

## Contribution of Restaurant, Hotel, and Advertising Taxes to Local Revenue (PAD) in Manokwari During Economic Volatility (2019–2023)

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### Abstract

This study aims to analyze the effectiveness and contribution of restaurant, hotel, and advertising taxes to the Local Own-Source Revenue (PAD) of Manokwari Regency from 2019 to 2023, within the context of inflation dynamics and economic growth. Employing a quantitative approach through descriptive statistics, Pearson correlation, and multiple linear regression analysis, this study examines the simultaneous effects of these variables on PAD. The findings reveal that all three taxes are categorized as highly effective, with restaurant tax achieving an average effectiveness of 108.44%, hotel tax 97.85%, and advertising tax 97.01%. However, only advertising tax demonstrates a significant contribution to PAD, showing a very strong correlation ( $r = 0.977$ ;  $p < 0.01$ ). Although restaurant and hotel taxes are collected effectively, their contribution remains relatively low and statistically insignificant. Inflation and economic growth variables display positive but statistically insignificant correlations. These results highlight the paradox between tax effectiveness and its actual contribution, emphasizing the need for context-specific and data-driven fiscal policy approaches. This study contributes to the development of a regional fiscal model that is responsive to local economic dynamics and supports the sustainable optimization of local revenue sources.

**Keywords:** local taxation; tax collection effectiveness; contribution to local revenue; Local economic volatility; inflation and economic growth

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### INTRODUCTION

Within the framework of national development based on fiscal decentralization, the role of Regional Original Revenue (PAD) is becoming increasingly vital as an indicator of fiscal independence and the ability of local governments to fund development sustainably. In this context, regional taxes serve as the primary source of PAD, reflecting not only local economic potential but also the fiscal administration capacity of local governments. Several types of regional taxes, such as restaurant taxes, hotel taxes, and advertising taxes, have been recognized for their contribution to supporting regional finances in various regions of Indonesia, although their effectiveness and contribution still show striking disparities between regions (Azis et al., 2020; Riskarini et al., 2024). These differences are inseparable from the complexity of local economic dynamics, the effectiveness of tax administration, and changes in applicable regulations and fiscal policies.

In recent literature, several studies have explored the relationship between the effectiveness of regional tax collection and its contribution to PAD. For example, studies

conducted by (Andri (Andri Wahyudi & Annisa Annisa, 2023)in West Sumatra, and (Wicaksono et al., 2023)in Banyuwangi, showed that the effectiveness of restaurant and hotel tax collection is relatively high, but its contribution to PAD is still relatively low. This phenomenon was also found in research (Riskarini et al., 2024)in DKI Jakarta, which highlighted the occurrence of an effectiveness-contribution paradox, where even though tax revenue targets were achieved, their contribution to PAD was insignificant. This problem indicates that the effectiveness of fiscal administration is not necessarily in line with increasing regional fiscal capacity. On the other hand, external factors such as the Covid-19 pandemic, inflation, and the economic slowdown are also important variables that influence tax revenue, especially in the service sector such as hotels and restaurants (Vinanda & Ahmad, 2022).

The main issue raised in this study is the limited effectiveness of regional taxes in significantly increasing their contribution to local revenue (PAD), particularly in Manokwari Regency. Despite the high effectiveness of tax collection, the actual contribution to PAD remains low, as indicated by data analysis for the 2019–2023 period. This phenomenon raises a fundamental question: why is high effectiveness not followed by adequate contributions? Furthermore, the relationship between macroeconomic variables such as inflation and economic growth with tax revenue performance has not been widely studied empirically, especially in developing regions like Manokwari.

In general, several solutions have been proposed by previous studies to increase regional tax revenue. One approach is through innovation in the tax administration system, such as digitizing tax reporting, strengthening human resource capacity, and expanding the tax base (Caesario et al., 2023; Nur Fadhli, 2023). Furthermore, data integration between agencies, the use of spatially based technology, and real-time transaction monitoring (for example, through the MPOS system) are also proposed solutions to improve taxpayer accuracy and compliance (Wicaksono et al., 2023). However, the effectiveness of these solutions has not been widely tested in the context of remote or underdeveloped regions such as West Papua, which face distinct structural and geographic challenges.

