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Increasing Regional Income: Analysis of The Effectiveness of Market Levy Receipt in Sidoarjo Regency

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Abstract: Market retribution is a crucial component of regional income, playing an important role in supporting development and public services. As the primary source of income from regional financial potential, market retribution in Sidoarjo Regency successfully exceeded targets from 2019 to 2023, with the exception of 2023. This success contributes to the increase in regional original income, supports the implementation of regional autonomy, and has the potential to become an additional source of income. This study aims to analyze the effectiveness of market retribution revenue in Sidoarjo Regency, as well as identify challenges and strategies related to market service retribution. Using a qualitative descriptive analysis method, this study evaluates the target data and realization of market retribution revenue during the 2019-2023 period. The research findings indicate a very high level of effectiveness from 2019 to 2023, except for 2023.

Keyword: Effectiveness, Retribution, Acceptance

INTRODUCTION

Indonesia's progress as a large and diverse country requires a strong synergy between citizens and governments at various levels. This collaboration involves not only the central government, but also provincial and local governments, as well as active participation from the general public. This is important to ensure that development can be implemented evenly and sustainably throughout Indonesia. Regional autonomy is one of the key strategies implemented by the central government to encourage equitable development. Through this policy, local governments are given broad authority in managing various government functions, including planning, implementing, monitoring and controlling development in their respective regions. This allows each region to develop its potential according to local characteristics and needs.

In the context of implementing regional autonomy, regional own-source revenue (PAD) plays a very important role as the main capital for development. PAD comes from various components, including local taxes, local levies, the results of the management of separated local assets, and other legal revenues. Local governments are required to be able to optimize the management of this PAD in order to finance various development programs and

meet regional needs independently. One significant component of PAD is local retribution, including market retribution. These retributions are levies imposed on the utilization of services or the granting of certain permits provided by the local government for the benefit of individuals or business entities. Specifically for market levies, the objects include the provision of market facilities such as kiosks or los, loading and unloading of merchandise, management of market crowds, and administrative costs such as name transfer.

According to Law of the Republic of Indonesia Number 28 of 2009 on Local Taxes and Levies Article 1, Local retribution is defined as levies made by local governments in return for services or special permits granted for the benefit of individuals or business entities. Local Regulation of Donggala Regency Number 3 of 2011 on Business Service Retribution, more specifically defines market retribution as a payment for the service of providing market facilities, including equipment and los, which are managed by the local government and specialized for traders. The object of market retribution covers four main aspects namely Provision of market facilities or shops, loading and unloading activities of crops, seafood, livestock, and other merchandise within a 200 meter radius of the market, market crowds, and transfer of use fees. These definitions and coverage provide a legal and operational framework for the management of market retribution in the region.

According to Regional Regulation of Donggala Regency Number 3 of 2011 concerning Retribution for Business Services, a market is defined as an area provided or determined by the local government for direct and regular buying and selling of goods and services. This market consists of various components such as courts, los, kiosks, and other forms of buildings. Market levies refer to payments imposed on the use of market facilities managed by the government. This levy can be levied on a recurring basis on those who utilize the services of the market. The collection of these levies benefits the local government as a source of revenue. Local retribution has its own characteristics and advantages compared to other sources of Local Own Revenue (PAD). This makes market user charges an important component in the strategy to increase local revenue. Thus, market user charges not only function as a source of revenue, but also as an instrument of management and development of market facilities by the local government.

The effectiveness of market levy revenue is an important indicator in assessing the performance of regional financial management. This effectiveness measurement is done by comparing revenue realization with potential. Therefore, it is very important to conduct an in-depth study of the factors that can affect the realization of market levy revenue. Understanding these factors will assist local governments in developing the right strategy to increase market levy revenue so that it can exceed the set target. However, previous studies have shown that there is a gap between the potential and realization of market service levy revenue. Although the potential is quite large, revenue realization is often still far from the expected level. Furthermore, the contribution of market service fees to PAD tends to be low and even shows a downward trend over time. This phenomenon indicates a serious challenge in the management of market user fees that needs to be addressed by local governments.

