

THE EFFECT OF ADVERTISING TAX AND STREET LIGHTING TAX ON REGIONAL ORIGINAL REVENUE

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Abstrak

Penelitian ini bertujuan untuk menganalisis pengaruh penerimaan Pajak Reklame dan Pajak Penerangan Jalan terhadap Pendapatan Asli Daerah di Kabupaten Magetan, Banyuwangi, Ngawi, Sidoarjo, Trenggalek, dan Kota Madiun. Latar belakang penelitian ini didasari oleh pentingnya optimalisasi penerimaan pajak daerah sebagai salah satu sumber utama pembiayaan pembangunan dan kemandirian fiskal daerah. Penelitian ini menggunakan pendekatan kuantitatif dengan metode regresi linear berganda, berdasarkan data sekunder dari Laporan Realisasi Anggaran tahun 2018–2024. Variabel independen dalam penelitian ini adalah Pajak Reklame dan Pajak Penerangan Jalan, sedangkan variabel dependen adalah Pendapatan Asli Daerah dan variabel kontrol kepatuhan wajib pajak. Hasil analisis menunjukkan bahwa Pajak Reklame secara parsial berpengaruh signifikan terhadap Pendapatan Asli Daerah. Pajak Penerangan Jalan dan Kepatuhan Wajib Pajak secara parsial tidak berpengaruh signifikan terhadap Pendapatan Asli Daerah. Secara simultan, ketiga variabel berpengaruh signifikan terhadap Pendapatan Asli Daerah.

Kata Kunci: Pajak Reklame, Pajak Penerangan Jalan, Kepatuhan Wajib Pajak, Pendapatan Asli Daerah.

Abstract

This study aims to analyze the effect of Billboard Tax Revenue and Street Lighting Tax on Regional Original Revenue in Magetan, Banyuwangi, Ngawi, Sidoarjo, Trenggalek, and Madiun City. The background of this research is based on the importance of optimizing local tax revenues as one of the main sources of development financing and regional fiscal independence. This study employs a quantitative approach using multiple linear regression methods, based on secondary data from the Budget Realization Report for the years 2018–2024. The independent variables in this study are Billboard Tax and Street Lighting Tax, while the dependent variable is Regional Original Revenue, with Taxpayer Compliance as the control variable. The analysis results indicate that Billboard Tax has a partially significant effect on Regional Original Revenue. Street Lighting Tax and Taxpayer Compliance, on the other hand, do not have a partially significant effect on Regional

Original Revenue. Simultaneously, the three variables significantly influence Regional Original Revenue.

Keywords: *Billboard Tax, Street Lighting Tax, Taxpayer Compliance, Regional Original Revenue.*

A. INTRODUCTION

1. Background of the Study

All regulations in Indonesia refer to regional autonomy. Regional autonomy means that regional governments have the authority to regulate and manage their own affairs, but must still comply with applicable laws and regulations (Damayanti & Muthaher, 2020). Regional original revenue is one of the key resources for implementing regional autonomy (Rachman *et al.*, 2021). Regional original revenue can be increased by improving the effectiveness of limited resources and facilities, as well as the effectiveness of revenue collection, by optimizing existing potential and continuously striving to identify new revenue sources that can be collected through taxes (Pujihastuti & Tahwin, 2016).

Taxes that can be levied to increase regional original revenue include local taxes such as advertising tax and street lighting tax. Some regions, such as Magetan Regency, Banyuwangi, Ngawi, Sidoarjo, Trenggalek, and Madiun City, have economic and tourism potential that can drive increases in advertising tax and street lighting tax revenue. However, advertising tax contributions remain relatively low, while street lighting tax contributes more significantly, though not yet evenly distributed across all regions.

The following table shows the contributions from advertising tax and street lighting tax in Magetan, Banyuwangi, Ngawi, Sidoarjo, Trenggalek, and Madiun City from 2018 to 2024.

