

The Effect of Balancing Funds and Tobacco Excise Revenue Sharing Funds (DBH CHT) on Regional Expenditure Budget in West Nusa Tenggara Province

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ABSTRACT

The purpose of this study is to analyze the effect of balancing funds and tobacco excise revenue sharing funds (DBH CHT). The method in this study uses a quantitative research method. The sample of this study was 10 regencies/cities in West Nusa Tenggara, by analyzing the regional revenue and expenditure budget for the 2020-2024 period. The analysis in this study is Partial Least Square (PLS). The results of the study indicate that balancing funds have an influence and are significant to the regional government spending budget. tobacco excise revenue sharing funds (DBH CHT) do not have an influence and are significant to the regional government spending budget. The Balancing Fund and Tobacco Excise Revenue Sharing Fund (DBH CHT) play an important role in supporting the Regional Budget (APBD). The Balancing Fund aims to reduce the fiscal gap between the central and regional governments, while DBH CHT specifically assists regions in financing strategic sectors such as health, law enforcement, and public welfare, especially those related to the tobacco industry. The presence of these funds strengthens regional fiscal capacity, encourages equitable development, and improves the quality of public services at the regional level.

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INTRODUCTION

Law Number 22 of 1999 concerning Regional Government is the forerunner of regional autonomy in Indonesia. In the Law, the authority to regulate and manage the interests of local communities according to their own initiative, based on community aspirations in accordance with laws and regulations, which are carried out by autonomous regions, is translated as the definition of regional autonomy. (Oates, 1999) stated that a more efficient and economical allocation of resources will be created from the application of fiscal decentralization because regional governments better understand the needs of their own regions.

The main objective of regional autonomy in general is to give authority to regions to manage their finances independently so that financial management is in accordance with the needs required by each region so that financial management becomes more effective and on target. Regions understand their respective needs and can allocate the resources they have according to their needs. This is very different from the fiscal centralization system where the central government controls regional finances (Andriana, 2020).

As a consequence of regional autonomy, it is necessary to regulate the relationship between the central government and regional governments. Law Number 33 of 2004 concerning Central and Regional Financial Balance states that with fiscal decentralization, regional governments have the right to regulate the composition of income and expenditure



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needed to provide public services to the community in the form of the Regional Revenue and Expenditure Budget (APBD). In order for the Regional Government to provide public services more effectively and efficiently, it must be supported by sufficient financial sources, both from Regional Original Income (PAD), Balancing Funds, loans, or assistance from the Central Government or Other Regions (Sidik, 2002).

The balancing funds disbursed by the center to the regions are in the form of, among others: General Allocation Fund (DAU), Special Allocation Fund (DAK), and Revenue Sharing Fund (DBH). These three types of balancing funds have different characteristics. DAU is given by the central government to the regional government in the form of lump sums that can be spent by the regional government without any limitations on use/allocation to provide services to the community. Meanwhile, DAK is a fund received by the regional government from the central government whose allocation has been determined by the central government. The region does not have the authority to determine its use. The allocation of DAK has been determined by the central government, although DAK is regional income, its use/expenditure has been determined. The allocation of DAK can be in the form of physical spending (DAK Physical) or non-physical (DAK Non-physical). In addition to DAU and DAK, the government also provides DBH to the regions. DBH is basically a fund given by the central government to the regions with a certain proportion as compensation for the receipt of central government income originating from the regions. DBH consists of Tax Revenue Sharing (DBH-Tax) and Natural Resource Revenue Sharing (DBH-SDA) (Malau, et al., 2023).

The balancing fund is one of the instruments in the state financial system that aims to support the implementation of regional autonomy and fiscal decentralization. This fund is a transfer from the central government to regional governments that aims to reduce fiscal disparities between the central and regional governments and between regions themselves (Setiawan dan Pangestoeti, 2024).

The balancing fund consists of the General Allocation Fund (DAU), the Special Allocation Fund (DAK), and the Revenue Sharing Fund (DBH), each of which is designed to reduce fiscal disparities between regions. Meanwhile, DBHCT is a form of transfer intended to support regions that produce and/or are involved in tobacco production, with a focus on priority programs such as improving community welfare, law enforcement, and health.