Facing this situation, more intensive and innovative efforts are needed from the local government to optimize market levy revenue. This can be done through various means, such as improving the administration system, enhancing the quality of market services, educating traders and the public about the importance of retribution, and applying technology in the retribution collection process. With these measures, it is expected that market levy revenue can be increased, which in turn will contribute to the increase of regional own-source revenue (PAD) and support the successful implementation of regional autonomy in Indonesia. Based on research conducted by Mubarok (2016) with the title Potential of Market Service Levy Revenue and its contribution to the Prospect of Samarinda City Regional Original Revenue, descriptive statistics is the research methodology used in this study. The findings of this study

show that although the first analysis estimates that the potential of annual market service levy in Samarinda City is very large, the revenue from market service levy realized during the previous five years is still far from the potential. In the second study, the contribution of local revenue from market services levy to Kota Samarinda is very low or continues to decline, and in the third analysis, the prospective contribution of market services levy to Kota Samarinda is shown to be:

Table 1. Comparison of Projection and Achievement of Market Levy Revenue in Sidoarjo Regency for Five Budget Periods

No.	Description of Fiscal Year	Market Retribution Revenue Target	Realization of Market Retribution Revenue
1.	Market Retribution in 2019	17.689.000.000	19.623.640.783
2.	Market Retribution in 2020	17.060.000.000	17.424.031.414
3.	Market Retribution in 2021	18.810.000.000	21.171.244.084
4.	Market Retribution in 2022	21.959.020.000	21.961.122.954
5.	Market Retribution Year 2023	21.413.322.700	19.602.287.424

Source: Sidoarjo Industry and Trade Office

Based on the table above, the target market levy revenue decreased in 2019-2020, increased in 2021-2022, and decreased in 2023, based on the table above. The 2019-2020 period shows a downward trend in market levy revenue, followed by an increase in 2021-2022, but again a decline in 2023. Optimizing revenue from market service fees is an important strategy for regions in funding the implementation of regional autonomy. Sidoarjo Regency is one example of a region that utilizes market levies as a source of revenue to finance government operations and regional development programs. Among the various sources of local levies, market levy has a significant role due to its consistent and substantial contribution to local revenue in Sidoarjo Regency every year. Based on the context that has been described, the researcher decided to conduct a study with the title: "Revenue Effectiveness Analysis of Market Levies in Sidoarjo Regency". This study aims to evaluate the effectiveness of market levy management in supporting local revenue in Sidoarjo Regency.

LITERATURE REVIEW

Retribution

Retribution is a government levy for services it provides, with direct reciprocity. According to Suandy (2011) According to Suandy (2011), retribution is only imposed on users of certain services. Kurniawan (2004) classifies retribution objects into three categories:

1. Public Services: Government services for the public good, such as health services.
2. Business Services: Commercial government services that can also be provided by the private sector, such as lodging and workshops.
3. Specific Licenses: Licenses granted by the government for the purpose of regulation and protection of the public interest, for example a building permit.

Law of the Republic of Indonesia Number 28 Year 2009 on Local Taxes and Levies regulates the retribution collection procedure as follows:

1. Using SKRD or equivalent documents (ticket, coupon, subscription card).
2. An administrative penalty of 2% per month for late payment.
3. The collection begins with a warning letter.
4. The procedure for collection is stipulated by the Regional Head.

It is important to note that licensing by the central or regional government is not subject to retribution, and collection of retribution is payable using STRD.

Regional Retribution

Law of the Republic of Indonesia Number 28 Year 2009 on Local Taxes and Local Retribution Local taxes are defined as levies implemented by local governments for certain services or licenses specifically provided and granted for the benefit of individuals or entities. In line with this definition, Toduho et al (2014) strengthen this definition by emphasizing that retribution is a form of payment imposed on the utilization of services or the acquisition of special permits provided by the local government. These two sources confirm that local retribution is a fiscal instrument used by local governments to generate revenue from the provision of services or the granting of specific permits to certain individuals or entities. Halim (2004) expands the definition of retribution as a government levy that arises as a result of contraprestasi, or payment for services directly enjoyed by individual citizens, with an implementation based on applicable regulations. Law No. 28/2009 divides retribution into three main categories:

1. General Services Retribution: Covers various public services such as health, cleaning, identity document production, cemetery, public parking, market, vehicle testing, fire extinguisher inspection, map making, sanitation, waste treatment, tera service, education, and telecommunication tower control.
2. Business Services Retribution: Covers the utilization of regional assets, wholesale markets, auction houses, terminals, special parking, lodging, slaughterhouses, port services, recreation and sports facilities, water crossings, and sales of regional products.
3. Specific Licensing Retribution: (covering building construction permit, alcoholic beverage license, disturbance permit, route permit and fishery business license)

This classification provides a comprehensive overview of the different types of retribution that can be levied by local governments, covering general services, commercial businesses, and special licenses.

