Analysis of the Effect of Land and Building Tax Results on Regional Original Income and Economic Growth in the West Area, Central Kalimantan Province

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Abstract

Land and building tax for rural and urban areas (hereinafter called as PBB-P2 for Pajak Bumi dan Bangunan Perdesaan and Perkotaan) and fees for acquisition of land and building rights (hereinafter called as BPHTB for Bea Perolehan Hak atas Tanah dan Bangunan) turned into regional tax in 2014. The regulation for collecting PBB-P2 and BPHTB can be found in the act no. 28 of 2009. That regency manages PBB-P2 and BPHTB will positively contribute to the Local Own-Source Revenue and Regional Economic Growth. This study was conducted to analyze how the yield of PBB-P2 and BPHTB affects the local own-source revenue and regional economic growth in western region of central Kalimantan province. The method used to analize the data is quantitative method using Path Analysis. The result of this study showed that PBB-P2 and BPHTB have direct positive and significant effects toward the Local Own-Source Revenue and Local Economic Growth. The Local Own-Source Revenue directly has positive and significant effects on Local Economic Growth. PBB-P2 and BPHTB indirectly have positive and significant effects on the Local Economic Growth through Local Own-Source Revenue.

I. Introduction

The implementation of decentralization and regional autonomy gives challenges over government functions with all the powerful authority of the regions. This inevitably requires the governments to keep being creative, innovative and responsive in the implementation. It is vital that local governments be able to increase the value of the yield of Local Own-Source Revenue, though the fundamental of the administration of regional autonomy along with fiscal decentralization policy which focuses on the principles of democracy, community participation, equality and justice, and accountability by digging up other local revenue sectors.

According to Harefa *et al.* (2017), one of the main characteristics that a region can implement regional autonomy is that the capacity of local funds to finance the regional governance with lower level of dependency towards the central government and it is expected that the Local Own-Source Revenue can become the biggest part in mobilization fund of regional governance. Central Kalimantan is the only biggest province located in Kalimantan Island in Indonesia. With its width reaching 28,98% of the total measurement of the province in Indonesia, this province had been one of the options considered by the Central Government related to the new Capital City of Indonesia before Mr. Joko Widodo as the President of Republic of Indonesia, on 20 August 2019, stated that the new Capital of Republic of Indonesia is set in East Kalimantan.

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All the potentials of natural resources in each disctrict/city and how big the area, which covers 13 (thirtheen) regencies and 1 (one) city, becomes a reference for the local government of Central Kalimantan in implementing its policy in order to reach higher level of economic growth. Martinelli et al (2019) a serious problem facing the world today is the distribution of economic wealth fairly and equally. The unfair economic distribution causes the maintenance of poverty throughout the ages. Policies that only rely on economic growth are policies that limit the circulation of assets among the rich people. Through *Focus Group Discussion* (FGD) that was held in cooperation with National Economic and Industry Committee (KEIN), on 13 March 2017 in Swiss-Belhotel Danum Palangka Raya, with its theme "*Regional Growth Strategy, Economic Growth Rate that is Higher, Equal, and Good Quality*", the government of Central Kalimantan Province clearly stated that the Economic Development Zones of Central Kalimantan cover three areas, which are Western Region, Central Region, and Eastern Region. In this writing, the data and information shared by the researcher would only be zone 1 (Western Region) of Central Kalimantan Province. For further information, the division of economic development zones of Central Kalimantan can be seen on Picture 1 as follows:

Figure 1. *Economic Development Zones of Central Kalimantan Province*
Source: Development Planning Agency of Central Kalimantan Province

Gross Regional Domestic Product (GRDP) is an indicator that can be used to find out the aggregate value from economic activities in regional level. GRDP is divided into two methods: the first one is Gross Regional Domestic Product at Current Market Prices (GRDP at Current Market Prices) or known as nominal, which shows the value added of goods and services that is calculated using the current market prices within the year. The second one is Gross Regional Domestic Product at Constant Market Prices (GRDP at Constant Market Prices) or known as Real GRDP, which shows the value added of goods and services that is calculated using the prices taken from a particular year as the base year. This calculation applies on calculating the manufacturing and shipping expense, and all other components of the additional value. This can also be used to find out the economic growth from one period to another one (like from year to year or quarter to quarter) (Statistics Indonesia, 2019). Acording to the data taken from Statistics Indonesia on economic growth rate of Gross Regional Domestic Produts at Current Market Prices (GRDP at Current Market Prices) in Western Region of Central Kalimantan Province, commonly along the period of 2015-2017, the rate of GRDP in Western Region of Central

