

ABSTRACT

Based on Law no. 24 of 2005 Capital Expenditures are budget expenditures for the acquisition of fixed assets and other assets that provide benefits for more than one accounting period. Capital expenditure includes expenditures for the acquisition of land, buildings and buildings, equipment, and intangible assets. Capital expenditure is an important factor in improving the economy. Therefore, the capital expenditure budget still needs to be increased.

This study aims to determine the development of Regional Original Income (PAD), General Allocation Funds (DAU), Special Allocation Funds (DAK), and capital expenditures in Central Java Province in 2015-2019. This study also aims to determine the simultaneous and partial effect of Regional Original (PAD), General Allocation Funds (DAU), Special Allocation Funds (DAK) on capital expenditures.

The method chosen in this research is quantitative with descriptive characteristics and belongs to the category of causal associative research. The population of this research are all districts/cities in Central Java Province in 2015-2019. This study uses a non-probability sampling technique, which is a sampling technique that will not provide equal opportunities for all members of the population to be used as research samples. The sampling technique used is total sampling, namely the determination of the research sample by making the entire population as a sample. Therefore, the sample of this research is Regency/City in Central Java Province in 2015-2019. This study uses secondary data obtained from the Central Statistics Agency (BPS). The analysis technique used in this study uses panel data regression analysis.

The results of this study indicate that the local original income variable has a significant positive effect on local government capital expenditures in districts/cities in Central Java Province in 2015-2019. The general allocation fund variable has a significant positive effect on local government capital expenditures in districts/cities in Central Java Province in 2015-2019. The special allocation fund variable has a significant positive effect on local government capital expenditures in districts/cities in Central Java Province in 2015-2019.

Based on the theoretical aspect, the suggestion in this study is that for further research it is expected to increase the observation period and add dependent variables such as regional expenditures or personnel expenditures. Based on the practical aspect, the suggestions in this study are expected to increase local government capital expenditures by maximizing local revenue from taxes and regional levies. In addition, local governments are also expected to be able to use DAU and DAK on target so that they can maximize development.

Keywords: *Regional Original Revenue (PAD), General Allocation Fund (DAU), Special Allocation Fund (DAK), capital expenditure*