IMPACT OF THE COVID-19 PANDEMIC ON REGENCY/ CITY REGIONAL ORIGINAL REVENUE IN THE SPECIAL REGION OF YOGYAKARTA

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Abstract
This study aims to determine the impact of the Covid-19 pandemic on Regency/ City Original Revenue in the Special Region of Yogyakarta. This type of research is quantitative research with secondary data taken by cluster sampling method. The analytical method used is parametric statistics, namely Two-Way Anova, and non-parametric statistics, namely the Wilcoxon-Rank Sum Test and the Kruskal-Wallis Test. The results showed that there were differences in the average Regional Original Revenue (PAD) of regencies/cities in DIY before and during the Covid-19 pandemic, and there were differences in average PAD between four regencies and one city in DIY before and during the Covid-19 pandemic.
Keywords: *Regional Income, Covid-19 Pandemic**

Abstrak
Penelitian ini bertujuan untuk mengetahui dampak pandemi Covid-19 terhadap Pendapatan Asli Daerah Kabupaten/ Kota di Daerah Istimewa Yogyakarta. Jenis penelitian ini adalah penelitian kuantitatif dengan data sekunder yang diambil dengan metode *cluster sampling.* Metode analisis yang digunakan adalah statistika parametrik yaitu *Two-Way Anova,* dan statistika non parametrik yaitu *Wilcoxon-Rank Sum Test* dan *Kruskal-Wallis Test.* Hasil penelitian menunjukkan bahwa terdapat perbedaan rata-rata Pendapatan Asli Daerah (PAD) kabupaten/ kota di DIY sebelum dan saat pandemi Covid-19, serta terdapat perbedaan rata-rata PAD antara empat kabupaten dan satu kota di DIY sebelum dan saat pandemi Covid-19.
Kata Kunci: Pendapatan Asli Daerah, Pandemi Covid-19

INTRODUCTION

Regional development is an inherent and integrated part of national development that provides opportunities for local governments as an effort to develop democratization and improve people's welfare (Berwulo, Masinambow, & Wauran, 2017). In improving the welfare of the people, the Government continues to strive to optimize the potential of the region by improving the quality of existing resources so that they can provide additional contributions to regional income (Nurmalasari, Ismatullah, & Darsawati, 2020).

Local governments are given the authority to organize and make arrangements for their own regional household affairs. This delegation of authority is commonly referred to as regional autonomy. According to (Berwulo, Masinambow, & Wauran, 2017), the regional autonomy policy provides an opportunity for regions to implement policies for the benefit of the community so as to create independence that encourages better governance of a region. Regional autonomy in Indonesia is regulated in Law Number 23 of 2014 concerning Regional Government.

The government needs income that can support the fulfillment of needs in carrying out development. During the implementation of decentralization, financing is obtained from several sources including Regional Original Revenue, Balancing Funds, Regional Loans, and other Legitimate Revenues. The main source of regional funds is obtained from Regional Original Revenue (PAD), namely income from regional taxes (PD), levies, separated regional wealth management (HPKDD), and other legitimate regional original revenues (LPADS). Regional Original Revenue is a measure of how independent a region. The higher the Regional Original

Revenue, the higher the level of regional independence, so that each region is expected to continue to increase its Regional Original Revenue. This is in accordance with the expression (Rawadani & Fidiana, 2018).

Regional Original Revenue is one element that refers to the success or failure of the region in implementing regional autonomy (Aji, Kirya, & Susila, 2018), so that Regional Original Revenue becomes the main source of funds (Sabuna, Kellen, & Libing, 2022) financial budget local government. Considering that Regional Original Revenue is very important in supporting the implementation of regional autonomy, the demands placed on the regions have also increased. PAD will greatly affect the success or failure of a region in carrying out development. This encourages local governments to create self-reliance in their local environment.

The Covid-19 pandemic that has hit the world has had a huge impact on the economies of various countries, as well as Indonesia. On March 2, 2020, the Indonesian government announced that two people had tested positive for the Covid-19 virus. Then WHO (*World Health Organization*) set March 11, 2020 to be a world pandemic day. The Indonesian government then established Large-Scale Social Restrictions (PSBB), namely by stopping all outdoor activities.