Table 1. Contribution of Advertising Tax

| Year | Magetan | Banyuwangi | Ngawi | Sidoarjo | Trenggalek | Madiun |
|------|---------|------------|-------|----------|------------|--------|
| 2018 | 0,23% | 0,68% | 0,33% | 0,72% | 0,11% | 1,21% |
| 2019 | 0,19% | 0,73% | 0,28% | 0,82% | 0,09% | 0,73% |
| 2020 | 0,14% | 0,68% | 0,20% | 0,81% | 0,10% | 0,77% |
| 2021 | 0,16% | 0,53% | 0,22% | 0,76% | 0,12% | 0,78% |

| | | | | | | |
|------|-------|-------|-------|-------|-------|-------|
| 2022 | 0,15% | 0,48% | 0,22% | 0,88% | 0,07% | 0,80% |
| 2023 | 0,22% | 0,80% | 0,22% | 0,89% | 0,11% | 0,90% |
| 2024 | 0,19% | 0,77% | 0,22% | 0,97% | 0,12% | 1,03% |

Source: compiled by researchers

Based on Table 1, it shows that the contribution of advertising tax to regional original revenue is still very low. Sidoarjo Regency and Madiun City occupy the highest positions, while Trenggalek Regency has the lowest contribution. Overall, all regions are in the very low category, so it can be concluded that advertising tax has not become a significant source of revenue for regional original revenue.

Table 2. Contribution of Street Lighting Tax

| Year | Magetan | Banyuwangi | Ngawi | Sidoarjo | Trenggalek | Madiun |
|------|---------|------------|--------|----------|------------|--------|
| 2018 | 10,49% | 15,33% | 12,08% | 17,75% | 6,66% | 8,55% |
| 2019 | 9,35% | 14,91% | 12,05% | 18,07% | 5,71% | 8,18% |
| 2020 | 10,40% | 15,68% | 10,21% | 16,87% | 5,70% | 8,30% |
| 2021 | 9,01% | 14,88% | 9,53% | 16,34% | 6,50% | 7,53% |
| 2022 | 10,91% | 16,78% | 10,35% | 18,45% | 4,48% | 8,37% |
| 2023 | 12,06% | 16,06% | 11,95% | 16,72% | 7,48% | 9,19% |
| 2024 | 10,89% | 17,93% | 12,05% | 16,69% | 7,83% | 9,13% |

Source: compiled by researchers

Based on Table 2, the contribution of street lighting tax to regional original revenue in the six research areas from 2018 to 2024 was quite significant, ranging from 4.48% to 18.45%. Sidoarjo and Banyuwangi Regencies ranked highest, indicating that street lighting tax is one of the main sources of regional original revenue in both areas. Magetan and Ngawi Regencies fall within the 9%–12% range, while Madiun City is slightly lower at around 7%–9%. Meanwhile, Trenggalek Regency records the lowest contribution. Overall, the contribution of street lighting tax can be categorized as fairly good, and compared to advertising tax, this type of tax plays a much larger role in regional original revenue across all study areas.

Previous studies conducted by Febriana (2024) and Ernita (2021), found that advertising tax and street lighting tax have a significant effect on regional original revenue, while previous studies conducted by Erawati & Hurohman (2017) and Lenggu *et al.* (2023), found that advertising taxes and street lighting taxes have no significant impact on regional original revenue. This study was conducted to examine the extent to which advertising taxes and street lighting taxes influence regional original revenue in Magetan, Banyuwangi, Ngawi, Sidoarjo, Trenggalek, and Madiun City, and whether these two taxes will impact local government revenue or not.

2. Research Objectives

- a. To provide empirical evidence of the impact of advertising tax revenue on regional original revenue.
- b. To provide empirical evidence of the impact of street lighting tax revenue on regional original revenue.
- c. To determine the simultaneous effect of advertising tax and street lighting tax revenue on regional original revenue.

3. Benefits of Research

- a. From a scientific perspective, the results of this study can add to knowledge and insight in the field of local taxation, particularly in relation to advertising tax and street lighting tax. This study can also serve as a reference for further research related to the impact of local tax revenue on regional original revenue.
- b. From a practical standpoint, the results of this study can be used as reference material for local governments in formulating policies related to the management of advertising taxes and street lighting taxes to increase regional original revenue.

