

ABSTRACT

Local Own-Source Revenue (PAD) is an important indicator for measuring regional fiscal independence. However, the contribution of PAD to regional revenue remains suboptimal and exhibits fluctuating growth with a declining trend in most regencies and municipalities. This condition reflects the suboptimal performance of regional fiscal management and the continued dependence on transfers from the central government. On the other hand, the tourism sector has considerable potential to enhance PAD, as evidenced by East Java recording the highest number of domestic tourist trips in Indonesia during 2021–2023 and receiving the First Place Award for Best Province at the 2023 Anugerah Bangsa Berwisata di Indonesia (ABBWI). In addition, the number of tourists increased by 277.53%, or nearly 3.8 times, compared to 2018. This study aims to analyze the effect of the number of tourists, tourist attractions, hotel tax, restaurant tax, and the COVID-19 pandemic on PAD across regencies and municipalities in East Java Province.

The variables used in this study include the number of tourists, the number of tourist attractions, hotel tax, restaurant tax, and a COVID-19 dummy variable. The study employs secondary data obtained from the Central Bureau of Statistics (BPS), the Directorate General of Fiscal Balance (DJPK), and other related sources for the period 2018–2023. The dataset consists of panel data from 38 regencies and municipalities in East Java Province during 2018–2023. The best model selected was the Fixed Effect Model (FEM), and the regression analysis was conducted using EViews 12 software.

The results indicate that, simultaneously, tourism sector variables have a significant effect on PAD. Partially, the number of tourists, the number of tourist attractions, and restaurant tax have a positive and significant effect on PAD. Meanwhile, hotel tax has no significant effect on PAD.

Keywords: *Local Own-Source Revenue (PAD), number of tourists, tourist attractions, hotel tax, restaurant tax.*