Kalimantan Province is above that of GRDP of Central Kalimantan. In 2017, the rate of GRDP in Western Region of Central Kalimantan Province reached 7,05%. In 2016, the rate of GRDP was 6,68 %, and in 2015 the rate was 7,00%.

The future potential of regional autonomy of one area to getting better can be seen through the economic growth in that region itself, as well as how independent the governance is. One of the necessary things to provide is the available funding, which is taken from the Local Own-Source Revenue.

According to Harefa et al. (2017), regional autonomy must be able to decrease dependency towards central government, where regions become autonomous by increasing their income from Local Own-Source Revenue to finance the governance. Based on the data of realization of the yield of the Local Own-Source Revenue from regencies in Western Region of Central Kalimantan Province within period of 2013-2018, it can be seen that the highest rate of yield of the Local Own-Source Revenue was from East Kotawaringin Regency, which reached 251,6 billion or with the growth rate average of 13,68% per year and the lowest Local Own-Source Revenue was from Sukamara Regency that was 43,6 billion or it grows on average of 19,66 per year. As for Seruyan Regency, West Kotawaringin Regency, and Lamandau Regency, the yield from the Local Own-Source Revenue were between 179,7 – 89,4 billion rupiahs.

The implementation of the Act No. 28 of 2009 about Regional Taxes and Charges, as the replacement of the Act No. 18 of 1997 and the Act No. 34 of 2000, is one part of tax reformation in increasing the earning of local funds to administer and implement regional autonomy. One subject in the act regarding regional taxes and retribution is the devolution of the land and building tax for rural and urban areas (PBB-P2) and fees for acquisition of land and building rights (BPHTB) into Regional Tax.

Based on the data of the total of realization of the yield from PBB-P2 and BPHTB collected by each regency in Western Region of Central Kalimantan Province along 2013-2016, it is explained that when the management is under the region's authority, the yield coming from PBB-P2 and BPHTB keep increasing well. In 2017, the realization of the highest yield was achieved by Lamandau Regency, which was 127,8 billion. The biggest source of that yield came from BPHTB of body tax payer, which, in this case, were plantation companies as they administered the arrangement and acquisition of the certificate of cultivation rights (Sertifikat Hak Guna Usaha or SHGU) / building rights title (Sertifikat Hak Guna Bangunan or SHGB). The devolution of PBB-P2 and BPHTB into regional tax is expected to be able to increase the yield of Local Own-Source Revenue as in the calculation of PBB-P2 and BPHTB are Sales Value of Taxable Object (Nilai Jual Objek Pajak or NJPOP) and Acquisition Value of Tax Object (Nilai Perolehan Objek Pajak or NPOP), which are the picture of the value or price of goods or the object. This, then, can be used as one helpful method for the region to increase the realization of the yield coming from the taxes of that region. In addition, these two kinds of tax have a strong bond based on the tax object and both are a kind of property tax which is related to real estate and real property, thus with the big proportion of the yield gained will be a great financial help for the region to increase the Local Own-Source Revenue and also increase the regional economic growth. This research is aimed to find out the direct and indirect effects of the yield coming from PBB-P2 and BPHTB towards the Local Own-Source Revenue and the Local Economic Growth.

II. Review of Literature

2.1 The Economic Growth and Local Own-Source Revenue

The economic growth is the process of transformation of economic condition of a state incessantly heading to the better during a particular period. According to Rahardja and Manurung (2008), an ideal economic condition is the one that continuously keeps growing with neither one year nor quarter experiencing a fall. An economic growth is one indicator that is often used to measure the level of fortune of a region. To measure how well the economic performance goes, macro indicators are created to evaluate how well the economy grows. One of these macro indicators are Gross Regional Domestic Product (Statistics Indonesia, 2019). According to Mardiasmo (2011), Local Own-Source Revenue is the regional income from regional taxes, local retribution, the profit of regional owned enetrprises, profit of separated local asset management, and other legal resources of Local Own-Source Revenue.

