

## ABSTRACT

*The implementation of Law No. 32 of 2004 on regional autonomy, both at provincial, regency / municipality, is expected to give freedom to the local government to further explore potential financial resources owned by the local government, as well as to allocate the appropriate regional shopping community needs. One expenditure that is used to acquire or increase of fixed assets and other assets that benefit more than one accounting period, and be able to push a regional infrastructure to support the productivity of society, increase public confidence and improve the capital investment through the Capital Expenditure.*

*This study aimed to determine the effect of the original income (PAD), General Allocation Fund (DAU), Special Allocation Fund (DAK) to the Capital Expenditure on se-Java Province Period 2009-2014. The data used in this study was obtained from the official website of BPS 2009 until 2014.*

*By using purposive sampling techniques and sample selection the population used is Java province was obtained throughout six provinces of the research period 2009-2014. The method of data analysis in this study is panel data regression using Eviews software version 8.*

*Based on the test results indicate, simultaneously independent variables consisting of PAD, DAU, DAK has a significant influence on Capital Expenditure. The partial test, showed that the PAD have significant influence with a positive direction. While variable DAU and DAK has no effect on Capital Expenditure.*

*Based on the research results, the provincial government is expected to know more about local revenue sources are able to increase capital expenditure budget realization, so the regional government will be able to allocate capital expenditure budget's well, it is because capital expenditure is one step up for the regional government towards public services.*

*Keywords: Local Own-Source Revenue, General Allocation Fund, Special Allocation Fund, and Capital Expenditure*