The Effect Tax Of : Hotel, Revenue, Restaurant, Entertainment, Advertisement, Street Lighting, And Parking On Local Revenue Of Greater Malang

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Abstract.
Regional taxes are mandatory contributions to the region that are owed by individuals or entities that are coercive based on the law by not getting compensation directly and are used for regional needs for the prosperity of the people. This study aims to examine the effect of hotel tax revenue, restaurant tax, entertainment tax, advertisement tax, street lighting tax, and parking tax on the local revenue of Malang Raya. The population in this research is the Realization Report of Regional Original Income and Regional Tax Realization Report for the 2014-2018 period with the research sample census method. The results of the analysis using the SEM-PLS model. Hotel tax revenue, restaurant tax, entertainment tax, advertisement tax, and street lighting tax have a significant effect on local revenue. Meanwhile, parking tax revenue does not affect regional original income. Revenue from street lighting tax has the most influence on the local revenue of Malang Raya.

Keywords: *Hotel, Restaurant, entertainment, advertisement, Street Lighting, Parking and Locally- Generated Revenue.*

I.   INTRODUCTION

Indonesia is one of the countries with the largest area in the world, with an area of 1,919,440 km2. With such a vast territory, the country is still a unified state/the Republic of Indonesia. This law is an elaboration of the mandate of the 1945 Constitution Article 18 paragraph (2) which states "Provincial, regency, and city regional governments regulate and manage their government affairs. according to the principle of autonomy and co-administration. However, in practice at that time, a centralized system (control from the center) was still used dominantly in planning and implementing development in Indonesia. During the Reformation Order, a new decentralization law was enacted to replace Law no. 5 of 1974, namely by enacting Law no. 22 of 1999 concerning Regional Government and Law no. 25 of 1999 concerning Financial Balance between Central and Regional Governments.Regional governments are given the authority to seek sources of income, which originate from Regional Original Revenues. In addition, regional governments also receive assistance from the central government in the form of transfers to the regions budgeted for in the APBN to help fund regional needs in implementing decentralization. As mentioned in Law no. 33 of 2004 and PP no. 55 of 2005 Balancing Funds consist of three types, namely General Allocation Funds (DAU), Special Allocation Funds (DAK), and Revenue Sharing Funds (DBH). According to Law no. 33 of 2004, DAU is a fund originating from the APBN which is allocated to equalize regional financial capacity to fund regional needs in the context of implementing decentralization. DAU is given by the central government to finance the lack of local government funds in utilizing PAD. The balancing fund is intended to a) ensure the creation of vertical balance in the financial sector between levels of government. b) achieve the creation of horizontal balance in intergovernmental finance at the same level.

This allows local governments to commit fraud due to a lack of oversight from the central government. Local governments can also potentially commit acts of Corruption, Collusion, and Nepotism (KKN). The existence of 'government dynasties' in several regional governments in Indonesia was widely reported some time ago, which is also a minus point for the system of decentralization or regional autonomy. The existence of nepotism allows regional leaders to cooperate in compiling their government's financial budget so that the balancing funds that should be used for regional development are only enjoyed by a few groups.Regional autonomy failed to reduce economic disparities between regions (horizontal imbalance).

According to Daniel Anzar Simanjuntak, there were at least two things that caused this to happen. The first factor is weak connectivity and harmonization of planning. This condition was exacerbated by weak and unclear domestic connectivity issues between districts/cities within one province. The second factor is the problematic management of state finances and regional finances, whose main objective is to reduce the fiscal gap between regions it widens the gap due to local government lobbying to the DPR. acceptable. The first factor states that regional autonomy in Indonesia has failed to reduce disparities due to weak connectivity and harmonization of planning and implementation of development by the central government and local governments. This must also be done by regional heads to the heads of regional governments under them so that there is an understanding and unity of the vision and mission of the country which is implemented directly by the government (through the regional government) and the community. Meanwhile, in the second factor that causes the failure of regional autonomy in Indonesia to narrow the gap above, it is stated that this is due to problematic state and regional financial management, which is caused by local government lobbying to the DPR and the central government. This can be anticipated by applying strict penalties for violations that occur and transparency of information (information disclosure) transparency of funds deposited by the regions to the central government and funds transferred by the central government to the regions.

