

Flypaper Effect on Regional Expenditure of Regencies/Cities in Bali and Nusa Tenggara Provinces

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ABSTRACT

This study aims to analyze the effect of Regional Original Revenue, General Allocation Fund, Special Allocation Fund, and Revenue Sharing Fund on Regional Expenditure and to examine the existence of the flypaper effect in regencies/cities of Bali and Nusa Tenggara Provinces during 2022–2024. This research employed a quantitative descriptive approach using 123 observations of secondary data obtained from Regional Budget Realization Reports and analyzed using multiple linear regression. The results show that PAD, DAU, DAK, and DBH simultaneously have a significant effect on Regional Expenditure. Partially, DAU and DBH have a positive and significant effect on Regional Expenditure, while PAD and DAK have no significant effect. Furthermore, the study finds evidence of the flypaper effect, indicated by the DAU coefficient being larger and more significant than the PAD coefficient, suggesting that local governments remain more responsive to intergovernmental transfers from the central government than to locally generated revenue in determining regional expenditure.

Keyword: *Local Own-Source Revenue, General Allocation Fund, Special Allocation Fund, Revenue Sharing Fund, Regional Expenditure, Flypaper Effect*