However, the allocation of balancing funds and DBHCT often raises questions about their efficiency and effectiveness in influencing the structure and realization of regional budget spending. Some regions tend to allocate these funds for routine spending, such as employee spending, rather than capital spending that has a direct impact on development. This raises concerns about how these funds are optimized to encourage sustainable development (Wirawati., 2021)

West Nusa Tenggara (NTB) Province faces several problems related to the management of balancing funds that have an impact on its independence and economic growth. Decrease in Allocation of Balancing Funds Data shows that in 2020 and 2021, the allocation of balancing funds for NTB Province decreased. This decrease was caused by the increasing needs of the region in implementing decentralization, which was not balanced by an increase in the allocation of balancing funds. For example, in 2019, the balancing fund was recorded at IDR 3,379,021,000, decreasing to IDR 3,349,072,000 in 2020, and slightly increasing to IDR 3,412,048,000 in 2021. (Kementerian Keuangan Republik Indonesia. 2022) High Dependence on Transfer Funds The management of NTB regional revenue still shows a high dependence on transfer funds from the central government. Regional financial independence is not yet optimal, which is reflected in the low contribution of Regional Original Income (PAD) to total regional revenue. This condition indicates that the NTB Province has very little financial independence, so that dependence on balancing funds remains high.

The relationship between balancing funds and regional spending lies in how these

funds affect the ability of regional governments to plan and implement expenditures in accordance with development and public service needs.

Regional spending is all spending made by regional governments in the context of implementing government duties, public services, and development in their regions during one budget year as stated in the Regional Revenue and Expenditure Budget (APBD). Regional spending is directed to support the implementation of regional autonomy and fiscal decentralization, with the main objective of improving public welfare through the provision of quality public services and equitable development.

West Nusa Tenggara (NTB) Province faces several problems in managing regional spending that affect the effectiveness of development and public services. Budget Deficit: In the 2022 Budget Year, the realization of the NTB Provincial APBD deficit reached IDR 570.93 billion, which was covered through net financing of IDR 633.458 billion in the form of loans from PT. SMI. Although this deficit is lower than the target, dependence on loans to cover the deficit could burden regional finances in the future. Financial Management Problems The Indonesian Audit Board (BPK) highlighted a number of problems in the financial management of the NTB Provincial Government. Although specific details are not mentioned, these highlights indicate weaknesses in budget management that need to be addressed to improve accountability and transparency (Pemerintah Provinsi Nusa Tenggara Barat. 2023).

The Tobacco Excise Revenue Sharing Fund (DBHCT) is closely related to regional spending, especially in supporting activities that are priority development and public services. DBHCT is one part of the balancing fund transferred from the central government to the regions. This fund is specifically allocated to producing regions or regions that are related to tobacco excise production. Contribution to Regional Spending: DBHCT is additional revenue that supports regional governments in planning and implementing spending, especially for priority programs such as health, education, infrastructure, and community empowerment. Most of the DBHCT allocation is directed to capital expenditure, such as infrastructure development that has a long-term impact on improving community welfare and the regional economy. The use of this capital expenditure helps improve the quality of public services and encourages sustainable development.

Table 1. Realization of Balancing Funds and Regional Spending of the West Nusa Tenggara Government in the Last Four Years (Billion Rupiah)

Year	Balance Fund	Regional Expenditure
2021	Rp3.414,31	Rp5.545,14
2022	Rp2.976,61	Rp 5.873,55
2023	Rp 3.004,82	Rp 5.685,60
2024	Rp 3.319,16	Rp 6.682,62

Source: DJPK.kemenkeu Year (2025)

Based on the table above, in 2021 the realization of balancing funds received by the regional government was IDR 3,414.31 and the amount of spending issued by the regional government was IDR 5,545.14, meaning that regional government spending was greater than the balancing funds transferred by the central government with a difference of 61%, but the amount of regional spending that the regional government could cover with local revenue. In 2022, balancing funds decreased with the amount received being IDR 2,976.61 while regional spending increased by IDR 5,873.55.