The existence of the Covid-19 pandemic that hit Indonesia has caused a lot of chaos because it is not only public health that needs more attention from the government, but the Indonesian economy has also become disorganized (Dede, Indrihastuti, & Sulistyowaty, 2021). This global pandemic not only has an impact on the economy of the central government, but also has an impact on the economy of regional governments, one of which is in the Special Region of Yogyakarta. Thousands of residents in Yogyakarta have been infected with the Covid-19 virus, even causing hundreds of people to have died. The various restrictions implemented in order to reduce the transmission of this virus eventually affected changes in social and economic conditions where the economy in DIY experienced a decline of up to 2.69 percent by the end of 2020 (BPS, 2021).

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT
Agency Theory
Agency theory is a theory that focuses and attaches to two individuals called agents and principals. Agents and principals are assumed to be economists who are motivated to prioritize their own personal interests. There is an agency relationship in the management of local government, namely the local government as the principal and the community as the agent (Badrudin, 2017).
Economic Growth Theory
Economic growth is an increase in people's economic activities so that the value of goods and services in a country also increases in a certain period of time. Economic growth in a country is related and positively correlated with the level of welfare of its people, so that the better the economy in a country, the higher the level of welfare of its people.
Fiscal Decentralization
Fiscal decentralization is an instrument to encourage the economy of a region as well as nationally through a better financial system in order to facilitate the implementation of regional development which is expected to have an effect on improving the economy by creating a prosperous society (Badrudin, 2017).
Regional Autonomy
Regional autonomy is the authority given to regions to organize and regulate their own regional affairs related to government affairs and the interests of the local community in accordance with applicable laws and regulations, so that regional autonomy is commonly known as the independence of a region.

Regional Revenue and Expenditure Budget

The Regional Revenue and Expenditure Budget (APBD) is a regional government implementation plan that includes all regional government revenues and expenditures at the provincial, regency, and city scope in order to achieve development targets for one year stated in monetary units and obtain approval from DPRD which is stated in Regional Regulations. (Badrudin, 2017).

Regional Original Revenue

Regional Original Revenue (PAD) is the income obtained by a region from regional tax revenues, regional levies, the results of separated regional wealth management, and other legitimate PAD. Regional Original Revenue describes how the ability of a region to finance and carry out its regional government affairs is a factor that determines success in implementing regional autonomy.

PAD Contribution in APBD

One of the sources of local government revenue that is reflected in the APBD comes from Regional Original Revenue (PAD). An autonomous region is said to be able to carry out independence in development which lies in its ability to explore the potential of its own regional financial resources and minimize regional dependence on the central government, so that Regional Original Revenue becomes the main source of funding and provides the largest contribution.

Covid-19 pandemic

Covid-19 is the name of a disease whose cause is the corona virus. Covid itself is an abbreviation of Corona Virus Disease-2019. This virus attacks the respiratory tract to cause high fever, flu and cough, shortness of breath, sore throat, to loss of sense of taste and sense of smell in infected patients (Hadi, Eikman, & Amil, 2021).

Regional Original Revenue is regional income from regional taxes, regional levies, the results of separated regional wealth management, and other legitimate PAD. Judging from the revenue component, the existence of a pandemic is estimated to be able to destabilize the acquisition of Regional Original Revenue in several provinces in Indonesia. Research conducted by (Ishak, 2021) shows that there is a significant difference between the Regional Original Revenue of the provincial government in Indonesia before and after the first announcement of the Covid-19 case in Indonesia. Based on this description, the hypothesis is stated as follows:

H1: There is a Difference in Average Regency/ City Regional Original Revenue in the Special Region of Yogyakarta Before and During the Covid-19 Pandemic

