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Determinants Analysis of Original Local Government Revenue in the Tourism Sector of the Special Regional of Yogyakarta

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ABSTRACT

The aim of this research is to find out the effect of tourism investment, number of tourists, number of tourist attractions, hotel room occupancy rates, and tourism sector local tax on OLGR tourism sector in the Special Region of Yogyakarta. The sampling method used was purposive sampling. The data used is tourism investment, number of tourists, number of tourist attractions, hotel room occupancy rates, tourism sector local tax, and OLGR tourism sector in the Special Region of Yogyakarta in 2004 – 2022. This study is quantitative research with multiple linear regression. The results showed that number of tourist attractions, hotel room occupancy rates, and tourism sector local tax have a significant positive effect on the OLGR tourism sector. Tourism investment and number of tourists have no significant effect on OLGR tourism sector.

ABSTRAK

Tujuan penelitian ini adalah untuk mengetahui pengaruh investasi pariwisata, jumlah wisatawan, jumlah objek wisata, tingkat hunian kamar hotel, dan pajak daerah sektor pariwisata terhadap PAD sektor pariwisata di Daerah Istimewa Yogyakarta (DIY). Metode penentuan sampel yang digunakan adalah purposive sampling yaitu data investasi pariwisata, jumlah wisatawan, jumlah objek wisata, tingkat hunian kamar hotel, pajak daerah, dan PAD sektor pariwisata DIY tahun 2004 – 2022. Penelitian ini merupakan penelitian kuantitatif dengan teknik analisis regresi linear berganda. Hasil penelitian menunjukkan bahwa jumlah objek wisata, tingkat hunian kamar hotel berpengaruh positif signifikan terhadap PAD sektor pariwisata. Investasi pariwisata dan jumlah wisatawan tidak berpengaruh signifikan terhadap PAD sektor pariwisata.

1. Introduction

Planning and implementing regional development requires the availability of funds. In the development process in each region, there are often obstacles in the form of limited funds. Regional autonomy is the answer to these obstacles in Indonesia. The local governments have the authority to manage regional income sources according to the potential of their region. Each region has different income potential due to differences in economic conditions, natural resources, region, unemployment rate, population, etc. Local governments are responsible as a policy maker to manage regional finances, including original local government revenue. Original local government revenue plays a role in regional finances which can be a benchmark for the success of implementing regional autonomy. The greater the local revenue, the greater the availability of regional funds to finance the implementation of regional autonomy.

One sector that can increase local revenue is the tourism sector, and tourism can also contribute to accelerating economic growth. The tourism sector influences economic growth through various channels. Tourism sector development affects infrastructure investment, increases employment opportunities and income. Tourism is also an important factor in the dissemination of technical knowledge, encouraging research and development, and the accumulation of human capital, and also the development of the tourism sector encourages the development of other economic sectors through direct, indirect and induced effects (Yakup & Haryanto, 2021).

According to Databoks (2023), Special Region of Yogyakarta is in sixth place as the province with the most visits with 16,117,640 visits in January – June 2023. The way to achieve sustainable tourism can be done with proper tourism management. The key to increasing the competitiveness of the tourism sector is the management of tourism destinations. Various kinds of complex challenges that will be experienced in managing tourism destinations are overlapping regulations, lack of quality human resources, lack of publications, inadequate infrastructure, and a lack of investment. Local governments play an important role in managing tourist destinations. According to research by Yanti et al. (2021), attracting both domestic and foreign tourists is important, because the impact of tourist visits is very important for the development of the tourism industry and regional income. The number of foreign tourist visits has a positive effect on Original Local Government Revenue (OLGR). The availability of many hotel rooms in an area will make it easier for tourists to determine where to stay. According to research by Febriantoko & Mayasari (2018); Kapang et al. (2019); Wahyuni et al. (2018); and Wijaya & Yuliarmi (2019), room occupancy rates have a positive effect on OLGR. If the hotel room occupancy rate increases, OLGR will also increase.