More specifically, previous literature has indicated that macroeconomic stability, particularly inflation and economic growth, influences regional tax performance. [1] (Andri Wahyudi & Annisa Annisa, 2023)asserts that increased economic growth tends to increase tax revenues from services, such as hotels and restaurants. However, on the other hand, high inflation can depress public purchasing power, leading to decreased consumption and impacting tax revenues from the service sector. These studies suggest that the effectiveness and contribution of regional taxes should be analyzed within a dynamic economic context and not solely relying on fiscal data.

Research conducted by [Indonesian] (Yu et al., 2023; Zhao et al., 2024)has even underscored the importance of fiscal policy responsiveness to local economic dynamics. In this context, tax policy flexibility and regional institutional capacity are key determinants of adaptation to macroeconomic changes. However, unfortunately, most studies are sector-specific and fail to consider the simultaneous influence of tax types, collection effectiveness, and external factors comprehensively. Furthermore, longitudinal studies in Eastern Indonesia are still very limited, despite the region's distinct economic characteristics and fiscal governance compared to those in western Indonesia.

A literature review shows that the contribution of restaurant, hotel, and advertising taxes to local revenue (PAD) tends to vary significantly across regions. (Hidayat et al., 2024; Saranani et al., 2023)The contribution of advertising taxes is relatively more stable compared to restaurant and hotel taxes, which are highly sensitive to fluctuations in consumption and public mobility. These studies also highlight that advertising taxes have a strong correlation with local revenue due to their more stable characteristics and resistance to short-term economic dynamics. On the other hand, the lack of integration of quantitative and contextual approaches is a major gap in regional tax research.

Against this backdrop, this study aims to simultaneously analyze the effectiveness and contribution of restaurant, hotel, and advertising taxes to Manokwari Regency's Regional Original Revenue (PAD) from 2019 to 2023, and to examine the influence of inflation and economic growth on regional tax revenue. This study presents novelties in two main aspects: first, the testing of an integrative model that simultaneously combines fiscal and macroeconomic variables; and second, the focus on Eastern Indonesia, which has been relatively neglected in national fiscal discourse. The scope of this study includes quantitative analysis based on secondary data and empirical validation through a comprehensive statistical approach. It is hoped that the results of this study can provide a strong foundation for contextual and evidence-based fiscal policymaking at the regional level.

## **METHODOLOGY**

This study was designed to examine the limited effectiveness of regional taxes in increasing contributions to Regional Original Income (PAD) in Manokwari Regency, particularly in the context of inflation dynamics and economic volatility during the 2019–2023 period. The methodology used relies on a quantitative approach with a descriptive and verification design. This approach was chosen because it allows for the simultaneous exploration and testing of causal relationships between fiscal and macroeconomic variables. According to Rahmatul (Putra et al., 2023), the verification quantitative design provides a strong empirical foundation for assessing the effectiveness of fiscal policy, particularly in the context of regional financial decentralization.

The research design employed focuses on two main objectives: describing the effectiveness and contribution of restaurant, hotel, and advertising taxes to local revenue (PAD), and simultaneously testing the influence of macroeconomic variables (inflation and economic growth) on regional tax contributions. Referring to (Riskarini et al., 2024), this approach is suitable for assessing the accuracy and impact of fiscal policy on regional revenue within a specific timeframe.

The population and sample in this study include all documents on regional tax revenue realization and official financial reports of Manokwari Regency for the period 2019 to 2023. The population includes annual quantitative data on restaurant tax, hotel tax, advertising tax, total PAD, regional inflation rate, and economic growth of West Papua Province. Given the comprehensive and complete data coverage for the specified time period, this study uses the census method as the sampling technique. This technique is in accordance with recommendations (Vinanda & Ahmad, 2022), which emphasize the importance of collecting total data in fiscal longitudinal studies to increase internal validity and strengthen the results of multivariate regression analysis.