The various components of Regional Original Revenue which are the main sources of regional income are expected to continue to increase from year to year. However, after the Covid-19 pandemic, several regencies and/ or cities in various provinces in Indonesia also felt the impact. Research by (Dede, Indrihastuti, & Sulistyowaty, 2021) found that PAD revenue from the Batu City entertainment tax decreased by 12.34% in 2020, the year when the Covid-19 pandemic hit. (Sari & Siringoringo, 2021) in their research also states that there are differences in hotel tax receipts, restaurant taxes, and entertainment taxes before and after Large-Scale Social Restrictions as a result of the Covid-19 pandemic in Bekasi Regency. Based on this description, the hypothesis is stated as follows:

H2a: There is a Difference in Average Regional Original Revenue Between 4 (four) Regencies and 1 (one) City in the Special Region of Yogyakarta Before the Covid-19 Pandemic

H2b: There is a Difference in Average Regional Original Revenue Between 4 (four) Regencies and 1 (one) City in the Special Region of Yogyakarta During the Covid-19 Pandemic

RESEARCH METHOD

The sample in the study was taken by cluster sampling method or it can also be called area sampling. The data used in this study is quantitative data in the form of secondary data obtained from the Regional Revenue and Expenditure Budget, Special Region of Yogyakarta on the Ministry of Finance website page (https://djpk.kemenkeu.go.id) and the DIY Provincial Bappeda website (https: //bappeda.jogjaprov.go.id). The variables in this study are Regional Original Revenue with all its components which include Regional Taxes, Regional Levies, Separated Regional Assets Management Results, and Other Legitimate PAD.

The analytical methods and techniques used in this research are Normality Test and Hypothesis Testing with Analysis of Variance (*Two-Way Anova Without Replication), Kruskal-Wallis Test and Wilcoxon Rank-Sum Test.*

RESULTS AND DISCUSSION

Table 1. Normality Test Results

	Normality Test		
		Asymp. Sig. (2-tailed)	
Variable	*Liliefors*	*Shapiro Wilk*	*One-Sample Kolmogorov Smirnov*
PAD	0,000	0,000	0,002
PAD Before Pandemic	0,000	0,000	0,001
PAD During Pandemic	0,200	0,095	0,743

The test results according to the table above show that the Regional Original Revenue variable as a whole has an *Asymp value. Sig. (2-tailed)* of 0.000 from the *Liliefors test*, 0.000 from the *Shapiro Wilk test*, and 0.002 from the *one-sample Kolmogorov Smirnov test*, the three test results show the *asymp value. sig*. which is smaller than the significance level of 5% (0.000; 0.000; 0.002 < 0.05) which means that the Regional Original Revenue data as a whole is not normally distributed.

The results of the normality test for PAD data before the pandemic had an *Asymp value. Sig. (2-tailed)* of 0.000 from the *Liliefors test*, 0.000 from the *Shapiro Wilk test*, and 0.001 from the *one-sample Kolmogorov Smirnov test*. The three test results show the *asymp value. sig*. which is smaller than the significance level used of 5% (0.000; 0.000; 0.001 < 0.05), meaning that the PAD data before the pandemic was not normally distributed.

The normality test results for PAD data during the pandemic have an *Asymp value. Sig. (2-tailed)* of 0.200 from the *Liliefors test*, 0.095 from the *Shapiro Wilk test,* and 0.743 from the *one-sample Kolmogorov Smirnov test.* The three test results show the *asymp value. sig*. which is greater than the significance level used of 5% (0.200; 0.095; 0.743 > 0.05), meaning that the PAD data during the pandemic is normally distributed.

Based on these results, hypothesis testing will be carried out through a combination of parametric statistics for data with normal distribution and non-parametric statistics for data that are not normally distributed, namely the *Two-Way Anova Without Replication, Kruskal-Wallis Test and Wilcoxon Rank-Sum Test.*

Wilcoxon-Rank Sum Test Analysis

Table 2. Wilcoxon-Rank Sum Test Results

Variable	*Asymp. Sig. (2-tailed)*	**Results**
PAD	0,001	There is an average difference

The test results according to the table above show that the Regional Original Revenue variable has an *Asymp value. Sig.* of 0.001, smaller than the significance level set at 5% (0.001 < 0.05), meaning that there is a difference in the average Regional Original Revenue of regencies/ cities in DIY before and during the Covid-19 pandemic.