Ramadhan (2019) and Yusmalina et al. (2020) concluded that local taxes have a significant positive effect on Regional Original Income, namely that increasing local tax revenues will increase PAD. Local taxes in the tourism sector include hotel tax, restaurant tax, entertainment tax, and parking tax. Regional development policies regarding tourism services and facilities can increase hotel tax and restaurant tax. Research related to regional income in Indonesia mostly about original local government revenue in general, no one has discussed original local government revenue in the tourism sector, especially in the Special Region of Yogyakarta. In contrast, this research is important as the evaluation material for local government in managing original local government revenue from the tourism sector. The novelty of this research is the use of variable original local government revenue in the tourism sector, tourism investment, and tourism sector local tax obtained from 2004 – 2022 in Special Region of Yogyakarta which were not available in previous studies. The aim of this research is to find out the effect of tourism investment, number of tourists, number of tourist attractions, hotel room occupancy rates, and local taxes in the tourism sector on the OLGR tourism sector in the Special Region of Yogyakarta.

2. Literature Review

2.1. Public Governance based on Agency Theory

According to Jensen & Meckling (1976), one type of agency relationship is a contract between a manager (agent) and an investor (principal). In a contract, the principal gives authority to the agent to

make decisions, but there is no guarantee that the agent will maximize the principal's interests. Agency theory usualy used for business organizations, but the concept can also be applied to public organizations such as governments. A government can be seen from the perspective of agency theory. The executive acts as an agent elected by the people and the legislature plays a role in monitoring and balancing power within the government, which is also elected by the people. Based on this relationship, the people are the principals who delegate their authority to the government (President) and council members through general elections to regulate and manage public resources through state power (Komite Nasional Kebijakan Governansi, 2022).

2.2. Original Local Government Revenue (OLGR)

According to Law of the Republic of Indonesia Number 33 of 2004 concerning Financial Balance between the central government and local government, OLGR is the income obtained by the local government based on local regulations in accordance with statutory regulations. Another valid OLGR is the proceeds from the sale of regional assets that are not separated, current account services, interest income, profits from the difference in the rupiah exchange rate against foreign currencies and commissions, discounts or other forms as a result of the sale and/or procurement of goods and/or services by region.

According to Law of the Republic of Indonesia Number 32 of 2004 in article 157, the source of local revenue includes:
  a. Original Local Government Revenue
      1) Local tax
      2) Local retribution
      3) Separate local wealth management
      4) Other legitimate original local government revenue
  b. Balancing fund
  c. Other legitimate local revenue

Fiscal decentralization in Indonesia is reflected in the local revenue policy which is the authority of the local government. Fiscal decentralization is used to strengthen regional involvement in utilizing local resources for regional development. The implementation of fiscal decentralization in regional government is demonstrated in three ways, namely preference matching, efficiency, and accountability. Preference matching is suitability of income and service provision according to local capacity. Efficiency is healthy competition between local governments to increase revenue. Accountability is effective regional participation to increase transparency in the use of local revenues (Amoako et al., 2024).

2.3. Investment Theory

Investment can be an important factor that drives economic growth. According to Hartono (2022), investment is a current commitment of money or other resources that is expected to benefit in the future. Investment consists of three main things. There are funds that will be used for investment, assets that will be the investment and a time period for the investment. Investment includes direct investment and indirect investment. In direct investment, investors participate in managing and supervising the company. Indirect investment is made by purchasing securities or portfolios such as shares or bonds. In indirect investment, investors do not directly manage and supervise the company.

According to PSAK Number 13 in Financial Accounting Standards, investment is an asset that a company uses for wealth growth (accretion of wealth) through distribution of investment returns (such as interest, royalties, dividends and rent), for appreciation of investment value, or for other benefits for investing companies like the benefits gained through trade relationships. Local governments have a role in opening their local tourism investment offers to investors. Research by Lusiana et al. (2021) shows that investment in the tourism sector, the number of tourist destinations and the number of tourist visits partially have a significant effect on original local government revenue. Investments in infrastructure, education, health services, tourism and other public services in rural and disadvantaged areas can drive economic growth and improve income equality. Increased government spending on tourism, culture, sports and media will promote the culture of urban and rural communities (Lian et al., 2024). Investment in the tourism sector can come from foreign and domestic capital. The tourism

investment will improve the quality of local tourism. The good quality of local tourism can attract more tourist to visit the area and can increase tourist expenditure to enjoy the tourism facilities in the tourist destination, then increase the original local government revenue in the tourism sector.