Income is the amount received usually within a certain period of time is usually one year, community income is thus all receipts received in a particular year either from industry, trade and other sectors. The economic condition of the population is a condition that describes human life that has economic score. Economic conditions are assessed through three variables: livelihoods, income, and ownership of valuables (Shah et al, 2020). One of the opportunities in overcoming the problem of economic development is the need to sharpen development orientation based on regional potential. Each region is encouraged not only to be more able to take roles and initiatives in development planning, but also to be more observant in exploring and exploiting resources aimed at the welfare of the local people (Prawoto, in Lubis et al 2020).

2.2 Regional Taxes

As the general provisions in Article 1 No. 10 of the Act No. 28 of 2009 define, regional taxes, hereinafter is called tax, is a form of contribution of all tax payers for the region that are compulsory for individuals or bodies as they are required to under the rules in the act, with no direct returns as this is aimed for the regional government to provide welfare for its people.

2.3 Land and Building Tax for Rural and Urban Areas (PBB-P2)

According to the Act No. 28 of 2009, it is explained that the Land and Building Tax for Rural and Urban Areas is the taxation of land and/or building that belongs to, is owned, and/or is used by individuals or bodies, except for the areas used for business activities, like plantation, forestry, and mining. Meliala and Oetomo (2010) stated that buildings that become tax objects include roads in one building area like hotels, factories and anything related, highways, swimming pools, deluxe fences, sport centers, dockyard, luxurious parks, locations for crude oil plant, water, and gasoline, and other beneficial facilities.

2.4 Fees for Acquisition of Land and Building Rights (BPHTB)

Fees for Acquisition of Land and Building Rights (BPHTB) are a toll, although it is not really one form of a tax. It is named as it is for some particular reasons. These reasons are its characteristics which are: First, the payment comes first before it becomes an obligation. Second, the frequency of the payment of the fees in debt can be done incidentally or frequently and does not follow the time. According to Supramono and Damayanti (2010), the Fees for Acquisition of Land and Building Rights (BPHTB) is a one toll that goes to an activity of acquisition of land and/or building rights, which then is called tax.

2.5 The Effects of Taxes towards Local Own-Source Revenue and Economic Growth

Samuelson and Nordhaus (2003) stated that there is a role of taxes or a function of taxes if they are viewed from macroeconomic dimension; that is to increase the efficiency of economy, to decrease inequity in economy, to set macroeconomic policies for the stability of economy, and to implement the international economic policies. In order to do its functions, the government will certainly need financial backup. Thus this is the time when taxes take an important role to support the expenditure or to finance the administration of the governance, as well as to fulfill their key function, which is to be used by the state to provide welfare for its people.

Agus Sunaryo, Eka Purwanda, and Wahyunadi said that the role of regional taxes in regional financial structure can be seen from the contribution toward the Local Own-Source Revenue (Sutyastie Soemitro et al., 2003). Regional taxes are highly related to two main fucntions of a tax which are: budgetair and regulerend. Budgetair is one tax function that is viewed from the tax aim as its role is for funding. According to Nurmantu (2005), budgetair function is also known as the function to put money "as much as possible" into the state treasury. The other function is as regulerend. This function is highly related to the tax role as a tool used to organize and implement the needed policies.

III. Research Methods

This research is done to analyze any direct and indirect effects of PBB-P2 and BPHTB towards the Local Own-Source Revenue and Economic Growth in Western Region of Central Kalimantan Province. The data used is those based upon the observation year which was 2013-2018 in any regency in Western Region of Central Kalimantan Province.