Kruskal-Wallis Test Analysis

Table 3. Kruskal-Wallis Test Results

Variable	*Asymp. Sig.*	Results
PAD Before Pandemic	0,008	There is an average difference

The test results according to the table above show that the Regional Original Revenue variable before the Covid-19 pandemic had an *Asymp value. Sig*. of 0.008, smaller than the significance level set at 5% (0.008 < 0.05), meaning that there is a difference in the average local revenue between four regencies and one city in DIY before the Covid-19 pandemic.

Two-Way Anova Analysis

Table 4. Two-Way Anova Test Results

Variable	*P-value*	
	Reg-City	**Year**
PAD During Pandemic	0,000	0,479

Two-Way Anova Without Replication

The test results according to the table above show that the Regional Original Revenue variable during the Covid-19 pandemic has an *Asymp value. Sig. (2-tailed)* of 0.000 of the difference between regencies and cities in DIY. This result is smaller than the 5% significance level, meaning that there is a difference in the average Regional Original Revenue between regencies and cities in DIY during the Covid-19 pandemic. *Asymp Value. Sig. (2-tailed)* of the year difference of 0.479, greater than the 5% significance level, meaning that there is no difference in the average Regional Original Revenue during the pandemic, namely in 2020 and 2021.

Differences in Average Regency/ City Regional Original Revenue in the Special Region of Yogyakarta Before and During the Covid-19 Pandemic

The results of the test on the first hypothesis are that there is a difference in the average original income of regencies/ cities in the Special Region of Yogyakarta before and during the Covid-19 pandemic. This can be seen from the results of the *Wilcoxon rank-sum test* which shows the *asymp value. sig.* of 0.001 is smaller than the 5% significance level.

Prior to the Covid-19 pandemic, regencies/cities in DIY had different amounts of local original income on average in each regency/ city. Each regency/ city obtains local revenue in accordance with the potential of each region. After the Covid-19 pandemic, regencies/cities in DIY experienced a decline in PAD acquisition simultaneously in the last two years during the Covid-19 pandemic. These results are in accordance with research conducted by (Ishak, 2021) which states that there is a difference in the provincial government's original regional income before and after the announcement of the first Covid-19 case in Indonesia.

The decline in the acquisition of Regional Original Revenue during the pandemic was dominated by a decrease in the acquisition of regional levies. Although there is one regency that experienced different conditions, namely Kulon Progo Regency where the acquisition of

regional user fees increased by an average of 8% in the last two years, namely 2020 and 2021, other regencies/ cities simultaneously experienced a decrease in regional user fees in the future. pandemic. The average decrease was 24% in Bantul Regency, 17% in Gunungkidul Regency, 16% in Sleman Regency, and 6% in Yogyakarta City. This decrease in regional levies was due to the government's policy to implement Large-Scale Social Restrictions (PSBB) in DIY during the pandemic.

Differences in Average Regional Original Revenue Between Four Regencies and One City in the Special Region of Yogyakarta Before and During the Covid-19 Pandemic

The test results on the second hypothesis are that there is a difference in the average Regional Original Revenue between four regencies and one city in the Special Region of Yogyakarta before and during the Covid-19 pandemic. This can be seen from the results of the *Kruskal-Wallis Test* before the pandemic which showed the *asymp value. sig.* of 0.008, smaller than the significance level used. The test was also carried out with a *two-way anova without replication* for data during the pandemic, which showed a *P-value* of 0.000 from the source of the difference in the regency and city, and a *P-value* of 0.479 from the source of the difference in years. The *P-value* of 0.000 is smaller than the 5% significance level, meaning that there is a difference in the average Regional Original Revenue between regencies and cities during the Covid-19 pandemic. The *P-value* of 0.479 is greater than the 5% significance level, meaning that there is no difference in the average Regional Original Revenue during the Covid-19 pandemic. So it can be said that the difference in average Regional Original Revenue between four regencies and one city in DIY before and during the Covid-19 pandemic stems from differences between regencies/ cities, not from differences in years.