H1: Tourism investment has positive effect on OLGR tourism sector in Special Region of Yogyakarta

2.4. Regional Autonomy

According to Law of the Republic of Indonesia Number 32 of 2004 concerning Regional Government, the definition of regional autonomy is the right, authority and obligation of an autonomous region to regulate and manage its own government affairs and the interests of local communities in accordance with statutory regulations. Local governments have the authority to manage their finances through regional autonomy. Regional autonomy is expected to maximize regional spending and minimize the central government budget (Tanjung et al., 2021). The tourism sector is one of the most dynamic, and intensively developing sectors in local, national, and international. Tourism policies need to be prepared carefully so the tourism sector can provide economic and social benefits. Indirect effects are from the sale of goods and services related to tourism sector, such as hotels, transportations, and culinary (Singh & Alam, 2024). Mobility of power influences regional development. Regional leaders and governments must be able to explore policies with the potential of regional tourism for regional development and economy (Ma & Su, 2024). From this explanation, local governments have the authority to make tourism policies to attract tourist and increase original local government revenue in the tourism sector.

The economic and social region development can be reach by the tourism contribution by attracting tourists and private companies. Asian tourists pay more attention to air quality when choosing travel destinations than European tourists. Creating a tourism economy through increasing tourism innovation, informal relation with consumer, relation among stakeholders, and partnership with the suppliers through non-financial performance reports (Gabor et al., 2023). Research by Ahmad (2022); Widiyanti & Dewanti (2017); and Yanti et al. (2021) shows the interest of both domestic and foreign tourists in tourism in an area is very important to increase tourist visits. Support and funds from local governments play an important role in developing regional tourism potential, which can attract more tourists every year. Local governments have an important role in promoting regional tourism so that they can attract tourists. Promotion of tourist attractions is really necessary to attract tourists. The number of tourists has a positive effect on OLGR. A tourist's perspective on an area is important for tourists when choosing a tourist destination. The more tourists who visit an area, the greater the possibility of tourist spending to carry out various activities in the tourist area which will increase original local government revenue.

H2: The number of tourists has positive effect on OLGR tourism sector in Special Region of Yogyakarta

The number of tourist attractions is to characterize the richness of region tourism resource. The greater number of tourist attractions, the richer tourism resources in an area. Regional potential can influence the tourism economy. Chengdu and Chongqing as agglomeration cities have a high level of tourism economic resilience. Ziyang is facing a decline in tourism economic resilience due to reduced risk preparedness (Ding et al., 2024). Research by Raditya et al. (2020) shows tourist attraction's information influence tourist's decisions to visit the area. Research by Lusiana et al. (2021) shows that investment in the tourism sector, the number of tourist destinations and the number of tourist visits partially have a significant effect on OLGR. Tourists will find out about the tourist attractions available in their destination, the large number of tourist attractions and the good image of the tourist attraction will attract tourists to visit. Each region has its own potential tourist attractions, the role of local government will determine the tourism economy of a region. The large number of tourist attractions in an area will attract and provide choices for tourists. The large number of tourists visiting tourist attractions will certainly increase tourist attraction retribution which will increase original local government revenue.

H3: The number of tourist attractions has positive effect on OLGR tourism sector in Special Region of Yogyakarta

Increased innovation will lead to increased tourism income. All countries in the world are experiencing a huge negative impact on tourism due to the Covid-19 pandemic. An appropriate and optimal policy framework is needed to revive the tourism industry. The impact of the Covid-19 pandemic on accommodation in Bangladesh is -44.65%, with stimulus package accommodation is -25.55%, with stimulus package and innovation efficiency accommodation is -24.30% (Amin & Taghizadeh Hesary, 2023). Research by Febriantoko & Mayasari (2018); Kapang et al. (2019); Wahyuni et al. (2018); Wijaya & Yuliarmi (2019) shows the hotel room occupancy rates have a positive effect on OLGR. The availability of adequate hotel rooms causes tourists not to hesitate to visit the region. The tourism industry, especially activities related to accommodation, such as hotels, will earn more income the longer the tourists stay, thereby increasing hotel income. Hotels must consistently improve their hospitality. Innovation in services and accommodation facilities can attract tourists to stay for a long period at the hotel. The number of occupied rooms will increase hotel room occupancy rates which will increase hotel taxes paid to the government and will increase original local government revenue.

