ , and a general allocation fund of  $0.905 > 0.010$ , it can be concluded that the tolerance data in table 3.2 does not occur symptoms of multicollinearity and VIF (Variance Inflation Factor) on local taxes of  $4.094 > 0.0010$ , local retribution of  $4.240 > 0.0010$ , and general allocation funds of 1.105

The Cochrane-Ourcutt.Ghazali (2018) method may be used to do the autocorrelation test. The Cochrane-Ourcutt test is one approach that may be used to address autocorrelation issues in regression analysis. It is employed in this autocorrelation test. Basis for decision-making: The null hypothesis, which states that there are no signs of autocorrelation, is accepted if  $dU \leq d_{4-U}$ . The statistical test results show that there are no autocorrelation symptoms since the Durbin-Watson value is 1.878, the  $dU$  value is 1.7877, and the  $4-dU$  value is  $4-1.7877 = 2.2123$ . Therefore, the formula  $dU \leq d_{4-U}$  may be used to get the values 1.7877 1.878 2.2123.

The heteroscedasticity test is used to identify whether there exists unequal variances among the residuals of different observations in the regression model. Ghazali (2018) explains that homoscedasticity refers to the residuals from a single observation having a constant variance, whereas heteroscedasticity refers to a changing variance over time.



Source: Processed Secondary Data, 2023

Given that there is no clear pattern and that the dots are dispersed above and below the value 0 on the Y axis, it may be concluded that heteroscedasticity is not present.

### Hypothesis Test

#### Multiple Linear Regression Analysis

**Table 3. Multiple Linear Regression Analysis**

Variable	Parameters	Hope Sign	Regression Results	
			Koef.	Prob
Constant	a	+/-	-347.951.376.791.764	-0,474
Local Tax (X1)	$\beta_1$	+	0,072	5,003
Local Retribution (X2)	$\beta_2$	+	0,559	1,364
General Allocation Fund (X3)	$\beta_3$	+	0,112	8,636
Special Allocation Fund (X4)	$\beta_4$	+	0,298	7,889
R-Square				0,681
Adj R-Square				0,664
F-Statistik Probability				0,000 <sup>b</sup>

Source: Processed Secondary Data, 2023

The multiple linear regression equation is

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

From the test results, the multiple linear regression equation obtained in this study is:

$$Y = -347,951,376,791,764 + 0.072 \text{ PD} + 0.559 \text{ RD} + 0.112 \text{ DAU} + 0.298 \text{ DAK} + e$$

If the variables are assumed to be constant, the capital expenditure allocation for each area is -347,951,376,791,764, according to the constant (Y) of -347,951,376,791,764. According to the local tax regression coefficient of 0.072, capital expenditure will decrease by 0.072 for every unit that local taxes are raised. According to the local retribution regression coefficient of 0.559, capital expenditure will decrease by 0.559 for every unit higher local retribution. Since the general allocation fund is 0.112, every 1 unit increase in the general allocation fund will result in a 0.112 reduction in capital expenditure. A general allocation fund of 0.298 means that for every unit increase in the general allocation fund, capital expenditure will reduce by 0.298.

### **F Test Results**

According to the F test results, there is a significant relationship between local taxes (X1), local levies (X2), and general allocation funds (X3) and capital expenditure (Y), with a significance value of  $0.000 < 0.05$  and  $F_{hitung} 10.567 > F_{table}$  value of 2.49.

#### **The result of t test**

Table 2's t test results for H1 are significant at 0.000, the significant value for local taxes is below 5% ( $= 0.05$ ), and the value of the t count is  $5.003 > t_{table}$  of 2.032, which indicates that the hypothesis that local taxes have an impact on capital spending is accepted.

The results of the t test for H2 showed that it is rejected because local retribution has no impact on capital spending, with a t value of 1.364  $t_{table}$  of 2.032 and a significant value of  $0.173 > 0.05$ .

The general allocation fund has an impact on capital expenditures, according to H3, according to the findings of the t test, which showed a probability value of  $0.000 < 0.05$  and a value of t count of  $8.636 > t_{table}$  of 2.032. As a consequence, H3 is accepted. H0 is accepted because the special allocation fund variable has a significant value of  $0.000 < 0.05$ , and H4—which claims that the general allocation fund affects capital expenditures—is allowed since the value of the t count is  $7.889 > t_{table}$  of 2.032.

### **R2 Test Findings**

The adjusted Coefficient of Determination (R2) test result table shows a value of 0.664, indicating that 66.4% of the dependent variables, such as capital expenditure, can be explained by the independent variables, such as local taxes, local levies, and general allocation funds, while the remaining 33.6% can be explained by other variables not included in the set of variables used.

## **4.2. Discussion**

### **Local taxes affect capital expenditure**

According to the findings of this study, which have a significant level of  $0.000 < 0.05$  and a t value of  $5.003 > t_{table}$  of 2.032, municipal taxes have a sizable impact on capital expenditures. According to Waskito (2019), local taxes are a crucial source of funding for regions to cover expenses, particularly capital expenditures. As a result, the relationship between the community and local government in the context of local revenue can be seen from the ability and responsibility of local governments to provide high-quality public services and enhance community welfare through capital expenditures.