Path Analysis

Path Analysis is one technique used to find out or to test how big something takes a part or effects of variable X toward variable Y. The path analysis in this research is as follows:

a. Direct Effects
   1. The Revenue of Land and Building Tax for Rural and Urban Areas (PBB-P2) (X_1) toward the Local Own-Source Revenue (PAD) (Y_1)
       $\Rightarrow y_1 = (\rho\ x_1\ y_1) + \varepsilon_t$
   2. The Revenue of Fees of Acquisition of Land and Building Rights (BPHTB) (X_2) toward the Local Own-Source Revenue (PAD) (Y_1)
       $\Rightarrow y_1 = (\rho\ x_2\ y_1) + \varepsilon_t$
   3. The Revenue of Land and Building Tax for Rural and Urban Areas (PBB-P2) (X_1) toward the Regional Economic Growth (Y_2)
       $\Rightarrow y_2 = (\rho\ x_1\ y_2) + \varepsilon_t$
   4. The Revenue of Fees of Acquisition of Land an Building Rights (BPHTB) (X_2) toward the Regional Economic Growth (Y_2)
       $\Rightarrow y_2 = (\rho\ x_2\ y_2) + \varepsilon_t$
   5. The Local Own-Source Revenue (PAD) (Y_1) toward the Regional Economic Growth (Y_2)
       $\Rightarrow y_2 = (\rho\ y_1\ y_2) + \varepsilon_t$

b. Indirect Effects
   1. The Revenue of Land and Building Tax for Rural and Urban Areas (PBB-P2) (X_1) toward the Regional Economic Growth (Y_2) through the Local Own-Source Revenue (PAD) (Y_1)
   $$\Rightarrow y_2 = (\rho\ x_1\ y_1)(\rho\ y_1\ y_2) + \varepsilon_t$$
   2. The Revenue of Fees of Acquisition of Land and Building Rights (BPHTB) (X_2) toward the Regional Economic Growth (Y_2) through the Local Own-Source Revenue (PAD) (Y_1)
   $$\Rightarrow y_2 = (\rho\ x_2\ y_1)(\rho\ y_1\ y_2) + \varepsilon_t$$
   From the path analysis described above, a research equation is generated as follows:

Equation model I
$$\Rightarrow\ y_1 = (\rho\ x_1 y_1) + (\rho\ x_2 y_1) + \varepsilon_t$$
Equation model II
$$\Rightarrow\ y_2 = (\rho\ x_1 y_2) + (\rho\ x_2 y_2) + (\rho\ y_1 y_2) + \varepsilon_t$$
Information:
ρ = Path coefficient
x_1 = The Revenue of Land and Buildimg Tax for Rural and Urban Areas (PBB-P2)
x_2 = The Revenue of Fees of Acquisition of Land and Building Rights (BPHTB)
y_1 = Local Own-Source Revenue (PAD)
y_2 = Economic Growth
ε = Error term

IV. Results and Discussion

The practice of this data analysis is made into 2 (two) structural equation models, which are: equation model 1 is to test the direct effects of variables PBB-P2 and BPHTB PAD and equation model 2 is to test indirect effects of variables PBB-P2 and BPHTB toward Gross Regional Domestic Product at Current Market Prices through PAD.

Table 1. The Path Analysis on Equation Model 1

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	35368857159,289	9904217997,177		3,571	,001
PBB-P2	21,058	2,855	,754	7,376	,000
BPHTB	,773	,304	,360	2,543	,017

a. Dependent Variable: Local Own-Source Revenue (PAD)
Source : secondary data, (Processed Data)

Based on the result of path analysis on equation model 1 on table 1 above, an equation is generated as follows:

y_1 $= (\rho x_1\ y_1) + (\rho\ x_2\ y_1) + \varepsilon$
PAD $= 0,754 + 0,360 + \varepsilon$
t_{value} $= 7,376$ and $2,543$ (t table $> 2,060$)
F_{value} $= 37,543$ (f table $> 2,975$)
R^2 $= 0,716$

On equation model 1 above, it is shown that there are siginificant direct effects from variables PBB-P2 and BPHTB toward PAD. This can be seen from significance value of the two variables which are PBB-P2 at 0,000 and BPHTB at 0,017, smaller than 0,05. The R2 value is 0,716, which means in total, the effects pf PBB-P2 and BPHTB toward PAD in Western Region of Central Kalimantan Province along 2013-2018 is 71,60%, while the rest 28,40 is a contribution from other unobserved variables.