The results of Zahrotunisa (2021) research stated that there was a positive and significant influence of the PAD variable on Regional Spending. This means that PAD in North Sulawesi is quite dominant in determining, preparing planning and implementing regional development, as manifested in the development of the regional budget (APBD). There is a negative and insignificant influence of the Balancing Fund variable on Regional Spending. This means that if the Balancing Fund experiences fluctuations up or down, it

will not affect the increase or decrease in Regional Expenditure. Because not all Regional Expenditure is taken from the Balancing Fund. There is no Flypaper Effect in North Sulawesi. Judging from the magnitude of the PAD Coefficient which is greater than the Balancing Fund Coefficient on Regional Expenditure.

Fahmi (2022) research states that revenue sharing funds have a significant positive effect on regional spending. This shows that the higher the revenue sharing funds will have an impact on increasing regional spending results for Regencies / Cities in Central Java Province. General allocation funds have a significant positive effect on regional spending. This shows that the higher the general allocation funds will have an impact on increasing regional spending results for Regencies / Cities in Central Java Province. Special allocation funds have a significant negative effect on regional spending. This shows that a decrease in special allocation funds will have an impact on increasing regional spending results for Regencies / Cities in Central Java Province.

The analysis of the influence of balancing funds and Tobacco Excise Revenue Sharing Funds (DBHCT) on regional spending aims to understand the extent to which the allocation of funds from the central government affects regional spending in carrying out government and development functions. While previous research conducted studies to determine the balancing funds for regional spending, there has been no study that included DBHCT for regional spending.

Literature Review

The balancing fund is a vertical financial relationship system between the central and regional governments (intergovernmental fiscal relation system), as a result of the implementation of regional autonomy in the form of the transfer of part of the authority of the central government. This financial relationship system between the central government and regional governments is regulated in Law Number 33 of 2004 (Dikson, et al., 2024).

Law Number 33 of 2004 states that the Balancing Fund is a fund sourced from the APBN revenue allocated to the Region to fund Regional needs in the context of implementing Decentralization. In the same Law, Article 10 states that the Balancing Fund consists of Revenue Sharing Funds, General Allocation Funds, and Special Allocation Funds.

1. Revenue Sharing Funds

Revenue Sharing Funds (DBH) are defined as funds originating from the APBN. DBH is allocated to regions based on a certain percentage figure to finance regional needs in the context of implementing activities organized by the regional government. According to Law Number 33 of 2004, DBH sources consist of taxes and natural resources. The government determines the allocation of DBH originating from natural resources according to the producing region and the determination of the calculation basis. DBH is a regional right generated by each region for the management of revenue sources, the amount of which is determined according to the applicable laws and regulations for the region (Sari et al., 2017)

2. General Allocation Fund

DAU is one of the balancing funds from the regional government which is allocated with the aim of emphasizing aspects of equality and justice that are in line with the implementation of government affairs based on Law Number 23 of 2014 (Kustianingsih dan Abdul Kahar 2018)

3. Special Allocation Fund

Based on Law Number 33 of 2004, DAK is a fund originating from revenue in the APBN which is given to certain regions as assistance to fund special activities which are regional affairs and in accordance with national priorities. Furthermore, based on the same Law on Financial and Regional Balance, there is an explanation regarding DAK which is interpreted as funds originating from revenues in the APBN which are given to regions to help regions in funding certain needs. DAK is intended to cover the gap in public services

between regions by prioritizing the fields of education, health, infrastructure, maritime affairs and fisheries, agriculture, regional government infrastructure, and the environment (Sari et al., 2017).