Regional Original Income (PAD) shows the ability of a region to finance routine activities and development. Based on the Law of the Republic of Indonesia Article 157 Number 32 of 2004, the sources of regional original income (PAD) are the results of regional taxes, the results of regional levies, the results of regionally owned companies, and the results of separated regional wealth management, and other results of regional original income which are legitimate. Usman, (2015) explains that optimizing PAD is expected to be a buffer in the implementation of local government activities, the more regional needs that can be financed by PAD, the higher the quality level of regional autonomy, so that the region is more independent in its financial sector. According to Mahmudi (2010:16), when compared to the business sector, sources of local government revenue are relatively predictable and more stable, because these revenues are regulated by local laws and regulations which are incremental and can be enforced. Meanwhile, the business sector is heavily influenced by a market full of uncertainty and turbulence, so income in the business sector is relatively volatile.Local taxes apply to provinces and cities/districts. Residents who pay taxes will not benefit from local taxes directly because they will be used for the public interest and not for individual interests, such as building roads, and infrastructure, opening new jobs, and so on. Regional taxes are also part of the Regional Revenue and Expenditure Budget (APBD) which is used to run local government programs. Malang Raya is the one of the cities in East Java Province that implements regional autonomy and makes Local Own Revenue (PAD). Tourist cities in East Java have many places for entertainment and several interesting destinations to be visited by the public so along with a large number of community visits, a lot of construction of hotels, restaurants, and culinary places is also a lot of tourism potential which contributes to tax revenues and increases PAD.

Malang City is known as a city of education, Batu City is known as a tourist city because there are many pavilions and tourist destinations available such as Jatim Park 1,2, and 3, angkot museum, and many more pavilions. Malang Regency is famous for its beautiful beaches and is very interesting to be visited by local and foreign tourists.City of Malang Raya is increasing rapidly, this has the potential to increase the amount of tax revenue and affect Regional Original Revenue, especially in restaurant taxes, entertainment taxes and regional levies. (Retno, 2018) explains that restaurants affect Regional Original Income from hotel taxes, entertainment taxes, and street lighting taxes.

The purpose of this research is to:
1. Analyzing the Influence of Hotel Tax Revenue on Local Revenue of Greater Malang.
2. Analyzing the Influence of Restaurant Tax Revenue on Local Revenue of Greater Malang
3. Analyzing the Effect of Entertainment Tax on Local Revenue of Greater Malang
4. Analyzing the Effect of Advertising Tax on Local Revenue in Malang Raya
5. Analyzing the Influence of Road Lighting Tax for Local Revenue Malang Raya
6. Analyzing the Influence of Parking Tax Receipt on Local Revenue of Greater Malang.

II.   LITERATURE REVIEW

1.   Tax

Taxes are a source of state treasury revenue that is used for state spending and development aimed at the welfare and prosperity of the people. "Taxes are mandatory contributions to the state owed by individuals or entities that are coercive based on the law, by not receiving compensation directly and used for the needs of the state for the greatest prosperity of the people."

Tax Function

a. Taxes are one of the important tools for the government in achieving economic, political, and social goals with the following objectives: Improve people's welfare which is more widespread and complex based on the scale of national development priorities such as transportation, maintenance (health, education, and housing).

b. Equitable distribution of government burdens within income classes (vertical equity) and equally among people with the same income (horizontal equity).

c. Taxation together with other policy instruments is also a means of achieving an economic standard such as price stability for full employment, adequate economic growth, proper control of private activity against environmental influences, and appropriate levels of international monetary reserves.

Abdul, et al (2016: 499) explain that the tax itself can be divided into, as follows:

a.   Central Tax

Taxes are collected by the central government and used to finance state households. For administration, guidance, and supervision activities carried out by the Directorate General of Taxes, Ministry of Finance.

b.   Local tax

Regional tax is a mandatory contribution to the region that is owed by individuals or entities that are coercive based on the law by not getting compensation directly and used for regional needs for the greatest prosperity of the people.