Table 2. The Path Analysis on Equation Model 2

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	815,135	302,785		2,692	,012
PBB-P2	4,195E-7	,000	,217	3,359	,002
BPHTB	8,902E-8	,000	,432	10,440	,000
PAD	8,868E-8	,000	1,280	18,290	,000

a. Dependent Variable: Gross Regional Domestic Product (GRDP)
Source : secondary data, (Processed Data)

Based on the result of path analysis on equation model II on table 2 above, an equation is generated as follows:

y_2 $= (\rho x_1 y_2) + (\rho x_2 y_2) + (\rho y_1 y_2) + \varepsilon$
PE $= 0,217 + 0,432 + 1,280 + \varepsilon$
t_{value} $= 3,359, 10,440$ and $18,290$ (t table $> 2,060$)
F_{value} $= 248,634$ (f table $> 2,975$)
R^2 $= 0,962$

On equation model II above, it is shown that there are significant indirect effects from variables PBB-P2 and BPHTB toward Gross Regional Domestic Product at Current Market Prices (GRDP at Current Market Prices) through Local Own-Source Revenue (PAD). This can be seen from from significance value of the three variables PBB-P2 at 0,002, BPHTB at 0,000, and PAD at 0,000, smaller than 0,05. The R2 value is 0,962, which means that the indirect effects of PBB-P2 and BPHTB toward Gross Regional Domestic Product at Current Market Prices (GRDP at Curent Market Prices) through PAD in Western Region of Central Kalimantan Province along 2013-2018 is 96,20%, while the rest 3,80 is a contribution from other unobserved variables. In order to find out direct and indirect effects between PBB-P2 and BPHTB toward Local Own-Source Revenue (PAD) and Regional Economic Growth, some tables containing the research results are shown as follows:

Table 3. The Result of the Test on the Direct Effects

Variable Relationships		B	t value	Sig	Info
PBB-P2 ⟶	PAD	0,745	7,376	0,000	Significant
BPHTB ⟶	PAD	0,360	2,543	0,017	Significant
PBB-P2 ⟶	GRDP at Constant Market Prices	0,217	3,359	0,002	Significant
BPHTB ⟶	GRDP at Constant Market Prices	0,342	10,440	0,000	Significant
PAD ⟶	GRDP at Constant Market Prices	1,280	18,290	0,000	Significant

Source : primary data, (Processed data)

Table 4. The Result of the Test on the Indirect Effects

The Effects of Variables	Indirect Effects	Result
PBB-P2 → GRDP at Constant Market Prices (through PAD)	(0,754 x 1,280) = 0,965 > 0,217	Significant
BPHTB → GRDP at Constant Market Prices (through PAD)	(0,360 x 1,280) = 0,460 > 0,432	Significant

Source : primary data, (Processed data)

The research result shows that the collection and management of PBB-P2 and BPHTB by the Local Government has a potential role and this can increase the income from Local Own-Source Revenue. This can also be seen from the revenue realization data, where along six years period, the amount of revenue from PBB-P2 and BPHTB gained keep increasing although there was some fluctuation if it was observed based on the revenue attainment on each period. From the devolution law perspective, PBB-P2 and BPHTB have been arranged and set according to the Act No. 28 of 2009 regarding Regional Taxes and Retribution, thus the revenue gained has all been managed by the region and purely becomes the local own source. The tax utilization in governance has long been regulated and this can be seen from the 1945 State Constitution of the Republic of Indonesia, article 23A which states "taxes and other compulsory levies required for the needs of the state are to be regulated by law" and the Act regarding the General Provisions and Tax Procedures where taxes are the retribution made by the citizens to the state which is compulsory according to constitution which is to be utilized to the needs of the state for the welfare of the citizens (Act No. 28 of 2007).