Effectiveness

Effectiveness in the context of local financial management refers to the government's ability to optimize resources, enabling program planning and implementation with cost and time efficiency in achieving predetermined goals. It becomes the benchmark of an organization's success, which can be evaluated by comparing the realization of levy collection against the set target. Musyarofah & Agustin (2007) proposed the use of a specific formula to assess the effectiveness of market levy revenue. The concept of effectiveness basically focuses on the achievement of policy goals or objectives, describing the relationship between outputs and objectives to be achieved. Ulum (2008) emphasizes that operational activities are considered effective when the process is successful in achieving the final goals and objectives. Meanwhile, Mardiasmo (2009) explains effectiveness as a comparison between the program results achieved and the targets that have been set previously. In simple terms, effectiveness can be defined as the ratio between outcomes (results achieved) and outputs (targets set), providing a concrete picture of the success rate of a program or policy.

Effectiveness =

$\frac{\text{Realization of Sidoarjo Market Levies}}{\text{Levies}} \times 100\%$

To evaluate how effective the management of Market Service Levies in Sidoarjo District is, we can refer to the table of assessment criteria presented below. The table provides a guide for interpreting the level of effectiveness based on available data.

Table 2. Effectiveness criteria

Effectiveness of Local Retribution	Criteria
More than 100%	Very effective
90% - 100%	Effective
80% - 90%	Effective enough
60% - 80%	Less effective
Less than 60%	Ineffective

Source: (Putra et al., 2014)

METHOD

This study applies descriptive methodology, with the aim of providing a structured description of the facts, characteristics, relationships and phenomena that are the focus of the research. This approach was chosen to describe certain conditions or circumstances neutrally, in line with the real situation at the time of the research. This research was conducted at the Sidoarjo Regency Industry and Trade Office. The specific location of the office is on Jalan Jaksa Agung Suprpto Number 9, precisely in the Sidoklumpuk area, Sidokumpul, which is within the Sidoarjo District, East Java Province. With the approach and location that has been determined, this research aims to produce a comprehensive picture of the object of study in a specific and relevant context.

The research period lasts for one month, starting from March 04 to April 05, 2024. The focus of the research lies on the development of market levies in 19 markets in Sidoarjo Regency during the 2019-2023 period, with an emphasis on analyzing the effectiveness of market levies in the last five years. This study utilizes primary data in the form of information on the target and realization of market levy revenue for the period 2019 to 2023. This data was collected directly from the Sidoarjo District Industry and Trade Office. The data collection process involves two main methods: interviews and documentation. The approach used in this research is qualitative with a descriptive orientation. The purpose of this approach is to conduct an in-depth analysis and provide a comprehensive picture of the various conditions and situations of the available data, in a context that is relevant to the circumstances in which the research was conducted. With this methodology, the research aims to produce an in-depth and contextual understanding of the dynamics of market levy revenue in Sidoarjo Regency during the period under study.

RESULTS AND DISCUSSION

Analysis of the Level of Effectiveness of Market Retribution

The effectiveness of market levy revenue in Sidoarjo District, which is collected through a ticket system, is evaluated by comparing revenue realization to the set target. Market levy revenue is considered effective if the percentage resulting from this calculation approaches or exceeds 100%. The table presented next shows the results of the effectiveness analysis of market levy revenue managed by the Sidoarjo District Industry and Trade Office. The data shown covers the period from fiscal year 2019 to 2023, providing a comprehensive picture of the performance of market levy management over the past five years.