2.   Locally-generated revenue

Local Own Revenue based on Article 1 number 18, Law Number 33 of 2004 concerning Financial Balance between the Central and Regional Governments, "Regional Own Revenue, here in after referred to as PAD, namely revenue obtained by the Region from sources within its territory which is collected based on Regional Regulations following the applicable laws and regulations". Local Own Revenue is one source of regional revenue that therefore the ability to carry out the economy is measured by the size of the effectiveness and contribution made by Regional Original Revenue.

3.   Types of Local Taxes

Law of the Republic of Indonesia Number 28 Article 2 Paragraph 2 of 2009 describes the types of district/city regional taxes consisting of:

a.   Hotel Tax

Based on Meanwhile, according to Siahaan (2009: 229) "hotels are lodging/retirement service providers including other related services for a fee, which includes motels, inns, tourism huts, guest houses, lodging houses and the like, as well as boarding houses with more than ten.

b.   Restaurant tax

Dessy Fadina Lubis (2017: 19) states. This includes restaurants, food stalls, cafes, bars, street vendors, fishing ponds, or other similar businesses accompanied by cooking facilities or eaten elsewhere. Restaurant tax is set at 10% of the tax base. Tax rates are levied on payments made to restaurants. How to calculate restaurant tax:

> Restaurant Tax Payable = Gross Income in 1 Month x Tax Rate

c.   Entertainment Tax

Entertainment Tax is all types of spectacles, performances, games, and/or crowds that are enjoyed for a fee. Tariff with tax base:

> Entertainment Tax = Entertainment Tax Rate x Base of imposition

d. Advertisement Tax

According to the Law of the Republic of Indonesia Number 28 of 2009 article 1 numbers 26 and 27: "Advertisement Tax is a tax on the holding of advertisements.

e. Street Lighting Tax

Regional Regulation Number 15 of 2010, concerning are people and or entities that are owners/ tenants/ occupants of houses and other buildings that use electricity from PLN/ not PLN.

f. Non-Metal and Rock Mineral Tax

Tax on Non-Metal and Rock Minerals is a tax on the activity of extracting non-metallic minerals and rocks, both from natural sources within and or on the surface of the earth to be utilized.

g. Parking Tax

Parking taxis are the Regional Tax imposed on the organizer of off-street parking lots by individuals or entities, vehicle safekeeping that charges fees.

h. Groundwater Tax

Aziz (2015: 196) states Groundwater Tax is a tax on the extraction and utilization of groundwater. The definition of groundwater is water contained in the layers of soil or rock below the surface of the soil.

i. Swallow's Nest Tax

Swallow's Nest Tax is a tax on the activity of taking or exploiting swallow's nests. The object of the tax is taking or exploiting. The swiftlet's nest tax rate is set at 10% (ten percent).

j. Rural and Urban Building Land Tax

Taxes imposed on land and buildings. Tax subjects in the United Nations are people or entities that have something on Valentina Sri (2006:14-2). The taxpayer of the United Nations is not necessarily the owner of the land and/or building, but can also be a person or entity that utilizes the land and/or building.

k. Land and Building Rights Acquisition Fees

Fees for Acquisition of Land Rights and Building (BPHTB) is a levy on the acquisition of land and or building rights. Acquisition of rights to land and or buildings is a legal act or event resulting in the acquisition of rights to and or buildings by an individual or entity. Land rights are rights to land including management rights, along with buildings on it as stated in Law Number 5 of 1960 concerning Basic Agrarian Regulations, Law Number 16 concerning Flats, and other statutory provisions. The basis for the imposition of the cost of acquiring.