4. Literature Review

a. Stewardship Theory

Stewardship Theory is based on the assumption that managers are administrators whose behavior is aligned with the goals of their leaders (Davis *et al.*, 1997). Stewardship Theory, also

known as stewardship theory, states that the government acts not on the basis of personal interests or individual goals, but rather is oriented toward achieving optimal results for the benefit of the wider community (Saraswati & Nurharjanti, 2021). This indicates that stewardship theory is suitable for application in the tax sector, where there is an agreement between the government as the steward and the people as the principal in the tax system (Shidqiya *et al.*, 2024).

b. Advertising Tax

Based on Law Number 28 of 2009 concerning Regional Taxes and Levies, advertising tax is a tax on advertising activities. The subjects of advertising tax are individuals and business entities that carry out or organize advertising activities (Suryati, 2022).

c. Street Lighting Tax

Street lighting tax is a levy imposed by local governments on the use of electricity. The State Electricity Company (PLN), which is a state-owned enterprise and abbreviated as PT. PLN (Persero), is one of the electricity providers. Meanwhile, non-PLN companies refer to individual companies and/or business entities that manage power plants for their own needs and/or sell electricity to other parties who require it (Suryati, 2022).

d. Regional Original Revenue

Regional original revenue is income received by local governments from the implementation of government activities and services to the community, as well as the utilization of resources owned by local governments. This revenue is often used as a benchmark to assess the level of progress of a region (Anggoro, 2017).

5. Hypothesis

H1: Advertising tax has a positive and significant effect on regional original revenue.

H2: Street lighting tax has a positive and significant effect on regional original revenue.

H3: Advertising tax and street lighting tax simultaneously have a positive and significant effect on regional original revenue.

B. METHOD

This study is a quantitative study. It uses secondary data obtained from the Government's budget revenue and realization reports (LRA) for the districts of Banyuwangi, Magetan, Ngawi, Sidoarjo, Trenggalek, and the city of Madiun. The population in this study is all annual data on advertising tax revenue, street lighting tax revenue, and regional original revenue in Magetan, Banyuwangi, Ngawi, Sidoarjo, Trenggalek, and Madiun City. The sample used is the total data on advertising tax, street lighting tax, and regional original revenue for Magetan, Banyuwangi, Ngawi, Sidoarjo, Trenggalek, and Madiun City over seven years, specifically data from 2018 to 2024. Data analysis in this study uses SPSS version 25.

C. RESULTS AND DISCUSSIONS

1. Results

Descriptive Statistical Test

Descriptive statistics is the presentation of data descriptions or summaries through measures such as mean, standard deviation, variance, maximum and minimum values, total sum, and range. The following is a table of descriptive statistics:

Table 3. Descriptive Statistical Test

| Descriptive Statistics | | | | |
|---------------------------|----|----------------|-----------------|-------------------|
| | N | Minimum | Maximum | Mean |
| Advertising Tax | 42 | 24267445700 | 2272368353600 | 386010109733.81 |
| Street Lighting Tax | 42 | 1469709065300 | 39266773018400 | 8428181314829.33 |
| Taxpayer Compliance | 42 | -1302954625741 | 769244288412200 | 20460481468036.65 |
| Regional Original Revenue | 42 | 19682606393596 | 235305878197376 | 57951959247522.33 |
| Valid N (listwise) | 42 | | | |

Source: SPSS Output

The results of descriptive statistical tests show that advertising tax has an average revenue of Rp386.01 billion, ranging from Rp24.27 billion to Rp2.27 trillion, reflecting considerable fluctuations. Street lighting tax is recorded with an average value of Rp8.43 trillion, a minimum

of Rp1.47 trillion, and a maximum of Rp39.27 trillion, making it one of the dominant sources in the regional original revenue structure.