Data collection was conducted documentary-style, compiling secondary data from relevant agencies. Tax revenue data and local revenue (PAD) reports were obtained from the Manokwari Regency Regional Revenue Agency (Bapenda), while inflation and economic growth data were taken from official publications of the West Papua Central Statistics Agency (BPS). All data used has undergone an internal audit and verification process by the local government, ensuring its validity and reliability. This method aligns with the approach used in this study, (Azis et al., 2020; Hidayah & Prakoso, 2022) which emphasizes the importance of data source integrity in regional fiscal analysis.

The analytical model used in this study combines three statistical techniques: descriptive analysis, Pearson correlation analysis, and multiple linear regression. The descriptive analysis aims to illustrate the trends and patterns of each variable over the five-year study period. This includes visualizing fluctuations in tax revenue, inflation rates, and economic growth, as well as changes in contributions to local revenue (PAD) over time.

Pearson correlation analysis is used to measure the strength and direction of the relationship between the independent variables (restaurant tax, hotel tax, advertising tax, inflation, and economic growth) and the dependent variable (PAD). This technique is useful for evaluating the potential for a linear relationship between variables, as applied in studies. (Andri Wahyudi & Annisa Annisa, 2023; Lesmana, 2023)

Next, multiple linear regression analysis was used to test the simultaneous influence of all independent variables on PAD. This regression model is formulated as follows:

$$\text{PAD} = \beta_0 + \beta_1 \text{Restaurant Tax} + \beta_2 \text{Hotel Tax} + \beta_3 \text{Advertising Tax} + \beta_4 \text{Inflation} + \beta_5 \text{Economic Growth} + \varepsilon$$

In this model,  $\beta_0$  is a constant,  $\beta_1$  through  $\beta_5$  are the regression coefficients for each independent variable, and  $\varepsilon$  is an error term representing other unobserved variables. This model allows for both partial (through the t-test) and simultaneous (through the F-test) hypothesis testing, as well as calculating the coefficient of determination ( $R^2$ ) as an indicator of the model's predictive power regarding PAD. This approach is also widely used in research (Triwinarso et al., 2022; Wicaksono et al., 2023) to assess fiscal contributions at the regional level.

The collected data was processed using SPSS version 25 statistical software. The processing was carried out sequentially: first, all data were codified and input into the system; second, descriptive tabulation was carried out to obtain the average value, standard deviation, minimum and maximum of each variable; third, Pearson correlation analysis was carried out to map the relationship between variables; and finally, multiple linear regression was carried out to test the direct influence of each variable on PAD.

Model validity was tested by examining the significance values at the  $\alpha = 0.05$  and  $\alpha = 0.01$  levels. Classical assumption tests, such as normality, multicollinearity, and heteroscedasticity, were also conducted to ensure the suitability of the regression model. Normality testing was performed using the Kolmogorov-Smirnov method, while multicollinearity was tested using the Variance Inflation Factor (VIF) value, and heteroscedasticity was tested using the Glejser test. All of these tests aim to ensure that the regression coefficient estimates are unbiased and reliable for generalizing research results.

In the context of further analysis, interpretation of the results will focus on statistically significant variables, while also considering the practical relevance of the regression coefficients to regional fiscal policy. For example, if advertising tax shows a significant effect on local revenue (PAD), as indicated in the initial findings ( $r = 0.977$ ;  $p < 0.01$ ), then the model will be used to formulate evidence-based policies to optimize the advertising tax sector in Manokwari.

Overall, the methodology used in this study is designed to address the research questions comprehensively and comprehensively, allowing for analysis of temporal variation and simultaneous influences between variables. Furthermore, this approach allows for empirical and measurable testing of the research hypotheses formulated in previous studies. Therefore, the results obtained are not only methodologically valid but also relevant for developing local context-based fiscal policy strategies in Manokwari Regency.

## RESULTS AND DISCUSSION

This study presents an in-depth analysis of the effectiveness and contribution of restaurant, hotel, and advertising taxes to Regional Original Income (PAD) in Manokwari Regency during the 2019–2023 period, within the framework of macroeconomic variables such as inflation and economic growth. These results were analyzed based on quantitative data processing using SPSS version 25 software using descriptive analysis, Pearson correlation, and multiple linear regression.