4.   Effectiveness and Contribution

a.   Effectiveness

Effectiveness also means the utilization of resources, and infrastructure facilities in a certain amount which is consciously determined beforehand to produce several goods for the services of the activities carried out. Effectiveness shows success in terms of whether or not the goals that have been set are achieved.

$$Efektivitas = \frac{realisasi\ penerimaan\ pajak}{target\ penerimaan\ pajak} \times 100\% \dots \dots (1)$$

To measure the level of effectiveness, the following indicators are used:

Table 1
Classification of Effectiveness
Measurements

Percentage	Criteria
>100%	Very effective
90-100%	Effective
80-90%	Effective enough
60-80%	Not enough effective
<60%	Ineffective

Source: Ministry of Home Affairs, Kepmendagri No 690,900,327 of 2010.

https://ijersc.org/

b.   Contribution

The greater the result means the greater the role of local taxes on Regional Original Revenue, and vice versa if the results of the comparison are too small, it means that the role of local taxes on Regional Original Revenue is also small (Mahmudi, 2010: 145).A positive contribution is a contribution that makes progress, not lowering or failing a goal. Based on the understanding of the contribution stated above, it can be interpreted that the contribution of local tax revenues is very important for developing local tax revenues. To find out the contribution of the entertainment tax to increase local original income (PAD) at the Batu City Regional Original Revenue Office, the formula is used:

$$\text{Tingkat Kontribusi} = \frac{\text{realisasi penerimaan pajak}}{\text{realisasi jumlah penerimaan PAD}} \times 100\% \dots (2)$$

The level of contribution is assessed based on criteria as follows:

Table 2
Contribution Value Criteria

| Financial performance	Criteria
0 – 10 %	Very less
10 – 20 %	Not enough
20 – 30 %	Enough
30 – 40 %	Currently
40 – 50 %	Well
>50.00 %	Very good

Source: Mahmudi, 2010

hypothesis

H1	:	Hotel tax revenue affects Regional Original Income of Malang Raya
H2	:	Restaurant tax revenue affects Malang Raya Regional Original Income
H3	:	Entertainment tax revenue affects Malang Raya Regional Original Revenue
H4	:	Advertising tax receipts affect the Regional Original Income of Malang Raya
H5	:	Street lighting tax revenues affect the Regional Original Income of Malang Raya
H6	:	Parking tax revenue affects Malang Raya Regional Original Income

III.   METHODS

This study aims to determine the simultaneous, partial, and dominant effects of the independent variables on the dependent variable (local revenue).The population in this study is the Malang Raya Regional Revenue Agency (Malang City, Malang Regency, and Batu City) which has published Realization Reports of Local Own Revenue and Regional Tax Realization Reports for the 2014–2018 period. Research sample sampling method in this study using the census method.Primary data was Malang City. Technique collection deep data study it uses documentation. Analysis deep data study This is done using techniques Statistics Descriptive and partial Least Square Structural Equation Model Analysis. The relationship structure that exists in the two variables will be analyzed using the SEM-PLS model. The reason for the use *of partial Least Square* (PLS) is that several research hypotheses do not yet have a solid theoretical basis. PLS can be used to test the causal relationship of research variables that have not received much theoretical support or research that is exploratory (Ghozali, 2011).Useless as the method of analysis requires several steps of equation modeling structural. PLS steps it unexplained as follows:

1. Designing a structural model (inner model), namely designing the relationship between variables (construct) based on the research hypothesis.
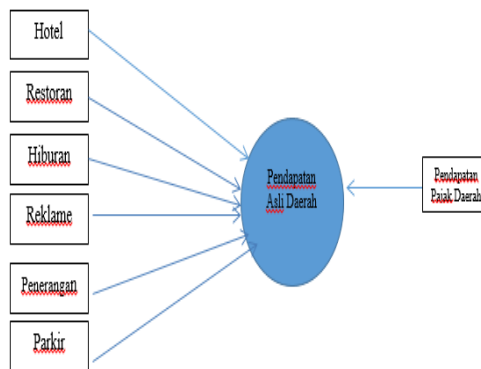
Gambar 1 Diagram Jalur antar Variabel

2. Designing *(outer models)* namely designing the relationship between latent variables with indicators. This study uses formative indicators because the presence of research indicators determines the construct (Hartono, 2009). In the formative model, every change in one indicator does not cause changes in other indicators or each indicator can correlate with other indicators.
3. Construct a path diagram.
    At this stage, a path diagram is made that describes the relationship between latent variables (constructs) both exogenous and lenders.
4. Convert path diagrams into systems of equations.
    The system of equations shows the relationship between latent variables (inner model) and the relationship between indicators and variables (outer model).
    Local Tax Variable ($\xi 1$) is formative:

$$\xi 1 = \lambda_1 PH + \lambda_2 PRes + \lambda_3 PHi + \lambda_4 PRE + \lambda_5 PNJ + \lambda_6 pp$$