H4: The hotel room occupancy rates have positive effect on OLGR tourism sector in Special Region of Yogyakarta

Regional income can be influenced by local businesses. The worse local business conditions could reduce tax revenues and increase local debt. Tax system in China shows the local governments are burdened with more authority but have fewer regional financial resources. The increase of administrative fragmentation can cause the increase of local governments competitive pressure under the gross domestic product competition mechanism, then increase the pressure of city local debt (Yu et al., 2024). Local tax collection is related to the relationship between local government and firm (State-Owned Enterprise/SOE). The firm often avoid taxes, it depends on local government incentives for tax enforcement and corporate manager incentives to avoid taxes. Local government officials focus on increasing tax revenue from SOE to reduce local debt pressures. The SOE with lower tax avoidance will receive more government contracts (Xie et al., 2023). Research by Ramadhan (2019) and Yusmalina et al. (2020) shows that local taxes have a significant positive effect on OLGR. Local taxes in the tourism sector include hotel tax, restaurant tax, entertainment tax, entertainment tax and parking tax. Hotel and restaurant tax are local taxes whose potential can increase if there are more supporting components, such as regional development policies regarding tourism hospitality and facilities.

The satisfication of consumers, taxpayers, and the community ability to solve problems shows the excellent local government performance. This can create a better future for local stakeholders (Bovaird & Löffler, 2002). There is tax competition between countries in China. Policies are needed to reduce tax competition between regions, include regional tax incentives regulation and improve tax coordination and cooperation mechanisms (Tao et al., 2023). Local governments have the authority to regulate the local taxation system, especially tourism sector local tax. Tourism sector local tax collection must be taken seriously so that tax avoidance does not occur. The increasing tourism sector local tax revenue will increase original local government revenue.

H5: Tourism sector local taxes have positive effect on OLGR tourism sector in Special Region of Yogyakarta

3. Research Methods

3.1. Research Design

The research method used in this research is descriptive quantitative. The quantitative descriptive method is structured research with quantitative data or in the form of numbers so that it can be generalized to form general conclusions about the population studied. This method aims to provide a description of a situation objectively with numbers starting from data collection, data interpretation and results (Anshori, 2020). The analytical tool used is the SPSS version 22. The data analysis technique used in this research is multiple linear regression analysis to obtain a comprehensive picture of the relationship between the independent variables and the dependent variable. Data were analyzed

using the Classic Assumption Test including normality, heteroscedasticity, multicollinearity and autocorrelation which are then carried out with a regression test.

3.2. Population and Sample

The research population is all data on tourism investment, number of tourists, number of tourist attractions, hotel room occupancy rates, local taxes in the tourism sector and original local government revenue in Special Region of Yogyakarta. The sampling technique use a purposive sampling. The researcher's considerations for selecting the sample used were the availability of data and the period of the year that was not affected by the COVID-19 pandemic. The sample in this study is data on tourism investment, number of tourists, number of tourist attractions, hotel room occupancy rates, local taxes in the tourism sector and original local government revenue in Special Region of Yogyakarta in 2004 – 2022. Data sourced from Special Region of Yogyakarta Tourism Office and Development Planning Office.

3.3. Dependent Variable

A dependent variable is a variable that can be influenced by an independent variable. The dependent variable used is the Original Local Government Revenue (OLGR) tourism sector. OLGR tourism sector is the local revenue from tourism activities.

3.4. Independent Variable

Independent variables are variables that can influence the dependent variable positively or negatively. The independent variables used in this research are as follows:

a. Tourism Investment (X1)
    Special Region of Yogyakarta has a strategic location in the middle of Java Island and has a lot of tourism potential. These advantages can attract investors in the tourism sector to improve the regional economy. Tourism investment is expressed in rupiah units.
b. Number of Tourists (X2)
    Number of tourists show the total of tourists who visit Special Region of Yogyakarta every year. The large number of tourists can be used to measure the success of the tourism industry, which has an impact on the community and local government.
c. Number of Tourist Attractions (X3)
    An area has tourist attractions that can attract tourists to visit the area. Tourist attractions can continue to be developed according to their potential. Tourist attractions include marina tourism, water tourism, historical tourism, nature tourism, museum tourism, tourist villages and other tourist attractions. The number of tourist attractions is expressed in units.
d. Hotel Room Occupancy Rate (X4)
    Hotel room occupancy rate is a comparison between the number of room nights used and the number of nights available.
e. Tourism Sector Local Tax (X5)
    Tourism sector local tax is a mandatory contribution to the region owed by individuals or entities that is coercive based on law in the tourism sector without receiving direct compensation and is used for regional development purposes. Local taxes in the tourism sector include hotel tax, restaurant tax, entertainment tax and parking tax.