### General Description of Research Data

Manokwari Regency's average local revenue (PAD) over the five-year period reached Rp96.41 billion with a standard deviation of Rp10.13 billion. In terms of tax types, restaurant taxes generated an average revenue of Rp9.06 billion, followed by hotel taxes at Rp5.46 billion, and advertising taxes at Rp4.02 billion. Inflation averaged 0.25%, and West Papua's economic growth during the study period was stable at around 4.35% [ 32†source ] .

### Analysis of Regional Tax Effectiveness

The effectiveness of each type of tax showed high achievement. Restaurant tax had an average effectiveness of 108.44%, indicating a "very effective" category with a range of 93.25% to 120.40%. Hotel tax had an effectiveness of 97.85% and advertising tax 97.01%. These results indicate that the local government was quite successful in meeting its established revenue targets. The following table shows a summary of the effectiveness results:

**Table 1. Effectiveness of Regional Taxes  
Manokwari Regency (2019–2023)**

Types of Taxes	Minimum (%)	Maximum (%)	Average (%)	Category
Restaurant Tax	93.25	120.40	108.44	Very Effective
Hotel Tax	81.65	121.26	97.85	Effective
Advertising Tax	74.55	115.73	97.01	Effective

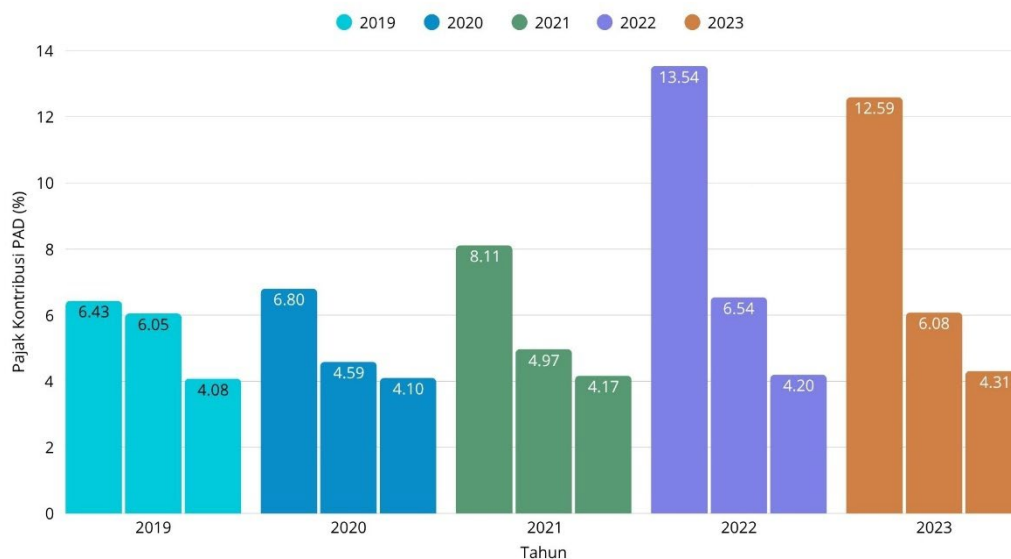
Source: SPSS25 Data Processing Results

Despite its high effectiveness, literature such as [ (Riskarini et al., 2024)and] (Wicaksono et al., 2023)shows that collection effectiveness does not always align with contributions to local revenue (PAD). This is relevant to the situation in Manokwari, where effectiveness does not always reflect adequate contribution realization.

### Regional Tax Contribution to PAD

The contribution of each type of tax to local revenue (PAD) shows disparities. Restaurant tax contributes an average of 9.49%, hotel tax 5.64%, and advertising tax only 4.17%. Overall, these contributions are still considered low to moderate. However, restaurant tax has shown an increasing trend since 2021, while hotel and advertising taxes have remained relatively stable. The visual information is presented in:

**Figure 1. Trend of Regional Tax Contribution to PAD of Manokwari Regency (2019–2023)**



(The bar chart depicts the annual fluctuation of tax contributions to PAD. Restaurant taxes increased after the Covid-19 pandemic, while the other two remained stagnant.)

The paradox of effectiveness and contribution highlighted by the findings (Riskarini et al., 2024)was again found, where despite high effectiveness, fiscal contribution remains limited, most likely due to the dominance of other revenue components such as central transfer funds.