The local tax variable will be proxied by hotel tax (PH), restaurant tax (PRes), entertainment tax (PHi), advertisement tax (PRe), street lighting tax (PNJ), and parking tax (PP). The local Original Revenue variable ($\eta 1$) is reflective. The structural equation model is as follows:

$$\eta_1 = \gamma_1 \xi 1 + \zeta 1$$

Information:
$\xi 1$ = Local tax
η_1 = Regional Original Income
γ = Gamma, path coefficient of
         exogenous to endogenous variables
ζ = zeta, reidual on variables
         endogenous

Hypothesis test
H0:$\gamma = 0$ (Hotel tax revenue, restaurant tax, entertainment tax, advertisement tax, street lighting tax, parking tax have an effect on local revenue)
Ha :$\gamma \neq 0$ (Hotel tax revenue, restaurant tax, entertainment tax, advertisement tax, street lighting tax, and parking tax do not affect local revenue)

Using a level of significance (alpha) of 5%, it produces a t-table value of 1.96. Therefore, the criteria for testing the hypothesis above are if the statistical value $\geq$ table (1.96), then the alternative hypothesis (Ha) is accepted so that it can be stated that there is a significant effect exogenous variable to variable endogenous.

IV.   RESULTS AND DISCUSSION

a.   Locally-generated revenue

Regional original income is revenues obtained by the regions collected based on regional regulations following statutory regulations. Malang Raya regional original income for the Malang City, Malang Regency, and Batu City areas tended to increase from the 2014 to 2018 period and exceeded the target, so the receipt of Malang Raya regional original income was very effective. The highest regional original income occurred in the 2018 period in the Malang City area of Rp. 466,082,537,638.2 and the lowest local revenue occurred in the 2014 period in the Batu City area of Rp. 76,733,225,511.8.

b.   Hotel Tax

Malang Raya hotel tax revenue for the Malang City, Malang Regency, and Batu City areas tends to increase from the 2014 to 2018 period and exceeds the target, so Malang Raya hotel tax revenue has been very effective. The highest hotel tax revenue occurred in the 2018 period in the Malang City area of Rp. 47,798,252,263 and the lowest hotel tax revenue occurred in the 2014 period in the Malang Regency area of Rp. 1,650,698,248.

c.   Restaurant tax

Pajak restaurant is a tax on restaurant services Restaurant/Restaurant is a facility that provides food and/or drinks for a fee, which also includes cafeteria restaurants, canteens, stalls, bars, and the like, including catering and catering services. Malang Raya restaurant tax revenue for the Malang City, Malang Regency, and Batu City areas tends to increase from the 2014 to 2018 period and exceeds the target, so Malang Raya restaurant tax revenue has been very effective. The highest restaurant tax revenue occurred in the 2018 period in the Malang City area of Rp. 64,680,593,977 and the lowest restaurant tax revenue occurred in the 2014 period in the Malang Regency area of Rp. 1,626,493,988.

d.   Entertainment Tax

Entertainment tax is a tax imposed on all types of spectacles, shows, games, and/or crowds that are enjoyed for a fee.Malang Raya entertainment tax revenueforMalang City and Batu City areas tend to experience an increase from the 2014 to 2018 period and exceed the target, but for the Malang Regency area the entertainment tax revenue fluctuates but tends to increase and the realization always reaches the target, so that Malang Raya entertainment tax revenue has been very effective. The highest entertainment tax revenue occurred in the 2018 period in the Batu City area of Rp. 26,327,936,517 and the lowest entertainment tax revenue occurred in the 2014 period in the Malang City area of Rp.5,140,722,135.

e.   Advertisement tax

An advertising tax is a tax on the holding of advertisements by the public. Malang Raya advertisement tax revenue for Malang City and Batu City areas fluctuated from 2014 toperiod2018 and exceeded the target, so Malang Raya advertisement tax revenue has been very effective. The highest advertisement tax revenue occurred in the 2016 period in the Malang City area of Rp.22,101,587,217and the lowest advertisement tax revenue occurred in the 2014 period in the Batu City area of Rp.390,657,240.