The regulation related to DBH CHT is stated in Article 66A-66D of Law Number 39 of 2007 which is further detailed in the Regulation of the Minister of Finance (PMK) Number 84/PMK.07/2008. This PMK is the first regulation after the issuance of the law on excise that regulates the use of DBH CHT and sanctions for misuse of DBH CHT allocations. State revenue obtained from tobacco excise is given to the province that produces tobacco excise with a percentage of 2%. This allocation is used to fund activities related to excise and tobacco products, namely to improve the quality of raw materials, industrial development, social environmental development, socialization of provisions in the field of excise, and/or eradication of illegal excisable goods (BKC). The allocation is determined according to the realization of tobacco excise revenue in the relevant year. DBH CHT is managed by the governor and regulates its distribution to the regent/mayor with the amount of tobacco excise revenue contribution in their respective regions. The distribution of DBH CHT is carried out if the minister approves it with a proportion of 30% for the producing province, 40% for the producing district/city, and 30% for other districts/cities within one province (Kementerian Dalam Negeri RI., 2007)

Regulations related to DBH CHT policies are prepared by the Minister of Finance through regulations made by the Minister of Finance (PMK). The legal basis used in the implementation of DBH CHT during 2018-2020 is PMK Number 222/PMK.07/2017 and PMK Number 7/PMK.07/2020 which regulate the use, monitoring, and evaluation of Tobacco Excise Revenue Sharing Funds (Kementerian Keuangan., 2017) The regulations related to the details of the amount of DBH CHT allocated to provinces, districts, and/or cities will be further explained in another PMK which regulates the details of the allocation of DBH CHT each year.

In general, the DBH CHT policy includes three regulatory categories, namely the use, monitoring, and evaluation of DBH CHT. The priority use of DBH CHT is aimed at the health sector to support the national health insurance program with an amount of at least 50% of the DBH CHT allocation obtained by each region in the relevant year plus the remaining DBH CHT from the previous year. The DBH CHT provision policy is emphasized more in PMK Number 7/PMK.07/2020 with the aim of overcoming the detrimental impacts of cigarettes, the impact of tobacco excise policies, and/or the impacts caused by national tobacco regulations by targeting the priority of tobacco farmers and/or workers working in cigarette factories. In this latest PMK, the calculation of the amount of DBH CHT is adjusted to the formula and performance allocation based on the PMK regarding the management of profit-sharing funds. In principle, the use of DBH CHT is used to fund five programs/activities that have been determined in the provisions of laws and regulations and have been synchronized with programs/activities funded by the APBD, these programs include:

1. Improving the quality of raw materials
2. Industry development
3. Social environment development
4. Socialization of provisions in the field of excise; and/or
5. Eradication of illegal excisable goods

If the monitoring of the realization of the use of DBH CHT that is carried out does not achieve the goal, then direct monitoring to the recipient region of DBH CHT can be carried out by the Minister of Finance c.q. Director General of Fiscal Balance. This monitoring can be carried out by the Minister of Finance c.q. Director General of Fiscal Balance by coordinating with the provincial government, and/or agencies or units related to DBH CHT.

The Regional Revenue and Expenditure Budget as explained in Law Number 33 of 2004 is the annual financial plan of the Regional Government which is discussed and jointly approved by the Regional Government and the Regional People's Representative Council,

and stipulated by Regional Regulations. The APBD contains a budget regarding revenue and details of Regional Expenditures. Regional Revenue comes from Regional Original Revenue, Regional Taxes, Regional Levies, Results of management of separated Regional assets, Other legitimate Regional Original Revenue, General Allocation Funds, Special Allocation Funds, Tax and Non-Tax Revenue Sharing Funds, Other Legitimate Regional Revenues, Grants, Emergency Funds, Tax Revenue Sharing Funds from the Province and other Regional Governments, Adjustment Funds and Special Autonomy, and Financial Assistance from the Province or other Regional Governments.

According to Law Number 33 of 2004, Regional Expenditure is all Regional obligations recognized as a reduction in net assets in the relevant budget year period. The structure of Regional Expenditure is divided into Direct Expenditure and Indirect Expenditure. The components in Direct Expenditure are Direct Employee Expenditure, Goods and Services Expenditure, and Capital Expenditure. Meanwhile, the components in Indirect Expenditure are Indirect Employee Expenditure, Interest Expenditure, Subsidy Expenditure, Grant Expenditure, Social Assistance Expenditure, Revenue Sharing Expenditure to Provinces/Districts/Cities and Village Governments, Financial Assistance Expenditure to Provinces/Districts/Cities and Village Governments, and Unexpected Expenditure.