### Correlation Analysis between Variables

The results of the Pearson correlation analysis show that advertising tax has the strongest relationship with local revenue ( $r = 0.977$ ;  $p = 0.004$ ), followed by hotel tax ( $r = 0.695$ ), while restaurant tax has a weak negative correlation ( $r = -0.099$ ). Inflation and economic growth each show a positive but insignificant correlation.

Variables	Correlation Coefficient (r)	Significance (p)	Interpretation
Restaurant Tax	-0.099	0.874	Not Significant

<b>Hotel Tax</b>	0.695	0.193	Moderate positive
<b>Advertising Tax</b>	0.977	0.004**	Very strong positive
<b>Inflation</b>	0.307	0.615	Weak positive
<b>Economic growth</b>	0.684	0.203	Moderate positive

**Note:** Significant at  $\alpha = 0.01$

This finding confirms what Lesmana (2023) and Saranani et al. (2023) have stated, that advertising tax has a more stable revenue stream and is not dependent on the public consumption cycle, unlike other service sector taxes.

### 3.5 Multiple Linear Regression Analysis

The regression model showed an adjusted R<sup>2</sup> value of 0.91, meaning 91% of the variation in PAD was explained by the five independent variables. The t-test showed that only advertising tax had a significant effect on PAD.

**Table 3. Multiple Linear Regression Test Results**

<b>Variables</b>	<b>Coefficient (β)</b>	<b>t-count</b>	<b>Significance (p)</b>	<b>Information</b>
<b>Restaurant Tax</b>	-0.024	0.192	0.874	Not Significant
<b>Hotel Tax</b>	0.312	1,447	0.193	Positive not significant
<b>Advertising Tax</b>	0.911	7,424	0.004**	Significant positive
<b>Inflation</b>	0.085	0.523	0.615	Not Significant
<b>Economic growth</b>	0.278	1,621	0.203	Positive not significant

**Note:** Significant at  $\alpha = 0.01$

The significance of advertising tax alone indicates that this type of tax is most effective in driving PAD, as also confirmed in the literature by Yu et al. (2023) and Zhao et al. (2024) regarding the importance of a fixed tax base in regional fiscal strategies.

## **Interpretation of Results**

Despite high collection effectiveness, fiscal contributions do not always increase proportionally. This situation reflects structural limitations such as dependence on central transfers and a suboptimal service sector tax base. Restaurant and hotel taxes are heavily influenced by public mobility and consumption, as highlighted by Kalalo et al. (2024). Meanwhile, advertising taxes have demonstrated resilience to economic fluctuations.

## **Answers to Research Questions**

The first question regarding tax effectiveness and contribution has been answered, with evidence of high effectiveness, but contributions vary and tend to be low. For the second question, correlation and regression results indicate that inflation and economic growth are insignificant, although their direction is positive. The third question regarding the differences in influence between tax types was also answered: only advertising tax has a significant impact on local revenue (PAD), while restaurant and hotel taxes do not.

## **Policy Implications**

The policy implications of these findings highlight the importance of fiscal innovation, particularly in strengthening the tax sector's contribution to stability. The use of technology such as the MPOS system for restaurant and hotel taxes is crucial. The government should also adopt strategies to improve compliance and diversify the tax base, as suggested by (Vinanda & Ahmad, 2022)[and] (Caesario et al., 2023).

Taking all the above findings into account, this study confirms that collection effectiveness is not the sole measure of regional fiscal success. Contributions to local revenue (PAD) are largely determined by the resilience of the tax sector, institutional support, and adaptation to macroeconomic changes and more complex local dynamics.

## **The Relationship between Regional Tax Effectiveness and Contribution to PAD**

The results of the study indicate that the level of effectiveness of local tax collection in Manokwari Regency, which includes restaurant, hotel, and advertising taxes, is in the high to very effective category. However, this level of effectiveness has not been fully followed by a significant increase in contributions to Regional Original Income (PAD). This phenomenon confirms what is (Riskarini et al., 2024) known as the effectiveness-contribution paradox, namely a condition where the realization of tax revenue is high, but the proportion of its contribution to PAD does not experience significant growth. In the context of Manokwari, this can be explained by two main factors: (1) PAD growth which is also driven by other sources such as transfer funds and regional levies, and (2) the limited tax base in the local service sector which is still in the development stage.