4. Results and Discussion

4.1. The Classical Assumption Test

The classical assumption test is used to see that the parameter estimator fulfills the requirements for the best estimator, which is best linear unbiased estimator (BLUE). The classical assumption includes:

a. The Normality Test
    The normality test is used to determine whether the data follows a normal distribution or not. The data normality test can be carried out using One Sample Kolmogorov Smirnov.

The Kolmogorov-Smirnov significance value is 0.200 greater than 0.05. It means that the residuals of the regression model follow a normal distribution.

Table 1. The Result of Normality Test

	Statistic	df	Sig.
Standardized Residual	0.127	19	0.200

b.   The Multicollinearity Test

The multicollinearity test is used to know a strong linear correlation between two or more independent variable. A good regression model should not have a strong correlation between the independent variables. The Variance Inflation Factor (VIF) value for all variables is less than 10, it means there is no multicollinearity.

Table 2. The Result of Multicollinearity Test

Independent Variables	VIF
Tourism investment	3.195
Number of tourists	6.122
Number of tourist attractions	2.227
Hotel room occupancy rate	6.350
Tourism sector local tax	1.977

c.   The Heteroscedasticity Test

The aim of heteroscedasticity test is to test whether in the regression model there is inequality of variance from the residuals of one observation to another. The significance value of White Test is 0.122 which is greater than 0.05, it means the regression model has a constant variance and no heteroscedasticity problem.

Table 3. The Result of Heteroscedasticity Test

Model	df	F	Sig.
Regression	1	2.774	0.122
Residual	12		
Total	13		

d.   The Autocorrelation Test

The autocorrelation test is used on time series data. The aim of the test is to determine whether in the regression model there is a correlation between the error in n period and the error in n-1 period. The result of the Run Test shows the Asymp. Sig. (2-tailed) values is 0.781 greater than 0.05 so it can be concluding no autocorrelation problem.

Table 4. The Result of Autocorrelation Test

	Unstandardized Residual
Asymp. Sig. (2-tailed)	0.781

4.2. Multiple Linear Regression Analysis

The model tested has passed the classical assumption test including normally distributed data, no multicollinearity, no heteroscedasticity problems and no autocorrelation problems. Then a multiple linear regression analysis used to determine Adjusted R^2, F test and T test. The adjusted R^2 value is 0.827, which means that 82.7% variation of OLGR tourism sector can be explained by the tourism investment, number of tourists, number of tourist attractions, hotel room occupancy rate, and tourism sector local tax, meanwhile 17.3% variation of OLGR tourism sector is explained by other variables not included in the model.

Table 5. Result of Multiple Linear Regression Analysis

Model	Coefficients	Sig.
Constant	-3,010,444	0.010
Tourism investment	-0.487	0.198[ns]
Number of tourists	0.012	0.620[ns]
Number of tourist attractions	9.508	0.000***
Hotel room occupancy rate	38.469	0.059*
Tourism sector local tax	0.863	0.026**
R^2		0,894
Adjusted R^2		0,827
Sig. F		0,001***

Notes: [ns] indicate not significance. *, **, and *** indicate significance at the 10%, 5%, and 1% levels.

The regression equation formed is as follows:

$$Yit = -3.010.444 - 0,487X_{1t} + 0,012X_{2t} + 9.508X_{3t} + 38.469X_{4t} + 0,863X_{5t}$$

in which:

Yit	= OLGR tourism sector (in million rupiah)
X_{1t}	= Tourism investment (in million rupiah)
X_{2t}	= Number of tourists (person)
X_{3t}	= Number of tourist attractions (unit)
X_{4t}	= Hotel room occupancy rate
X_{5t}	= Tourism sector local tax (in million rupiah)
α	= Constanta
$\beta_1, \dots \beta_4$	= Regression coefficient

4.3. The Tourism Investment Effect on OLGR Tourism Sector in the Special Region of Yogyakarta

The result of t-test shows the tourism investment significance value is 0.198 greater than 0.1 then H1 is not supported by data. Tourism investment has no significant effect on OLGR tourism sector. These results are in accordance with research by Agasta (2020); Jumadi & Hayati (2022); and Nashiruddin & Witono (2024) shows that investment does not have a significant effect on original local government revenue. The tourism investment included in this research is hotel and restaurant investment from foreign investment in the Special Region of Yogyakarta. This shows foreign investment in the Special Region of Yogyakarta tourism sector has not significant effect on OLGR tourism revenue. Domestic investment needs to be added to see further the influence of tourism investment, and the local government need to identify tourism investment other than hotel and restaurant.