The difference in average Regional Original Revenue between regencies and cities during the Covid-19 pandemic shows that there are efforts to innovate and develop different creativity by each region in collecting their own regional revenue during the pandemic. The absence of differences in Regional Original Revenue during the pandemic, namely in 2020 and 2021, shows that the pandemic that occurred had an impact on the disruption of the regional economy, especially the Special Region of Yogyakarta. So that innovative regions will be better able to reduce the decline in regional economic performance from the element of Regional Original Revenue.

The decrease in PAD acquisition was due to a decrease in several of its components. Local taxes in the four regencies decreased by an average of 2%, and for the city of Yogyakarta itself experienced a decrease from local taxes by an average of 8%. In addition to local taxes, regional levies in four regencies and one city in DIY also decreased due to the Covid-19 pandemic, where regional levies in four regencies in DIY decreased on average by 12% and decreased by an average of 6% in one city. . These results are in accordance with research conducted by (Aji & Pratiwi, 2022) which states that there are differences in local tax revenues from the hotel tax sector and restaurant taxes before and during the Covid-19 pandemic in Yogyakarta City in 2020.

Other Legitimate PAD also includes components that cause a decrease in PAD in DIY, where during the Covid-19 pandemic there was an average decline of 8% in four regencies and 0.13% in one city. These results are in accordance with what was expressed by (Ishak, 2021) that the contribution of the results of the management of separated regional wealth has an effect on Regional Original Revenue.

Another component of Regional Original Revenue, namely the Results of Separated Regional Wealth Management, is one component of PAD that is not too affected by the pandemic. This can be seen from the HPKDD acquisitions in four regencies, which on average experienced an increase during the Covid-19 pandemic by 4%, although the decline occurred in Yogyakarta City by 5%, but with a not too significant difference it can be said that the Results

of Wealth Management Separated Regions are not a component that affects the decline in Regional Original Revenue during the pandemic. This is in accordance with research by (Yuliana, Rukmi, Musata, & Ananta, 2021) which states that the results of separated regional wealth management are items of Regional Original Revenue that are not affected by the Covid-19 pandemic in Sekadau Regency.

The pandemic that occurred in 2020 had a real impact on changes in the structure of the DIY economy. Economic growth shows a minus figure in both regencies and cities in DIY with an average of -2.5%. Widiastuti and Silfiana (2021) in their research explain that the Covid-19 pandemic has had an impact on various sectors of life, especially the economic sector. The island of Java is one of those affected by this virus, where various economic sectors have experienced a slowdown and even contracted quite deeply. Categories experiencing contraction include the transportation and warehousing business categories, provision of food and drink accommodation, other services, company services, and construction (Waluyo, 2021).

The economy in DIY in 2021 looks more conducive than the previous year even though the pandemic is still happening. In 2021, the economic growth of all regencies/cities in DIY will grow positively with an average growth range of 5.03%. During 2021, several business fields affected by the pandemic such as financial services and other services have been able to recover. This condition indicates that community activity has been higher than at the beginning of the pandemic. However, several business fields in DIY have not been able to fully recover, especially from sectors related to tourism such as food and drink accommodation, transportation, and trade.

CONCLUSION

The Covid-19 pandemic has caused differences in the regional original revenue of regency/ city in DIY compared to years before the global pandemic. The Covid-19 pandemic had an impact on the decline in Regional Original Revenue between four regencies and one city in DIY and resulted in the disruption of the DIY economy during the Covid-19 pandemic.

With the decline in PAD revenue from each regency/ city in DIY due to the Covid-19 pandemic, each regency/ city must try to innovate and be responsive to take advantage of opportunities to stabilize the income of their respective regions, and be able to rise again from the bad economy during the Covid-19 pandemic. Further researchers can expand the scope of the research by comparing local revenue between provinces. Further researchers can also expand the research period, not only comparing before and during the pandemic, but by comparing before the pandemic, during the pandemic, and after the pandemic.

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