The Regional Original Revenue (PAD) is mostly derived from local taxes, which portrays the region's self-reliance. Moreover, local taxes constitute the majority of the region's revenue. Local authorities possess the authority to determine the allocation of funds towards operational and capital expenditures.

This study's findings are consistent with Intani's (2018) research, which discovered a significant impact of municipal taxes on capital spending. Furthermore, this study's results are not in agreement with Martina's (2021) research, indicating that local taxes in North Sumatra Province had no impact on capital spending.

### **The effect of local retribution has no effect on capital expenditure**

According to the findings of this study, where the t value is 1.364 and the t table 2.032 has a significance of  $0.173 > 0.005$ , Regional Retribution does not significantly affect Capital Expenditure. 2009 Law No. 28 Regional Retribution, often known as Retribution, is a regional tax used to reimburse the local government for services rendered or for the issuance of certain



special permits for the benefit of people or organizations. According to this argument, the rise or fall in regional retribution has no impact on capital expenditure. This is possible due to the numerous issues with regional retribution that frequently arise in the various areas.

This is possible due to the local government's inadequate precision, oversight, excavation, and administration. When the levy collectors who should report their findings to the authorities misuse them for their own purposes, the local government's laws become ineffective. To ensure that Local Retribution has a positive impact on Capital Expenditure in the upcoming year, the local government of the Central Java province should be able to make the most of its resources.

The findings of this study are consistent with those of Khadijah's (2018) research, which leads to the second conclusion of this study's finding that Regional Retribution has no appreciable impact on capital expenditure. The study indicated that local levies had a considerable beneficial impact on capital investment in Central Java Province, which differs from the findings of research by Intani (2021).

### **General Allocation Fund affects Capital Expenditure**

A significant value of 0.000 0.05 is obtained from the regression test findings, and the t value of 8.636 > t table of 2.032 indicates that the General Allocation Fund significantly affects Capital Expenditure.

The General Allocation Fund (DAU) seeks to lessen regional disparities in territory. DAU is a fund that is allotted from national revenue to assist regional needs and advance decentralization, as indicated in Law No. 33 of 2004 on fiscal balance between the central government and local governments. DAU divides funding according to the importance of each region. The quantity of general money allocated to the province government directly relates to the growth in administrative expenditures for local governments. According to its weight, general distribution resources are distributed to each region.

The findings of this study are consistent with Putra's research from 2022, which found that capital spending in Central Java Province is influenced by the General Allocation Fund. Contrary to the conclusions of the present study, a prior study by Imamah (2020) claimed that the General Allocation Fund had no impact on capital spending in the East Java Province.

### **Special Allocation Fund affects Capital Expenditure**

The Special Allocation Fund had a substantial impact on Capital Expenditure, according to the findings of the t test, which had a significance of 0.000, lower than 0.05, and a computed t value of 7.889, bigger than t table.032.

According to Law No. 33 of 2004, the Special Allocation Fund, often known as DAK, is a fund created from the state budget that is distributed to the regions with the intention of assisting in supporting special activities, including regional affairs, in accordance with national priorities. Funds from the APBN known as Special Allocation Funds (DAK) are given to specific regions in accordance with national priorities to support special initiatives, pay for basic community service facilities and infrastructure that have not yet attained certain standards, or promote the quickening of regional development. Education, infrastructure, and local government infrastructure are all considered to be basic community services.

Imamah (2020)'s research findings that the Special Allocation Fund influences capital expenditure in Central Java Province support the findings of this study. Additionally, the findings of this study contradict those of Putra's research (2022), which found that the Special Allocation Fund had no impact on capital expenditure in the province of East Java.

## **5. Conclusion**

From 2013 to 2022, local taxes had a significant impact on the capital expenditures of Regency and City Regional Governments in Yogyakarta Province. The fact that increases in local taxes affect the growth of capital expenditure revenue explains why local taxes impact capital expenditures.

Local Retribution does not significantly impact Capital Expenditure in the city and regency local governments of Yogyakarta Province from 2013 to 2022. The regional government of Yogyakarta Province's regency and city areas lack the precision, exploration, management, and resources necessary to increase their Regional Original Revenue.

The capital expenditures of the Regency and City Regional Governments in Yogyakarta Province between 2013 and 2022 are significantly influenced by the General Allocation Fund. This conclusion implies that the allocation of capital expenditures will rise if the General Allocation Fund grows.

The Special Allocation Fund has a significant impact on the regional governments' capital spending in Yogyakarta Province between 2013 and 2022. The capital expenditure will receive a larger allocation if the Special Allocation Fund grows.

## **Recommendation**

For Regional Government of Regency and City of Yogyakarta Province. In order for Regional Retribution to have an impact on Capital Expenditure in the upcoming years, the Regional Government of the Regency and City of Yogyakarta Province should pay closer attention to the revenue of Regional Retribution and continue to maximize its resources. In order for local government to quickly remedy any errors if there are any, the public can offer criticism and ideas regarding progress in local government.

For Additional Research The next researcher should be able to include more independent factors that influence capital spending. Researchers can also include independent variables like revenue-sharing funds, financing revenue, own revenue, and financial performance to improve their research.

## **Suggestion**

Future study may concentrate on a specific city or area that is experiencing problems in order to provide the government and other interested parties with new information. In order to make the findings of future study more representative, it is also conceivable for researchers to expand the coverage of provinces and cities or utilize populations from other areas or regions.

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