The taxpayer compliance variable has an average of Rp20.46 trillion, with a negative minimum value (–Rp1.30 trillion) indicating lower realization than the target, and a very large maximum of Rp769.24 trillion. Meanwhile, regional original revenue has an average of Rp57.95 trillion with a range of Rp19.68 trillion to Rp235.31 trillion. In general, the four variables show a fairly high data dispersion, so regression testing and classical assumption testing are required to obtain valid and reliable analysis results.

Multiple Linear Regression Analysis

Multiple linear regression is used to analyze the effect of two or more independent variables on one dependent variable. The following are the results of multiple linear regression:

Table 4. Multiple Linear Regression Analysis

| Coefficients ^a | | | |
|---------------------------|---------------------|-----------------------------|------------|
| Model | | Unstandardized Coefficients | |
| | | B | Std. Error |
| 1 | (Constant) | 10.916 | .955 |
| | Advertising Tax | .026 | .050 |
| | Street Lighting Tax | .716 | .064 |
| | Taxpayer Compliance | -.039 | .030 |

Source: SPSS Output

The resulting multiple linear regression model is as follows:

$$Y = 10.916 + 0.026X_1 + 0.716X_2 - 0.039K$$

Explanation:

Y: Regional Original Revenue

X₁: Advertising Tax

X₂: Street Lighting Tax

K: Taxpayer Compliance

Based on the multiple linear regression table, it can be explained as follows:

- a. Constant (10.916): if all independent variables are zero, then regional original revenue is estimated to be 10.916 units.
- b. Advertising Tax Coefficient (0.026): every 1 unit increase in advertising tax will increase regional original revenue by 0.026 units. However, its impact is relatively small compared to other variables.
- c. Street Lighting Tax Coefficient (0.716): every 1 unit increase in street lighting tax will increase regional original revenue by 0.716 units. This shows that street lighting tax has a dominant influence on regional original revenue.
- d. Taxpayer Compliance Coefficient (-0.039): every 1 unit increase in compliance actually reduces regional original revenue by 0.039 units. This negative relationship can occur when the increase in targets is not matched by realization, so that it is not in line with regional original revenue growth.

Determination Coefficient Test (R^2)

Determination Coefficient Test (R^2) is a measure used to determine the extent to which a regression model can explain the variation in the dependent variable. The following are the results of the coefficient of determination test:

Table 5. Determination Coefficient Test (R^2)

| Model Summary ^b | | | | |
|----------------------------|-------------------|----------|-------------------|----------------------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .979 ^a | .959 | .955 | .18640 |

Source: SPSS Output

Based on the coefficient of determination (R^2) test table, the R Square value is 0.959, indicating that 95.9% of the regional original revenue variable can be explained by the combination of the Advertising Tax, Street Lighting Tax, and Taxpayer Compliance variables. Meanwhile, the remaining 4.1% is influenced by other factors outside the research model. The R value of 0.979 indicates that there is a fairly strong relationship between the independent and dependent variables in this regression model.

F-Test (Simultaneous Test)

The F test aims to determine whether all independent variables used in the model simultaneously affect the dependent variable. The following is a table of F test results:

Table 6. F Test

| ANOVA ^a | | | | | | |
|--------------------|------------|----------------|----|-------------|---------|-------------------|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 21.744 | 3 | 7.248 | 191.668 | .000 ^b |
| | Residual | 1.361 | 36 | .038 | | |
| | Total | 23.105 | 39 | | | |

Source: SPSS Output

The table shows the F test result of 191.668 with a significance level (Sig.) of 0.000. Since the significance value is less than 0.05, it can be concluded that the independent variables, namely advertising tax and street lighting tax, and the control variable, taxpayer compliance, have a significant effect on regional original revenue in East Java Province. Therefore, hypothesis H3 is accepted. This means that the two independent variables, advertising tax and street lighting tax, together have a significant effect on regional original revenue.