The effectiveness of restaurant tax collection reached an average of 108.44%, hotel tax 97.85%, and advertising tax 97.01%. These figures confirm that regional administration and fiscal compliance are well-functioning. However, based on contribution data, restaurant tax only achieved an average of 9.49%, hotel tax 5.64%,

and advertising tax 4.17%. This significant difference between effectiveness and contribution indicates that increasing tax collection efficiency does not automatically increase regional fiscal independence. These findings reinforce Lesmana's (2023) view that regional tax contributions are more strongly influenced by regional economic capacity and community economic activity than by administrative capabilities alone.

### **Restaurant Tax: High Effectiveness, Limited Contribution**

The restaurant sector in Manokwari Regency demonstrated the highest tax collection effectiveness, but this did not translate into a significant contribution to the Regional Original Revenue (PAD). This aligns with research by Jaya and Susanto (2022) in Palopo and (Meiani et al., 2022) Balikpapan, which concluded that increasing restaurant tax effectiveness does not always correspond to an increase in its contribution to PAD due to fluctuating purchasing power and the growth of the service sector. Based on trends in contribution data, restaurant taxes began to increase in 2021 after declining during the Covid-19 pandemic, which resulted in reduced public consumption of culinary and tourism services.

These limitations can also be attributed to the structural characteristics of Manokwari's economy, which is dominated by government activities and the informal sector. According to (Kalalo et al., 2024), regions with undiversified economic structures tend to have low restaurant tax potential, as consumption activities are predominantly concentrated in the non-commercial sector. Furthermore, taxpayer compliance and the lack of digital transaction reporting systems (such as point-of-sale monitoring) are obstacles to expanding the restaurant tax base. Nur Fadhli (2023) emphasized that adopting digital technology can be an effective strategy for improving taxpayer compliance and reporting accuracy in this sector.

### **Hotel Tax: Economic Fluctuations and Sensitivity to the Tourism Sector**

Hotel tax in Manokwari Regency has relatively good effectiveness, but its contribution is still relatively low. Based on Pearson's correlation results, the correlation value of hotel tax to local revenue (PAD) is 0.695, indicating a moderate positive relationship but not statistically significant. This reflects that hotel tax is influenced by tourism dynamics and community mobility, which are cyclical and highly sensitive to economic changes.

During 2020–2021, hotel occupancy rates in Manokwari experienced a significant decline due to the Covid-19 pandemic and travel restrictions, reducing hotel tax revenue. This is consistent with research findings (Wicaksono et al., 2023), which found that regions with a tourism-based economy are highly vulnerable to macroeconomic fluctuations. After 2021, economic activity began to recover, but not enough to contribute significantly to regional regional revenue (PAD) because the increase in tax rates was not matched by an increase in demand for accommodation services.

In the context of fiscal decentralization theory (Rahmatul Putra et al., 2023; Yu et al., 2023), this phenomenon demonstrates that regional fiscal capacity is determined not only by tax collection capacity but also by the elasticity of local economic sectors to fiscal policy. Increasing hotel tax contributions requires cross-sectoral support, such

as tourism promotion, infrastructure improvements, and investment facilitation, which can increase demand for local accommodation services.

### **Advertising Tax: The Most Stable and Significant Tax Source**

Advertising tax is the only variable that shows a positive and significant effect on PAD, with a correlation coefficient of 0.977 and a significance level of 0.004. This condition indicates that the advertising sector has a relatively high stability and resilience to economic fluctuations. This result is consistent with the findings (Lesmana, 2023; Saranani et al., 2023), which confirm that advertising tax has a stable contribution because it does not depend directly on public consumption, but on business promotional activities that continue even in economic downturns.

The advantages of advertising tax in the Manokwari context can be explained by its more stable cost structure and tax base. The local government has direct control over the issuance of advertising permits, thus minimizing the potential for tax leakage. Furthermore, the advertising tax base tends to be sustainable because many local businesses and government agencies continue to conduct visual publications year-round. This makes advertising tax a relatively more resilient fiscal instrument to economic crises compared to restaurant and hotel taxes.