According to agency theory, there is good relationship between the local government as the policy maker to increase the OLGR tourism sector and the community as the principal. The good relationship between the local government and the people of the Special Region of Yogyakarta has resulted in investors trusting them to assist with funding for developing the tourist potential in Yogyakarta. Policies implemented by local governments can be accountable to the community, in which case the community can enjoy tourism as a result of tourism investment. Investment is a commitment of money or other resources which is currently expected to provide benefits in the future, demonstrated by tourism investment having a significant positive effect on OLGR tourism sector.

The addition of tourism funds sourced from local government and the private sector expected to have a positive impact on OLGR tourism sector. This is because if the local government has an

allocation of funds aimed at investing in regional development planning, especially the tourism sector, then the region can gain benefits in the future from the results of its investment, so that it can increase the local revenue of the tourism sector in that region. Tourism sector investments can include investments in tourism attractions, tourism accessibility, tourism facilities, and tourism institutions. This tourism investment can increase the competitiveness of an area by having a strong tourist attraction so that more tourists visit the region.

4.4. The Number of Tourists Effect on OLGR Tourism Sector in the Special Region of Yogyakarta

The result of t-test shows the number of tourists significance value is 0.620 greater than 0.1 then H2 is not supported by data. The number of tourists has no significant effect on OLGR tourism revenue, consistent with the research by Nurainina & Asmara (2022) and Tobing (2021) shows the number of tourists does not have a significant effect on original local government revenue. Domestic and foreign tourists visit Special Region of Yogyakarta as their tourist destination according to their preference. The consumptive behavior of tourists expected to increase the OLGR tourism sector. The differences of tourist characteristics who are not always consumptive or not spend a lot of money when on holiday can cause the large number of tourists not have a significant effect on OLGR tourism sector. Based on the agency theory, there is a relationship between local governments as agents who have an important role in promoting regional tourism to attract tourists. The community as the principal gives trust to the local government in managing the tourism sector. Support and funds from local governments play an important role in developing regional tourism potential, which can attract more tourists every year. Promotion of tourist attractions is really necessary to attract tourists.

The local government is considered capable of managing the Special Region of Yogyakarta with the affordable prices and access so it can attract tourist to spend money to enjoy the available tourism. There are various interesting tourist attractions to visit, both domestic and foreign tourists can choose natural places, mountains or beaches. It is hoped that the increasing number of tourists will cause consumptive symptoms during their tourist trips so that it will increase OLGR in the tourism sector through hotel taxes, restaurant taxes and entertainment taxes.

4.5. The Number of Tourist Attractions Effect on OLGR Tourism Sector in the Special Region of Yogyakarta

The result of t-test shows the number of tourist attraction significance value is 0.000 smaller than 0.01 then H3 is supported by data. The coefficient is 9,508 shows the number of tourist attractions has a positive significant effect on OLGR tourism sector. The number of tourist attractions in Special Region of Yogyakarta increases every year to attract tourists visit. The large number of tourists visit the tourist attractins will increase tourist attraction retribution then it can increase OLGR tourism sector. These results are in accordance with research by Lusiana et al. (2021) shows the number of tourist attractions has a significant positive effect on original local government revenue. The image and information of tourism attractions influence tourists' decisions to visit the area (Raditya et al., 2020).

According to agency theory, local governments as agents have implemented policies in managing tourist attractions by increasing the number of tourist attractions. Then it would be better if the tourist attractions increase accompanied by the tourist attractions quality improvement. The promotion of tourist attractions must also be carried out intensively so that tourists are interested to visit a lot of tourist attractions.

4.6. The Hotel Room Occupancy Rate Effect on OLGR Tourism Sector in the Special Region of Yogyakarta

Based on t-test, the hotel room occupancy rate significance value is 0.059 smaller than 0.1 with the coefficient is 38,469 then H4 is supported by data. The result shows the higher hotel room occupancy rate, the higher OLGR tourism sector. The availability of hotels accompanied by good hotel services and facilities in Special Region of Yogyakarta attracts tourists to stay for long periods. The large number of tourists staying in hotel will increase the hotel room occupancy rate so the hoteliers pay more hotel taxes which will increase OLGR tourism sector. These results consistent with

research by Febriantoko & Mayasari (2018); Kapang et al. (2019); Wahyuni et al. (2018); and Wijaya & Yuliarmi (2019) shows the hotel room occupancy rate has a positive effect on original local government revenue.