f.   Street Lighting Tax

A street lighting tax is an invite that is levied for the use of electricity, goodwhichself-produced or obtained from other sources. Electricity customers are people and/or entities that are owners/tenants/occupants of houses and other buildings that use electricity from PLN/not PLN. Malang Raya street lighting tax revenue for the Malang City area has increased from the 2014 period to the 2018 period, but for the Malang Regency and Batu City areas it has fluctuated from the 2014 period to the 2018 period and always exceeds the target so that Malang Raya street lighting tax revenue is very high. effective. The highest street lighting tax revenue occurred in the 2018 period in the Malang Regency area of

Rp.78,180,120,000and the lowest street lighting tax revenue occurred in the 2014 period in the Batu City area of Rp.8,053,478,301.

g.   Parking Tax

Parking tax is a tax imposed on the organizer of off-street parking spaces by individuals or entities, whether provided in connection with the main business or as a business including providers of motorized vehicle storage places that charge a fee. Malang Raya parking tax revenue for the Malang City area has increased from 2014 to 2018 period and always reaches the target, so it is included in the very effective category. Parking tax revenue for the Malang Regency area from the 2014 to 2017 period increased, then in the 2018 period it decreased, but the realization always reaches the target, so it is included in the very effective category. Parking tax revenue for Batu City fluctuated and the realization from 2014 to 2018 did not reach the target, so it was included in the ineffective category. The highest parking tax revenue occurred in the 2018 period in the Malang City area of Rp.5,702,455,562and the lowest parking tax revenue occurred in the 2014 period in the Batu City area of Rp.290,303,290.

h.   Tax Revenue Contribution to Regional Original Revenue

Malang Raya hotel tax revenue for the Malang City area from the 2014 to 2018 period was able to make the largest contribution to local revenue of 9.18%, so it is in the very less category. The biggest hotel tax contribution occurred in the 2014 period in the Batu City area at 17.95% and the lowest contribution occurred in the 2014 period in the Malang Regency area at 1.28%.Malang Raya restaurant tax revenue for the Malang City area from the 2014 to 2018 period was able to make the largest contribution to regional original income of 10.30%, so it is included in the less category. The biggest restaurant tax contribution occurred in the 2014 period in the Batu City area, namely 17.95% and the lowest contribution occurred in the 2014 period in the Malang Regency area, namely 1.26%.Malang Raya entertainment tax revenue for the Malang City area from 2014 to 2018 period was able to make the largest contribution to local revenue of 5.51%, so it is in the very less category. The largest entertainment tax contribution occurred in the 2018 period in the Batu City area, namely 13.54% and the lowest contribution occurred in the 2016 period in the Malang City area, namely 1.75%.

Malang Raya advertisement tax revenue for the Malang City area from the 2014 to 2018 period was able to make the largest contribution to local revenue of 2.75%, so it is in the very less category. The largest advertising tax contribution occurred in the 2014 period in the Batu City area of6.95%and the lowest contribution occurred in the period 2014 and 2015 in the Batu City area of 0.51% each.Malang Raya street lighting tax revenue for the Malang City area from the 2014 to 2018 period was able to make the largest contribution to local revenue of 18.61%, so it is included in the less category. The largest contribution to street lighting tax occurred in the 2014 period in the Malang Regency area of34.15%and the lowest contribution occurred in the 2018 period in the Batu City area of 7.26%.Malang Raya parking tax revenue for the Malang City area from the 2014 to 2018 period was able to make the largest contribution to local revenue of 0.63%, so it is in the very less category. The biggest parking tax contribution occurred in the 2016 period in the Malang City area of1.29%and the lowest contribution occurred in the 2018 period in the Batu City area of 0.16%.Revenue from street lighting tax contributes the most to local revenue at 18.61%, while parking tax revenue contributes the lowest to local revenue at 0.63%.

Data analysis

1.   Evaluation of Measurement Models

Convergent validity can be known by looking at the Average Variance Extracted (AVE) value. The expected AVE value so that the research indicators fulfill the convergent validity test is 0.5. The results of convergent validity testing when viewed from the AVE value in this study are presented in table 1 below.