Thus, the revenue of PBB-P2 and BPHTB which is taken from tax payers, whether it is individuals or bodies, is a contribution that goes under official law and beneficial for the region in financing the governance activities. This is in line with the basic function of taxes as the budgeter, which means that taxes are used as a tool to optimally place funds into the State Treasury in accordance with the applicable Taxation Act (Nurmantu, 2005). As based on Nick Devas, Brian Binder, Anne Booth, Kenneth Davey, and Roy Kelly, good principles of taxation include the yield, equity, economic efficiency, ability to implement, and suitability as local revenue source (Nusa et al, 2017). In the previous research conducted by Rio Rahmat Yusran and Dian Lestari Siregar (2017) entitled "The Effects of BPHTB and PBB toward the Local Own-Source Revenue in the Riau Islands", the results concluded that the Land and Building Tax has positive and significant effects toward the Local Own-Source Revenue.

PBB-P2 and BPHTB have effects toward the Regional Economic Growth in the Western Region of Central Kalimantan Province. This shows that the revenue from PBB-P and BPHTB can give some financial benefits for the local government to manage the economic growth as the revenue from public and private sectors becomes a great help for the local finance in providing goods and services. The implementation of fiscal policy through putting the yield from PBB-P2 and BPHTB into the regional tax revenue will support the regional income which then is used by the local government to do all the economic activities. In addition to this, both of the taxes are highly related to lands and buildings which are the very basic needs of human beings, also the tax payers as the land users need to concern about how to control the population well. Therefore, the revenue from PBB-P2 and BPHTB which is taken from individual tax payers or bodies can keep consistently encouraging the regional economics where the tax revenue in the local finance can become a financial source for regional expenditure, such as to improve the

infrastructure and to implement the policy in public services in order to serve the public interest in creating equal and superior economic growth.

This is in line with the theory proposed by Adam Smith and other neoclassical economists who explained that an acceleration of production system of a state where the production system includes main substances which become essential factors and are seen to have quite great effects toward the economic growth, one of which is the number of population and the natural resources (land production factor) (Handayani et al., 2016), then a classical economic theory by David Ricardo which explains that land is a fixed input (Chlid, 2015); and one of tax functions is to arrange, which is a function where taxes are utilized by the government as a tool to achieve a specific purpose (Nurmantu, 2005), and tax function as a retribution of the tax revenue, which refers to the function of taxes as a tool to collect the income from the citizens equally. The tax revenue collected becomes the state income which is to be used to finance all public interests and all development activities, so that job opportunities will open more and poverty to alleviate largely (Sulaiman, 2018). In the research done by Dirgayany Pala'biran and Meyjerd Rombebunga (2019) entitled "The Impacts of the Diversion of PBB-P2 and BPHTB toward Gross Regional Domestic Product and Capital Expenditure", one of the results concludes that the diversion of PBB and BPHTB into regional taxes is beneficial to stimulate the regional economic growth and support the regional development. This also is explained in another research done by Dwika Julia Mutiara (2015) entitled "Regional Taxes and the Effects toward Gross Regional Domestic Product in East Kalimantan Province.", the results showed that the variable of regional taxes and retribution has siginificant effects and statistically has a positive connection with Gross Regional Domestic Product (GRDP).

The implementation of fiscal decentralization is a logical consequence for the devolution from the central government to regional government in setting all the needs of the governance as well as the ability of the regional government to provide its own finance in order to support its administration, especially to serve the public. The regional government is highly expected to be more active and put the most effort in digging all local potential resources so that the government can have more financial sources to support the regional expenditure. In Article 6, clause (2) of the Act No. 33 of 2004 and Article 285, clause (1) of the Act No. 23 of 2014, it is stated that the Local Own-Source Revenue (PAD) is the source of regional funding. The Local Own-Source Revenue consists of the income from regional taxes, regional retribution, profit of separated local asset management, and other legal regional sources. As the devolution and acts regulating regional funding exist, regions have both a chance and a challenge to optimize their ability through all potentials of local funding, especially from Local Own-Source Revenue. How much the revenue gained in one region is a representation of the region's ability in implementing the regional autonomy, this also means that the dependency of the region on the central government for the financial support also gets lower. However, it is inevitable that, in practice, the Local Own-Source Revenue can not be expected to be the only source to finance all the regional expenditures. This is because the region's capacity to provide funding only from its local source is still highly attached to the the ability of the region to realize all the local economic potentials into a form of activities that can be expected to support the local financial needs. Then again, by keeping trying to increase the local revenue shows that the local government has commited to providing its own local financial sources.