Table 3. Analysis of the Level of Success (Effectiveness) of Market Retribution Collection by Disperindag

Budget Year	Revenue Target	Revenue Realization	Retribution Effectiveness	Effectiveness Criteria
2019	17.689.000.000	19.623.640.783	111%	Highly Effective
2020	17.060.000.000	17.424.031.414	102%	Highly Effective
2021	18.810.000.000	21.171.244.084	112,55%	Highly Effective
2022	21.959.020.000	21.961.122.954	100,01%	Highly Effective

2023	21.413.322.700	19.602.287.424	91,541%	Effective
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Source: Data Processing Results

Table 3 presents an analysis of the success rate or effectiveness of market retribution collection in Sidoarjo District during the 2019-2023 period. In 2019, the effectiveness level reached 111%, which is classified as highly effective. Although it decreased in 2020, the effectiveness remained at a very effective level with a percentage of 102%. 2021 showed a significant increase, with effectiveness reaching 112.55%, maintaining the highly effective category. However, there was a decline again in 2022, although it was still in the highly effective category with a percentage of 100.01%. The downward trend continued in 2023, when the effectiveness of market retribution revenue fell to 91.54%. Despite the decline, this achievement is still classified in the effective category.

Analysis of Effectiveness Measurement According to James L. Gibson

Clarity of Purpose

Based on the evaluation of the six indicators of effectiveness proposed by James L. Gibson, specifically related to Clarity of Purpose, it can be concluded:

Market levies have several main objectives. First, to increase local revenue. Second, to advance the quality of markets in Sidoarjo Regency, maximize their potential, and improve services to the community, which is expected to spur economic growth. Third, to achieve the targets set in the previous local regulation. However, the researcher concludes that although market retribution has a clear direction and purpose, it is no longer effective as a source of local own-source revenue (PAD). This conclusion is based on the criterion of clarity of purpose in effectiveness analysis. The main purpose of market retribution is to generate revenue for the local government. It also aims to improve the quality of markets in Sidoarjo Regency so that they can maximize their potential as markets and provide the best service to the local community, which is expected to encourage economic growth. In addition, it also aims to achieve a predetermined target, namely the target of market retribution, which was previously regulated by local regulation. From this explanation, researchers can conclude that market retribution as one of the sources of PAD revenue is no longer successful because it has a clear direction and objective based on clarity of objective criteria.

Clarity of Objective Achievement Strategy

After market retribution is authorized, the first stage of implementation is fund raising. The Industry and Trade Office adopted a proactive strategy with several steps:

1. Increase awareness of the importance of market retribution
2. Initiate renovation of market facilities
3. Deepen traders' understanding

The aim of these efforts is to ensure that traders feel cared for, comply with government regulations, and pay retribution regularly. On the other hand, retribution collection officers, as the implementers in the field, apply a more individualized approach by sending regular reminders and adjusting the collection schedule. This strategy is aimed at reducing the burden on traders and facilitating a smoother retribution payment process.

Comprehensive Planning

A plan that has been systematically formulated and organized to be implemented in the future is referred to as comprehensive planning. In this context, the Trade Office has developed a comprehensive plan regarding the implementation of local levies. The plan covers several important aspects:

1. Identify the types of local levies to be imposed

2. Preparation of technical procedures to carry out collection
3. Determination of the mechanism for depositing funds from the market manager to the Trade Office
4. Determination of consequences or sanctions that will be applied if something goes wrong in the process

With this detailed planning, the Trade Office seeks to ensure smoothness and effectiveness in the implementation of local levies.

Proper Programming

The program consists of a number of practical, organized, and coordinated actions intended to achieve objectives. Based on the author's observations, it can be concluded that the Industry and Trade Office program is good because it already has SOPs (Standard Operating Procedures) and because the sarpras provided are in accordance with industry standards.

Availability of Facilities and Infrastructure

Infrastructure and facilities provide most of an organization's support for its operations. Even with excellent programs, objectives, and strategies, these activities will not be able to run optimally without adequate infrastructure. Based on an analysis of the information obtained through interviews, the author found that the facilities and infrastructure provided by the Industry and Trade Office have met the standards set out in the applicable regulations. This finding indicates that the agency has carried out its obligations in providing infrastructure and facilities in accordance with existing legal provisions.

Educational Supervision and Control System

The Department of Industry and Trade is responsible for internal monitoring. Staff in charge of market levies carry out internal supervision in stages. The process starts with supervision by the market area coordinator, who also acts as a retribution collector. This supervision is carried out on a daily basis, especially during the process of collecting and depositing the market retribution to the administrative officer who monitors the collection results. The administrative officer then submits the daily revenue report to the treasurer. Meanwhile, the head of the market retribution section conducts weekly revenue monitoring as part of the supervision process. With this multilevel system, there is continuous supervision from the operational to the managerial level, creating an effective and educative control mechanism.