Table 1
Average Variance Extracted (AVE) Value

Variable	AVE	Cut Off	Information
Hotel Tax	1,000	0.5	Valid
Restaurant tax	1,000	0.5	Valid
Entertainment Tax	1,000	0.5	Valid
Advertisement Tax	1,000	0.5	Valid
Street Lighting Tax	1,000	0.5	Valid
Parking Tax	1,000	0.5	Valid
PAD	1,000	0.5	Valid

Source: Processed Data, 2020.

The AVE value in table 1 shows that all research variables, namely hotel tax, restaurant tax, entertainment tax, advertisement tax, street lighting tax, parking tax, and PAD are above 0.5. These results prove that the research variables used are valid and can be used to measure research variables.

a. **Discriminant Validity**

Discriminant validity can explain whether a construct of a variable is different from the constructs of other variables. Through discriminant validity, it will be known whether the constructed variable is unique and able to capture phenomena that other variable constructs cannot capture. One way to find out the value of construct validity is to check the cross-loading of each indicator. The cross-loading value of the related variable indicator must be greater than the other indicator variables to meet the discriminant validity criteria. The results of the discriminant validity of the study will be presented in table 2 below.

Table 2
Result of Discriminant Validity Test

Variable	PAD	Entertainment Tax	Hotel Tax	Parking Tax	Street Lighting Tax	Advertisement tax	Restaurant tax
PAD	1,000						
Entertainment Tax	-0.090	1,000					
Hotel Tax	0.783	0.168	1,000				
Parking Tax	0.966	-0.236	0.828	1,000			
Street Lighting Tax	0.562	-0.355	-0.068	0.446	1,000		
Advertisement Tax	0.875	-0.353	0.753	0.923	0.367	1,000	
Restaurant tax	0.945	-0.057	0.929	0.972	0.280	0.890	1,000

Source: Processed Data, 2020.

The results of the discriminant validity test show that each indicator on the related variable is proven valid and unique compared to indicators on other variables. It can be concluded that all the variables used have been able to measure the research variables. This validity test proves that the research variables have a degree of accuracy in measuring causal relationships with research variables where hotel taxes, restaurant taxes, entertainment taxes, advertisement taxes, street lighting taxes, parking taxes, and PAD have been able to explain or represent variables.

b. **Reliability (Composite Reliability)**

Reliability in research using PLS can be determined by looking at the value of Cronbach alpha and composite reliability. The research variable is said to be reliable if it has Cronbach's alpha and composite reliability of more than 0.6. The results of the research construct reliability test are presented in table 5 below.

Table 3
Reliability Test Value

Variable	Cronbach Alpha	Composite Reliability	Cut Off	Information
PAD	1,000	1,000	0.6	Reliable

Source: Processed Data, 2020.

Table 3 shows that the Cronbach alpha and composite reliability values of the PAD variable are above the cut-off value of 0.6. It can be explained that all the variables in the study were reliable, so the indicators for each variable are trustworthy and can be used for further research.

c. **Evaluation of the Structural Model (Inner Model)**

Testing of the inner model or structural model is carried out to see the relationship between constructs, significance value, and R-square of the research model. Assessing the model with PLS

begins by looking at the R-square for each dependent latent variable. The R-square test is a way to measure the goodness of fit of a structural model. The R-squared value (R2) is used to assess how much influence certain independent latent variables have on the dependent latent variable. In this study, the structural model was calculated using the bootstrap resampling method using 500 substitutions.

d. *Path Models*

The path model was created to provide an overview of the relationship between the variables of hotel tax, restaurant tax, entertainment tax, advertisement tax, street lighting tax, parking tax, and PAD. The path model of this study is presented in Figure 1 below.
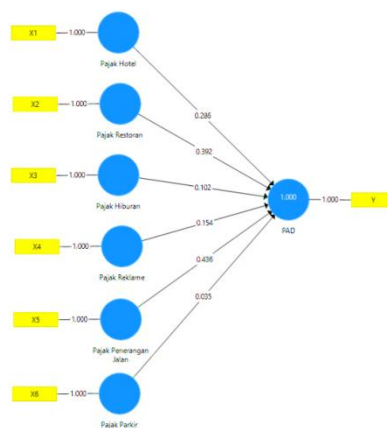
Fig 2. Path Model