"Regional Expenditure is defined as the obligation of the regional government recognized as a reduction in net assets". The term expenditure is found in the budget realization report, because the preparation of the budget realization report still uses a cash basis. Expenditure is classified according to economic classification (type of expenditure), organization and function. Economic classification is a grouping of expenditures based on the type of expenditure to carry out an activity. Classification of expenditure according to Government Regulation Number 71 of 2010 concerning government accounting standards for financial reporting purposes is:

Operating Expenditure. Operating Expenditure is budget expenditure for daily activities of the central/regional government that provides short-term benefits. Operating Expenditure includes:

1. Employee Expenditure
2. Goods Expenditure
3. Subsidies
4. Grants
5. Social Assistance.

Capital Expenditure. Capital Expenditure is a budget expenditure for the acquisition of tangible fixed assets that provide benefits for more than one accounting period. The value of fixed assets in capital expenditure is the purchase price/building of the asset plus all expenditures related to the procurement/construction of the asset until the asset is ready for use. Capital Expenditure includes:

1. Land Capital Expenditure
2. Equipment and Machinery Capital Expenditure
3. Building and Structure Capital Expenditure
4. Road, Irrigation, and Network Capital Expenditure
5. Other Fixed Asset Capital Expenditure
6. Other Asset Expenditure.

Other Expenditures/Unexpected Expenditures. Other expenditures or unexpected expenditures are budget expenditures for activities that are unusual in nature and are not expected to recur, such as natural disaster management, social disasters, and other unexpected expenditures that are very necessary in the framework of implementing the authority of the central/regional government.

Transfer Expenditures. Transfer Expenditures. Transfer Expenditures are budget expenditures from a higher reporting entity to a lower reporting entity, such as the expenditure of balancing funds by the provincial government to districts/cities and revenue

sharing funds from districts/cities to villages.

Regional Expenditures in the Regulation of the Minister of Home Affairs Number 13 of 2006 concerning Guidelines for Regional Financial Management state that regional expenditures are used to fund the implementation of government affairs that are the authority of the province or district/city, consisting of mandatory affairs, optional affairs, and affairs that are handled in certain sections or fields that can be implemented jointly between the government and regional governments or between regional governments as determined based on laws and regulations. Regional Income obtained from both Regional Original Income and balancing funds is of course used by the regional government to finance Regional Expenditures.

The Director General of Central and Regional Fiscal Balance of the Ministry of Finance of the Republic of Indonesia stated that basically, regional governments have an important role in providing public services. This is based on the assumption that demand for public services can vary between regions. Meanwhile, the Regional Government also has the closest contact with the public to know and overcome differences in demand and needs for public services. One very important thing is how to decide to delegate public service responsibilities or spending functions to various levels of government. In theory, there are two different approaches to the spending function, namely the "expenditure" approach and the "income" approach. According to the "expenditure" approach, the authority as responsibility between levels of government is designed in such a way that it does not overlap. Delegation is determined based on objective criteria, such as the level of locality of the impact of a particular function, consideration of uniformity of policy and implementation, technical and managerial capabilities in general, consideration of external factors related to territory, efficiency and economic scale, while according to the "income" approach, public revenue sources are allocated between various levels of government which are the result of political bargaining. Political exchange greatly influences the allocation of funding sources between levels of government. Furthermore, although the consideration of the above principles is relevant, regional capacity is the main consideration.

METHODS

This research is an associative research with a quantitative approach. Associative research is research that aims to determine the relationship between two or more variables (Sugiyono, 2013) While quantitative research is research that emphasizes theory testing through measuring research variables with numbers and analyzing data with statistical procedures (Indriantoro & Supomo, 2014) The population in this study were all regencies/cities in West Nusa Tenggara Province. In this study, the sampling technique used was saturated sampling, where all populations were sampled.