The Local Own-Source Revenue in the Western Region of Central Kalimantan Province which has some effects toward the Regional Economic Growth shows that along the period of 2013-2018, the income from Local Own-Source Revenue could be a great support for the Regional Economic Growth and its relevance for the achiever of regional

independence. If the financial source of local expenditure through Local Own-Source Revenue can keep being at its finest condition, it is highly likely that it can make the local government be able to have financial ability to keep providing the local needs in creating constant regional economic growth. This is in line with the theory proposed by Keynes where it is stated that it is necessary to have some intervention from the government in the economic matters (Directorate General of State Assets Management, 2018) and the definition of the Local Own-Source Revenue is that the local source is a form of source coming originally from the region, which is the main financial source for the region to administer its governance and to develop the region (Brotodihardjo, 1995). From the previous research done by Chindy Febry Rori, Antonius Y Luntungan, and Audie O Niode (2016) entitled "The Analysis of the Effects of the Local Own-Source Revenue toward the Economic Growth in North Sulawesi from 2001 to 2013", the research results showed that the Local Own-Source Revenue as the independent variable has significant effects toward the Economic Growth as the dependent variable. One of the results of another research done by Zuwesty Eka Putri (2015) entitled "The Analysis of the Effects of Local Own-Source Revenue, General Allocation Fund and Inflation toward the Economic Growth in the Regencies in Central Java" showed that the Local Own-Source Revenue has significant effects toward the economic growth in regencies or cities in Central Java.

The efforts done by the government in digging the potential of financial sources from its region can be seen from how much the income from the taxes collected. The bigger the amount of money collected from the taxes, the greater the positive contribution toward the Local Own-Source Revenue, which can increase the accountability and fiscal ability of one region in implementing the regional autonomy. The Local Own-Source Revenue is one of the prioritized funding resources in the implementation of decentralization; the administration of the governance will go perfectly well if supported by sufficient funding and this will be better if the financial source is only from the region itself. PBB-P2 and BPHTB is a part of the income for the Local Own-Source Revenue which is under the category of regional tax. PBB-P2 comes from the yield of objects on rural and urban areas except for tax objects like plantation, forestry, and mining; while BPHTB is from the fees collected for the acquisition of land and/or building which include both conveyance and granting new rights. The research result proves that the revenue from PBB-P2 and BPHTB has positive and significant effects toward Regional Economic Growth through the Local Own-Source Revenue in the Western Region of Central Kalimantan Province. That result explains how the income from regional taxes collected under the name of PBB-P2 and BPHTB has some effects on the increasing amount of the yield in the Local Own-Source Revenue attained. This then shows how consistent the independency of the region in providing the financial support for its own needs. The increasing amount of yield of the Local Own-Source Revenue from regional taxes shows that the public participation in paying their taxes is getting better and this becomes a hope that needs to keep growing for the best in administering the governance, even if the contribution from the regional taxes is still relatively small in financing the local government budget, and as a result, most of the funding for the local expenditure still needs support from the central government. However, in many cases, the financial support provided by the central government can not be expected to fully cover the regional expenditure, as the central government does not provide only one region but all regions in the Unitary State of Republic of Indonesia, especially for those which have great limitations in funding their own regions. Therefore, the yield from PBB-P2 and BPHTB gives a chance for regions to strengthen and increase the Local Own-Source Revenue which can be used to finance all the regional expenditure, and can also be beneficial for the regional economic growth.

V. Conclusion

It is seen that PBB-P2 and BPHTB have significant effects toward the Local Own-Source Revenue and Economic Growth directly and indirectly. The government needs to optimize the implementation of tax extensification and intensification, maintain database of the updated tax subjects and tax objects of PBB-P2 and BPHTB, and open all prospective economic sectors which can be the sources of Local Own-Source Revenue. In addition, it is also necessary for the government to evaluate and socialize all the regulations and policies in order to increase the revenue from PBB-P2 and BPHTB, also to affirm all the tax payers to obey the applicable rules and regulations.

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