Figure 1 shows that the hotel tax has a positive effect on PAD by 0.286, the restaurant tax has a positive effect on PAD by 0.392, the entertainment tax has a positive effect on PAD by 0.102, advertisement taxes have a positive effect on PAD by 0.154, the street lighting tax has a positive effect on PAD by 0.436 and parking tax affects PAD positively by 0.035. It can be explained that the exogenous variables in this study have a positive influence on the endogenous variables.

2.   Hypothesis test

Hypothesis testing using the p-value for each effect. The results of hypothesis testing are presented in table 4 below.

Table 4
Results of Direct Effect Hypothesis Testing

hypothesis	Connection	Path Coefficients	t-value	p-values	Information
H1	Hotel Tax→PAD	0.286	3,127	0.002	Significant
H3	Restaurant tax→PAD	0.392	2,325	0.020	Significant
H3	Entertainment Tax→PAD	0.102	2,096	0.037	Significant
H4	Advertisement tax→PAD	0.154	3,059	0.002	Significant
H5	Street Lighting Tax→PAD	0.436	4,042	0.000	Significant
H6	Parking Tax→PAD	0.035	0.299	0.765	Not significant

Source: Processed Data (2020).

Based on table 4 it can be concluded that:

a. First Hypothesis Testing

The result of the effect of hotel tax on PAD is 0.286 with a t-value of 3.127 and a p-value of 0.002   (p <0.05) which is significant. Thus the first hypothesis stated. Hotel tax revenue has an effect on Regional Original Income of Malang Raya statistically tested.

b. Second Hypothesis Testing

The result of the effect of restaurant tax on PAD is 0.392 with a t-value of 2.325 and a p-value of 0.020 (p <0.05) is significant. Thus the second hypothesis which states that restaurant tax revenue affects Malang Raya Regional Original Income is statistically tested.

c. Third Hypothesis Testing

The result of the influence of entertainment tax on PAD is 0.102 with a t-value of 2.096 and a p-value of 0.037 (p <0.05) which is significant. Thus the third hypothesis which states that entertainment tax revenue affects the Malang Raya Regional Original Income is statistically tested.

d. Testing Fourth Hypothesis

The results of the effect of advertisement tax on PAD was 0.154 with a t value of 3.059 and a p-value of 0.002 (p <0.05) was significant. Thus the fourth hypothesis which states that advertisement tax receipts affect the Malang Raya Regional Original Revenue is statistically tested.

e. Fifth Hypothesis Testing

The effect of street lighting tax on PAD is 0.436 with a t-value of 4.042 and a p-value of 0.000 (p <0.05) is significant. Thus the fifth hypothesis which states that street lighting tax revenue affects the Malang Raya Regional Original Income is statistically tested.

f. Sixth Hypothesis Testing

The results of the effect of the parking tax on PAD was 0.035 with a t-value of 0.299 and a p-value of 0.765 (p > 0.05) was not significant. Thus the sixth hypothesis which states that parking tax revenue affects the Regional Original Income of Malang Raya is statistically untested.

V.   CONCLUSION

Hotel tax revenue has a significant effect on the local revenue of Malang Raya. This shows that a greater hotel tax revenue can increase local revenue.Restaurant tax revenue has a significant effect on the local revenue of Malang Raya. This shows that a greater restaurant tax revenue can increase local revenue.Entertainment tax revenue has a significant effect on the original income of the Greater Malang area. This shows that a greater entertainment tax revenue can increase local revenue.Advertising tax receipts have a significant effect on the original income of the Greater Malang area. This shows that a greater advertising tax revenue can increase local revenue.Street lighting tax revenues have a significant effect on the local revenue of Malang Raya. This shows that a greater street lighting tax revenue can increase local revenue.Parking tax receipts do not affect the local revenue of Malang Raya. This shows that the size of parking tax revenue does not affect local revenue.

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