

## **ABSTRACT**

*In 2020 many countries are experiencing a COVID-19 pandemic, one of which is Indonesia, the rapid development of the spread of COVID-19 has resulted in a decrease in state income, in Indonesia there is a reduction in the regional budget for each region so that it affects capital expenditures where capital expenditures are not realized properly. affecting the infrastructure is not running well.*

*This study aims to determine the effect of regional original income, general allocation funds, special allocation funds on capital expenditures in Indonesia, a case study of provincial government in Indonesia in 2019-2020. The data used in this study were obtained from the Budget Realization Report obtained from the official website of the Directorate General of Fiscal Balance.*

*The method in this study is a quantitative method. The population in this study are provinces registered in Indonesia. The sample selection technique used was purposive sampling and obtained 30 provinces with the 2019-2020 research period. The method of analysis in this study is panel data regression analysis using Eviews software version 11.*

*Based on the test results show that simultaneously the variables of local revenue, general allocation funds, special allocation funds have a significant effect on capital expenditures. While partially, it shows the results that local original income and general allocation funds have no effect on capital expenditure, special allocation funds affect capital expenditure.*

*Based on the research results obtained, there are indications that the behavior of capital expenditures is influenced by the source of the special allocation funds. Each use of special allocation funds has been determined by the central government, so the regions cannot spend them for other needs. The larger the DAK, the greater the capital expenditure spent.*

**Keywords:** *Regional Original Revenue, General Allocation Fund, Special Allocation Fund, Capital Expenditure.*