

Abstract

This study aims to determine the effects of the original regional income on the level of local financial independence in Bandung area during 2009-2013 period. The population is budget realization report for 5 years which are breakdown per month. The sampling technique in this study is by using all of the population.

Data analysis technique used is multiple linear regression analysis SPSS 20. The original regional income only affects 41.9% of the level of local financial independence, while 58.1% are affected by other factors. The results shows that the regression equation $Y = 14,073 + 1.561^{10} X_1 + 2.514^{10} X_2 + 1.815^{10} X_3 + 1.656^{10} X_4 + e$.

From the results of hypothesis testing can be concluded that the original regional income simultaneously has significant effect on the level of local financial independence. Partial test results of four components of the original regional income showed that local tax has significant effect on the level of local financial independence. While regional retribution, separated local wealth management and other legitimate regional income do not affect the level of local financial independence. In general, these three components of the original regional income do not affect due to its fluctuative growth, whereas the level of financial independence in Bandung area is quite stable.

Keywords: *the original regional income, financial independence regional, local tax, regional retribution, separated local wealth management, and other legitimate regional income*