ABSTRACT

Regional governments are given the authority to manage and regulate their own government affairs according to the principle of autonomy by using financial resources, utilization of natural resources, and other available resources in accordance with the needs and aspirations of the people developing in the regions. The purpose of regional autonomy itself is to promote equitable distribution of development and its results, improve people's welfare, promote real, dynamic and responsible community initiatives and active participation, and maintain harmonious relations between the center and the regions within the framework of the Unitary State of the Republic of Indonesia.

The independent variables in this study are local revenue, special allocation funds and profit-sharing funds. The dependent variable in this study is capital expenditure. This study aims to analyze the effect of local revenue, special allocation funds and profit-sharing funds on capital expenditures in districts/cities in West Java Province which are registered with the Central Statistics Agency.

The population in this study is the Regency/City in West Java Province which is registered with the Central Statistics Agency in 2016-2019. The sampling technique was purposive sampling and 19 districts/cities were obtained with four years of observation so that 76 regencies/cities were observed as samples. The analytical technique used in this study is panel data regression analysis using the Eviews 11 application.

Simultaneously the variables of local revenue, special allocation funds and profit-sharing funds affect capital expenditures. Partially, the variables of special allocation funds and profit sharing funds have an effect on capital expenditures. While the regional original income variable has a negative effect on capital expenditure.

So that local governments are expected to be able to utilize Regional Original Income for capital expenditures and reduce costs other than Capital Expenditures, so that they can be utilized by the community and increase their Capital Expenditures. Local governments are also expected to be able to manage and utilize special allocation funds and profit-sharing funds as well as possible to improve the quality of public services and prosper the people.

Keyword: *Capital Expenditure, Regional Original Revenue, Revenue Sharing Fund Special Allocation Fund*