T-test (Partial Test)

T-test (Partial Test) is used to determine the extent to which each independent variable individually influences the variation in the dependent variable. The following table shows the results of the partial test (T):

Table 7. T Test

| Coefficients ^a | | | | | | |
|---------------------------|---------------------|-----------------------------|------------|---------------------------|--------|------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 10.916 | .955 | | 11.430 | .000 |
| | Advertising Tax | .026 | .050 | .048 | .519 | .607 |
| | Street Lighting Tax | .716 | .064 | .986 | 11.101 | .000 |
| | Taxpayer Compliance | -.039 | .030 | -.082 | -1.308 | .199 |

Source: SPSS Output

Based on the T-test results table, the following can be explained:

The advertising tax variable has a t-value of 0.519 with a significance level (Sig.) of 0.607, so H_1 is rejected. This means that, partially, advertising tax does not have a significant effect on regional original revenue. The street lighting tax variable has a calculated t-value of 11.101 with a significance level (Sig.) of 0.000 or < 0.05 , so H_2 is accepted. This means that there is a significant effect of street lighting tax on regional original revenue. The taxpayer compliance variable shows a t-value of -1.308 with a significance level (Sig.) of 0.199, so taxpayer compliance does not have a significant effect on regional original revenue.

2. Discussions

a. The Effect of Advertising Tax on Regional Original Revenue

The research findings that the advertising tax regression coefficient is positive, but its effect on regional original revenue is insignificant. This indicates that advertising tax revenue is still small or unstable during the observation period, so its contribution is not yet optimal. This insignificance may be due to uneven taxpayer compliance, weak supervision, and limited advertising business activities. These conditions are consistent with the reality that advertising activities tend to be volatile and dependent on economic growth, business dynamics, and promotional media trends. Thus, advertising tax has not been able to make a significant contribution to increasing regional original revenue. This finding is in line with research conducted by Sihombing & Tambunan (2020) and Rianto (2021), whose results prove that advertising tax does not have a significant partial effect on increasing regional original revenue.

b. The Effect of Street Lighting Tax Revenue on Regional Original Revenue

The findings of the study indicate that the contribution of the street lighting tax to regional original revenue is statistically significant and practically robust. This is reasonable because this tax is automatically imposed on electricity users and deducted directly by PLN, so that its revenue is stable and increases in line with population growth, business activity, and energy needs. With its consumption-based nature, the street lighting tax is a reliable and sustainable source of regional original revenue. These findings align with previous research examining the impact of the street

lighting tax on regional original revenue, including studies conducted by Purnama *et al.* (2021), Agustina & Adhianto (2021), Damayanti & Muthaher (2020), and Suryati (2022), which indicate that the street lighting tax has a significant impact on increasing regional original revenue.

c. Taxpayer Compliance with Regional Original Revenue

The findings of the study indicate that taxpayer compliance does not significantly contribute to regional original revenue, meaning that changes in compliance levels do not have a direct impact on regional original revenue. This may be due to discrepancies between tax targets and actual tax collection, differences between potential and actual revenue, or the small nominal value of taxes that do not originate from major tax types. Thus, although compliance is theoretically important for optimizing regional revenue, the empirical results of this study prove that this variable has not had a significant effect on increasing regional original revenue during the period studied.

D. CONCLUSIONS

This study analyzes the effect of advertising tax, street lighting tax, and taxpayer compliance on regional original revenue in six regions (Magetan, Banyuwangi, Ngawi, Sidoarjo, Trenggalek, and Madiun City) for the period 2018–2024. The analysis results indicate that, partially, advertising tax does not have a significant impact on regional original revenue despite its positive direction, as its revenue is small and fluctuating. Taxpayer compliance also does not have a significant impact partially because the difference between targets and actual realizations does not yet reflect a tangible contribution to regional original revenue. Street lighting tax, however, has a significant impact partially with a large and stable contribution. Simultaneously, all three variables significantly influence regional original revenue.

E. SUGGESTIONS

For future research, it is recommended to add other variables in order to obtain a more comprehensive picture of the factors that influence Regional Original Revenue. In addition, the use of longer panel or time-series data will also increase the accuracy of the research results.

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