It is important to note that although advertising tax contributes only around 4.17% of total local revenue (PAD), its significant influence on PAD variation demonstrates its strategic role in maintaining regional revenue stability. Local governments can capitalize on this potential by expanding advertising zoning, improving online licensing systems, and integrating spatial data for monitoring illegal advertising, as suggested by (Vinanda & Ahmad, 2022).

### **The Effect of Inflation and Economic Growth on Locally Generated Revenue (PAD)**

Macroeconomic variables such as inflation and economic growth showed a positive but insignificant effect on local revenue (PAD). The coefficient of inflation on PAD was 0.307, while that of economic growth was 0.684. This aligns with research findings (Yu et al., 2023), which found that in developing regions, the influence of macroeconomic variables on fiscal revenue is often weak due to limited local economic capacity and the dominance of non-tax revenue.

Moderate inflation can increase tax revenue through rising prices of goods and services, but if it is too high, it can suppress public consumption and reduce demand for restaurant and hotel services. Conversely, West Papua's stable economic growth of around 4.35% during the study period has the potential to drive long-term increases in tax revenue, especially if accompanied by expansion of the formal sector and increased private investment. (Hidayat et al., 2023) emphasizes that economic growth will only have a significant impact on local revenue (PAD) if accompanied by increased tax-based economic activity and strengthened regional fiscal administration.

### **Integrative Analysis and Implications for Regional Fiscal Policy**

Empirical findings show that high effectiveness does not guarantee optimal fiscal contribution. This indicates that the Manokwari Regency Government needs to shift its policy focus from simply increasing collection effectiveness to strengthening the tax base and diversifying regional revenue sources. In line with this (Caesario et al., 2023), strategies to increase local revenue (PAD) need to be directed at local fiscal innovation, including the integration of digital reporting systems, increasing human resource capacity in the tax sector, and improving regulations to expand the new tax base in the services and trade sectors.

Institutionally, these results also demonstrate the need for regional fiscal governance reforms to make tax policies more adaptive to economic dynamics. This includes digitizing the regional tax system through online tax monitoring, developing spatial taxpayer data, and synergizing with the private sector to strengthen compliance. This approach will help address the persistently high tax gap between potential and realized revenues.

Furthermore, improving Manokwari's local revenue (PAD) performance requires cross-sectoral and inter-level coordination. Optimizing the advertising sector, for example, can be combined with city branding strategies and communication infrastructure development. Meanwhile, for the restaurant and hotel sector, policy interventions oriented towards increasing tourist appeal and local spending will have a multiplier effect on regional fiscal growth. Thus, the results of this study not only enrich the academic discourse on the effectiveness of regional taxes but also provide a strong empirical basis for local fiscal policy reform based on the regional economic context.

### **CONCLUSION**

This study reveals that although restaurant, hotel, and advertising taxes in Manokwari Regency demonstrate high to very effective collection performance, they have not yet translated into a substantial contribution to Regional Original Income (PAD), highlighting structural limitations in the local tax base and the still-developing economic sector. Among these taxes, advertising tax emerges as the only variable with a positive and statistically significant effect on PAD, positioning it as the most stable and promising source for further optimization, while restaurant and hotel taxes, despite effective realization rates, do not significantly influence PAD. Furthermore, macroeconomic factors such as inflation and economic growth exhibit positive but insignificant relationships with PAD, indicating that the regional economic structure remains relatively unresponsive to broader macroeconomic dynamics and requires more contextual and adaptive fiscal policies. By integrating effectiveness, contribution, and external macroeconomic variables within a single analytical framework, this research enriches the regional fiscal literature, particularly for developing regions where prior studies have often adopted partial approaches. Nevertheless, the study is limited by its reliance on secondary data from 2019–2023 and the exclusion of non-fiscal determinants such as taxpayer compliance and technological innovation, suggesting that future research should incorporate qualitative and spatial dimensions for a more comprehensive analysis. Practically,

local governments are encouraged to shift fiscal strategies beyond target achievement toward expanding the tax base, strengthening compliance through digitalization and fiscal education, integrating taxpayer databases, and fostering institutional innovation alongside private sector collaboration to sustainably enhance local revenue performance

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