Constraints and Efforts

Analysis of Constraints in Optimizing Market Services

Due to factors such as weather, tariffs, lack of buyers, reduced income, and other factors, many traders are late in paying daily and annual taxes and express reasons why they do not realize their obligation to pay. Overpricing and the environment make it difficult for market collectors to retaliate. In addition, some traders deliberately delay payment, vacate their stalls in one market, and then rent space in another market.

This study takes a different approach from the research Pardede et al (2018) which focused on identifying barriers. This study focuses on individuals who utilize sidewalks, which should be reserved for pedestrians, by renting them out as trading locations and building markets. This practice results in outcomes that do not meet the set standards. Merchants are constantly looking for ways to avoid violating the existing rules. However, when they do violate the established rules, there is a tendency to avoid or ignore the

obligation to pay market service fees. This pattern of behavior ultimately has a negative impact on local revenues from market retribution, resulting in lower than expected revenues.

The local government (PD) Pasar in Sidoarjo faces significant operational costs, with the main source of funding coming from market service fees. However, there are issues of transparency and honesty regarding the details of these operational costs. The collection of market service fees is crucial to ensure the optimal functioning of the market. If this revenue stream is disrupted, PD Pasar will have difficulty in meeting its obligations to the fullest extent. It should be noted that operational costs, although not directly related to products, play an important role in the daily activities of the company. This situation demonstrates the importance of efficient and transparent management of market service costs, given their vital role in maintaining the operational viability and profitability of PD Pasar in Sidoarjo. (Jusuf, 2014).

To ensure the accuracy of market retribution reports, the city government needs to improve its monitoring of the collection process. The weakness of the current government can be seen in several factors:

1. There is no sanction imposed on traders who pay retribution late
2. Market development target not yet achieved

This finding is in line with the research Martini et al (2019) which emphasizes the importance of the role of the Industry and Trade Office in improving supervision of the retribution collection process in the field. The aim is to ensure that all levies are reported accurately and in accordance with actual conditions. This increased supervision is expected to improve the market levy reporting system, increase trader compliance, and ultimately help achieve market development targets and strengthen local revenue.

Analysis of Efforts to Optimize Market Service Levies

The Sidoarjo district government has undertaken a number of initiatives to increase market service levy revenues to fund and develop the district. Which measures are being used to maximize the amount levied on market services? Local governments, particularly PD Intensifikasi. The Sidoarjo district market is working to establish an arrears collection team to encourage the most efficient collection of market service levies. Expansion includes utilizing existing resources, such as advertising vacant spaces and stalls in print and online to ensure that they are filled promptly, and innovating online payments through EDCs to minimize potential field conditions and optimize the realization of market services, with retributions paid using machines.

CONCLUSION

The effectiveness of market levy revenue in Sidoarjo Regency during 2019-2023 shows fluctuations. The realization of retribution reached 111% in 2019, fell to 102% in 2020, rose to 112.55% in 2021, fell again to 100.01% in 2022, and experienced a significant decline to 91.54% in 2023. James L. Gibson emphasized the importance of six factors in the implementation of market levies: clarity of purpose, strategic planning, comprehensive planning, proper programming, availability of infrastructure, and educational monitoring and control systems. The Sidoarjo District Industry and Trade Office has implemented these factors well to increase local revenue through market levies. Constraints in optimizing market levy revenue include unpredictable weather, late payments from traders, and the high operational costs of the PD, especially staff salaries.

Intensification efforts to optimize retribution revenue include :

1. Tariff adjustments and local regulations
2. Merchant education on online payments (e.g. use of EDC machines)
3. Filling empty stalls

4. Improved supervision
5. Revocation of rental licenses for traders in arrears

These efforts are designed to optimize the collection process and increase the revenue from market levies in Sidoarjo Regency. The aim is to maximize efficiency in the implementation of retribution collection and increase effectiveness in achieving the predetermined revenue target. By implementing this series of strategic measures, the local government of Sidoarjo district seeks to improve the management system of market levies, increase payment compliance from traders, and ultimately increase the sector's contribution to overall local revenue.

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