Table 2. Research Sample

No	Regency/City
1	Mataram City
2	Bima City
3	West Lombok Regency
4	Central Lombok Regency
5	East Lombok Regency
6	North Lombok Regency
7	Sumbawa Regency
8	Bima Regency
9	Dompu Regency
10	West Sumbawa Regency

Source: Central Statistics Agency of West Nusa Tenggara 2025

Data analysis includes measuring the characteristics of sample data measurements and testing hypotheses using the data measurement figures whether the characteristics represent the characteristics of the population or not. So the two sequences of data analysis are descriptive statistics and inferential statistics. The statistical analysis used in this study is a structural model with Partial Least Square (PLS) analysis using SmartPLS 4.0. PLS is a variant-based structural equation analysis (SEM) that can simultaneously test the measurement model and test the structural model.

RESULTS AND DISCUSSION

Descriptive statistics is an analysis method used to provide an overview of research variables. Table 1 displays the results of the descriptive analysis of the processed data.

Table 3. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Balancing Fund	50	22.45	28.04	25.24	3.837
Tobacco Excise Revenue Sharing Fund	50	10.33	14.65	12.49	2.738
Regional Budget	50	23.65	29.74	26.70	3.983
Valid N (listwise)	50				

Source: Secondary Data Processed 2025

Based on the table above, the minimum value of the balancing fund is 22.45 while the maximum value is 28.04. The average value (mean) is 25.2 with a standard deviation value of 3.837. Because the standard deviation value is small from the average, the data on the balancing fund variable is not very large in distribution so that the data used is good data. The minimum value of the tobacco excise revenue sharing fund is 10.33 while the maximum value is 14.65. The average value (mean) is 12.49 with a standard deviation value of 2.738. Because the standard deviation value is small from the average, the data on the tobacco excise revenue sharing fund variable is not very large in distribution so that the data used is good data. The minimum value of the regional budget is 23.65 while the maximum value is 29.74. The average value (mean) is 26.70 with a standard deviation value of 3.983. Because the standard deviation value is small from the average, the data on the Regional Budget variable has a data distribution that is not that large, so the data used is good data.

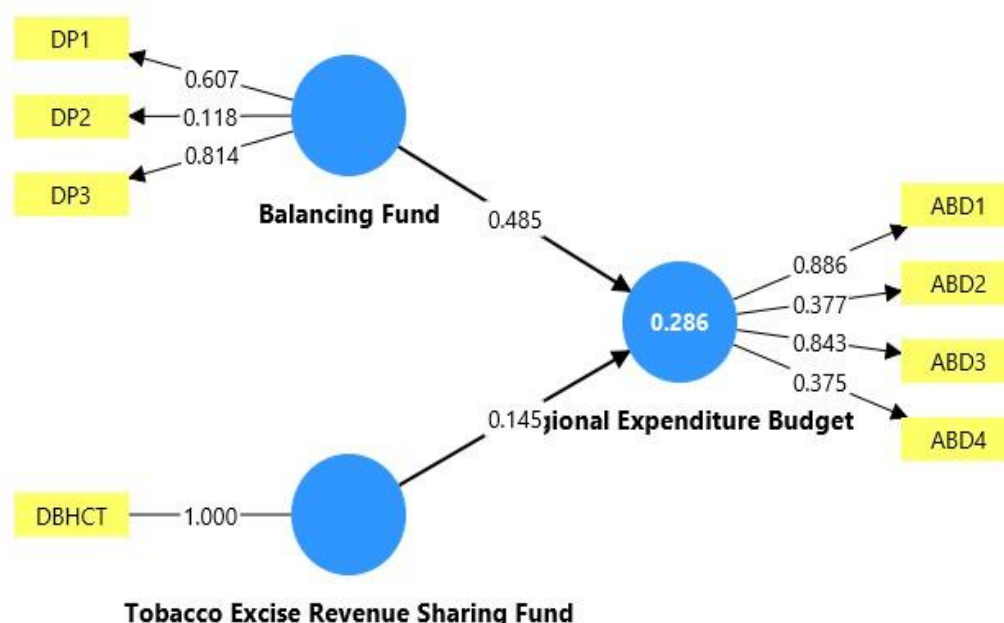


Figure 1. PLS-Algorithm Calculation Path Model

Source: Secondary Data Processed 2025

Convergent Validity is related to the principle that the measures (manifest variables) of a construct should be highly correlated. This test is seen from the loading factor value for each construct indicator. The loading factor value range of 0.5 to 0.6 is considered sufficient. PLS for outer loading is as follows:

Table 4. Outer Loading

	Balancing Fund	Regional Budget	Tobacco Excise Revenue Sharing Fund
ABD1		0,886	
ABD2		0,377	
ABD3		0,843	
ABD4		0,375	
DBHCT			1,000
DP1	0,607		
DP2	0,118		
DP3	0,814		

Source: Processing data 2025

The results of the analysis above show that the loading factor value of the balancing fund on the regional spending budget construct in DP2 and DP3 has a value greater than 0.60. This means that DP1 and DP2 can measure the regional spending budget and have a correlation with the regional spending budget construct in this study. For , the loading factor value on the tobacco excise revenue sharing fund construct has a value above 0.60, this means that the tobacco excise revenue sharing fund construct can measure the quality of the regional spending budget and has a correlation with the regional spending budget construct in this study.

The inner model test was also carried out by looking at the significance value to see the influence between variables. For the significant value of the hypothesis support, a comparison of the T-table and T-Statistics values can be used in the estimation results for path coefficients (path coefficient values). If the T-statistics is greater than the T-table, it

means that the hypothesis is supported. The significance value used for the directional hypothesis (one-tailed) with a 95 percent confidence level (alpha 5 percent) is 1.66. In addition, to test the hypothesis can be done by analyzing the pvalue compared to the error set in this study, namely one-tailed testing with alpha 5% (0.05). If pvalues <0.05 means the hypothesis is accepted but if pvalues >0.05 means the hypothesis is rejected. The results of the path coefficient analysis are presented in Table 2 below:

Table 5. Path Coefficients Analysis Results

Variabel	Original Sampel	T Statistik	P Values
Balancing Fund>Regional Budget	0,485	3,101	0,002
Tobacco Excise Revenue Sharing Fund>Regional Budget	0,145	1,106	0,269

Source: Processed Data 2025

The first hypothesis states that balancing funds have an effect on regional spending budgets. Table 5 shows that the t-statistic value for the effect of balancing funds on regional spending budgets is 3.010. This value is greater than the t-table value at the 5 percent significance level, 1.66, so it can be concluded that the hypothesis is accepted. The p-value for the effect of balancing funds on regional spending budgets is 0.002, which is smaller than the alpha value of 0.05. This means that the relationship between balancing funds and regional spending budgets is significant, so the hypothesis is accepted.

Balancing Funds are transfers of funds from the central government to the regions which aim to support the implementation of regional government in the context of implementing fiscal decentralization. These funds have an important role in the Regional Revenue and Expenditure Budget (APBD), especially in financing various regional spending needs. Balancing Funds help reduce the fiscal gap between regions by providing budget support for regions with low fiscal capacity. This allows less developed regions to still be able to finance regional spending needed for public services. Several regional expenditures, such as education, health, and infrastructure, are highly dependent on the Balancing Fund. This fund ensures that regions have sufficient budget to carry out their obligations in public services. The amount of Balancing Fund received by a region will determine the proportion of regional expenditure in the APBD. Regions that receive large Balancing Funds tend to have larger regional expenditures for development and government operations. With the Balancing Fund, regions can allocate budgets for economic and infrastructure development, which ultimately increases Regional Original Income (PAD) and reduces dependence on transfers from the center. The Balancing Fund consists of the General Allocation Fund (DAU), Special Allocation Fund (DAK), and Revenue Sharing Fund (DBH), each of which has a different usage mechanism. DAU is used for general regional expenditures, DAK is used for specific national priority programs, and DBH is given based on regional contributions to national income such as taxes and natural resources.