The regional government has succeeded in attracting tourists to visit the Special Region of Yogyakarta for a long period of time by utilizing available hotels to increase hotel room occupancy rates. Apart from staying for the purpose of traveling, hotel rooms function as a resting place for guests who will carry out activities such as meeting with business partners, holding meetings, holding seminars or just to healing. Hotel accommodation in Yogyakarta includes 1 to 5-star hotels and non-star hotels.

According to agency theory, local governments as agents play a role in determining policies to increase OLGR in the tourism sector and can be responsible their performance to the community as principals. Based on the results of data analysis, an increase in hotel room occupancy rates which is not accompanied by an increase in regional income in the tourism sector could be due to tax payments by hotels not being in accordance with the hotel rooms occupied, so that they are not included in the OLGR tourism sector. The local government must carry out regular outreach and supervision to all hotels in the Special Region of Yogyakarta so that hoteliers can routinely and disciplined pay taxes according to hotel room occupancy.

4.7. The Tourism Sector Local Tax Effect on OLGR Tourism Sector in the Special Region of Yogyakarta

The result of t-test shows the tourism sector local tax significance value is 0.026 smaller than 0.05 with the coefficient is 0.863 then H5 is supported by data. The result shows the tourism sector local tax has a positive significant effect on OLGR tourism sector. Tourism sector local taxes consist of hotel tax, restaurant tax, entertainment tax and parking tax. Tourism sector local taxes are the source of OLGR tourism sector, it means the increase of tourism sector local tax will increase OLGR tourism sector. The results of this study are consistent with research by Ramadhan (2019) and Yusmalina et al., (2020) which shows that local taxes have a significant positive effect on original local government revenue. If local tax revenues increase, then original local government revenue will also increase.

Based on the agency theory, local governments as an agent who play a role in determining tax policies for hotels, restaurants and entertainment. This tax revenue can be known by the community as a form of accountability for the performance of the local government to the community as principal. Tourism sector local taxes contribute around 30% of the total local taxes in the Special Region of Yogyakarta. Local governments must improve local tax management systems that are capable of creating economical, efficient and effective tax collection systems.

5. Conclusion

The results show that number of tourist attractions, hotel room occupancy rate, and tourism sector local tax have a significant positive effect on the OLGR tourism sector in the Special Region of Yogyakarta. The tourism investment and number of tourists do not have significant effect on OLGR tourism sector in the Special Region of Yogyakarta. These results can be used as evaluation material for local government regarding policies to increase OLGR tourism sector. The increase of number of tourist attractions, hotel room occupancy rate, and tourism sector local tax will increase OLGR tourism sector. The number of tourist attractions can attract more tourists to visit the tourist attraction and pay the retribution that can increase the OLGR tourism sector. The information, availability, hospitality, and facilities of hotels attract the tourist to staying for a long period, it shows a high hotel room occupancy rate then the hoteliers will pay more hotel tax that can increase the OLGR tourism sector. Orderly and precise tax collection will certainly increase regional income. There is no significant effect of tourism investment and number of tourists on OLGR tourism sector. Local government need to pay special attention to these variables. Special Region of Yogyakarta has potential areas that can be developed for tourism, local government can attract investors to invest in the tourism industry, not just hotels and restaurants. Tourism investment includes tourism attractions, accessibility,

amenities, and ancillaries. Local government can provide tourist destinations at affordable prices and access so the tourist consumptive expenditure can increase.

The performance of the local government in the tourism sector is quite good, however there are several things that need to be improved. Local government should identify tourism investment other than hotels and restaurants from foreign and domestic, coordinate with related institute to improve the quality of tourist attractions so that many tourists are interested in visiting all existing tourist attractions. Local government should improve mechanisms for dissemination, supervision and collection of taxpayers, especially for hotel taxpayers, so that no individual or party commits fraudulent acts which can cause a reduction in hotel tax revenue. If this is done firmly and rigorously, it will increase hotel tax revenue, which will be followed by an increase in OLGR tourism sector.

The limitation of this research is the tourism investment data used is hotel and restaurant investment from foreign investment. Future research can add tourism investment data other than hotel and restaurant investment from foreign and domestic to see further its influence on OLGR tourism sector. Future research can also add data on districts and cities in the Special Region of Yogyakarta Province to see the depth of local revenue from the tourism sector in each district and city government.

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