Stewardship theory is a theory in management that emphasizes that leaders or public officials act as stewards (guardians or managers) who are responsible for managing resources for the benefit of the wider community, not just for the benefit of certain individuals or groups. In the context of regional government, this theory emphasizes that regional governments must manage budgets, including Balancing Funds, with full responsibility and transparency for the welfare of the community. • In the context of stewardship theory, regional governments have a role as responsible managers of Balancing Funds. This means that the allocation and use of Balancing Funds in the APBD must be transparent, effective, and in accordance with the needs of the community. Balancing Funds consisting of DAU, DAK, and DBH must be used to meet regional needs, such as infrastructure development, education, and health. Stewardship theory emphasizes that regional officials must prioritize the interests of the community over

personal or political interests. Stewardship theory supports the principles of transparency and accountability in the management of Balancing Funds. Regional governments must ensure that the budget received from the center is used efficiently and accounted for through clear and open financial reports to the public. The second hypothesis states that tobacco excise revenue sharing funds do not affect the regional budget. Table 5 shows that the t-statistic value for the effect of tobacco excise revenue sharing funds on the regional budget is 1.106. This value is smaller than the t-table value at the 5 percent significance level, 1.66, so it can be concluded that the hypothesis is rejected. The p-value for the effect of balancing funds on the regional budget is 0.269, which is greater than the alpha value of 0.05. This means that the relationship between tobacco excise revenue sharing funds and the regional budget is not significant, so the hypothesis is accepted.

Tobacco Excise Revenue Sharing Fund (DBH CHT) is a form of fiscal transfer from the central government to the regions. Although this fund is included in the regional revenue component. DBH CHT is budgeted through a national transfer mechanism that has been specifically regulated. This fund is allocated with a certain formula and used for specific programs (for example in the health sector or social environmental development). Because this mechanism is separate, fluctuations in DBH CHT receipts do not directly change the structure or total APBD. The APBD is compiled from various sources of income, such as Regional Original Income (PAD), General Allocation Fund (DAU), Special Allocation Fund (DAK), and other transfers. DBH CHT is only one component of the total revenue. Therefore, changes in DBH CHT tend not to affect the size of the APBD because other components also support the regional budget. Although regions receive DBH CHT, APBD management and planning are carried out independently by the regional government based on local priorities and needs. Funds from DBH CHT are used for certain programs in accordance with the provisions that have been set, so they do not change the overall spending policy in the APBD. Fund transfer policies, including DBH CHT, have been regulated nationally and tend to be stable. This means that even though there are variations in excise revenues, the central government has anticipated them so that the allocation of transfer funds to the regions remains consistent and does not significantly disrupt regional spending planning. Stewardship Theory is a theory in management and governance that emphasizes that individuals in an organization act as stewards who are responsible for optimizing the interests of the public or stakeholders. In the context of the Tobacco Excise Revenue Sharing Fund (DBH CHT), this theory is relevant because the funds should be managed with the principles of accountability and public interest.

According to Stewardship Theory, both central and regional governments act as stewards who have an obligation to manage DBH CHT transparently and responsibly. The use of these funds must be in accordance with the provisions, such as improving community welfare, especially for tobacco farmers and tobacco industry workers, and supporting health services due to the impact of tobacco consumption. The relationship between DBH CHT and Stewardship Theory lies in the government as a steward must manage the funds with responsibility for community welfare. The principles of transparency, accountability, and optimization of benefits for primary stakeholders (tobacco farmers, industry workers, and the general public) are the main points in implementing this theory in the management of DBH CHT.

CONCLUSION

The purpose of this study was to analyze the influence of balancing funds and tobacco excise revenue sharing funds (DBH CHT). The conclusion in this study is that the Balancing Fund has an influence on the Regional Budget, both in increasing fiscal capacity and in determining regional spending priorities. However, optimizing its use still requires transparent and accountable management so that its impact is truly felt by the community. DBH CHT has strict usage rules and can only be allocated to certain sectors, such as the

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welfare of tobacco farmers, tobacco industry workers, and health services due to the impact of cigarettes. This makes DBH CHT inflexible to influence regional spending in general. Overall, although DBH CHT is part of regional income, its limited nature in use and small proportion of the total APBD make it not have a significant effect on the Regional Budget as a whole.

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