

REFORMULATION OF LEGAL POLICIES IN INCREASING LOCAL ORIGINAL INCOME

ANDRI ANANTA YUDHISTIRA ¹, RETNO SARASWATI ² and BUDI ISPRIYARSO ³

¹ Doctoral Law Program, Diponegoro University, Jl. Prof. Soedarto, SH., Tembalang, Semarang.

Email: andrianantayudhistira@students.undip.ac.id

^{2,3} Lecturer in Doctor Law Program, Faculty of Law, Diponegoro University, Jl. Prof. Soedarto, SH., Tembalang, Semarang.

Abstract

Andri Ananta Yudhishtira. 2023. Dissertation of Doctor of Law Program, Diponegoro University Semarang. Reformulation of Legal Policies in Increasing Local Revenues. The purpose of this study is to analyze; 1) How is the effectiveness of the formulation of legal policies to increase the original income of the current area? ; 2) How will the policy reformulation be to increase local income in the future?. The research method used is empirical juridical with a statutory approach, a concept approach, and a case study. The results showed that; 1) The effectiveness of the legal policy formulation to increase the current local indigenous income in Development in Jambi Province can be said to be quite good. This can be seen from the well-maintained inflation, GRDP that has returned to growth, the Gini Ratio which is getting closer to the target, and the Farmer Exchange Rate is getting better, the interest rate is still set low, the poverty rate is still quite high even though it has fallen from last year. In addition, the level of inequality must also be corrected even though it has dropped from last year. The challenges of regional economic development in Jambi Province are as follows; a) The impact of the Covid-19 Pandemic is still being felt; The economy of Jambi Province is still facing several challenges, especially for recovery from the COVID-19 pandemic; b) Infrastructure support needs to be improved; The problems faced by Jambi Province are related to the limited basic service infrastructure and the economy; c) Challenges of Environmentally Damaging Activities; activities that result in environmental damage, such as encroachment of forest areas, burning of forests and land for the benefit of agricultural cultivation and illegal mining activities d) Social Challenges of Population; the number of residents domiciled is different from the KK / KTP owned by 10.18% or around 361.37 thousand inhabitants e) Regional Geographical Challenges; The location of Jambi is geographically very strategic in the ASEAN and Interregional Regions of Sumatra which has not been supported by adequate infrastructure. 3) Reformulation of policies to increase local income in the future including; a) Increase in Gross Domestic Product, b) Control of Interest Rates, Inflation, Exchange Rate, c) Infrastructure Improvement, d) Employment Development and Reduction of Unemployment, e) Improvement of leading and potential sectors in the regions. The government should be more serious about developing leading and potential sectors in the regions. The leading sectors are the Agriculture, Forestry & Fisheries sector, the Mining & Quarrying Sector and the Education Services Sector. Meanwhile, the Water Procurement Business Sector, Waste Management, Waste and Recycling as well as the Information and Communication Sector are potential sectors to be developed in Jambi Province.

Keywords: Reformulation, Policy, Law, Improvement, Income, Native, Regional.

A. INTRODUCTION

Indonesia is a unitary state that applies the concept of decentralization as a government system with a form of regional autonomy. Since the beginning of independence until now there have been several laws and regulations governing regional autonomy policies. Law of the Republic of Indonesia Number 1 of 1945 adheres to the formal household system. Law of the Republic of Indonesia Number 22 of 1948 which gives the widest possible autonomy rights to the regions. Furthermore, Law of the Republic of Indonesia Number 1 of 1957 which adheres to

the widest possible real autonomy followed by Law of the Republic of Indonesia Number 5 of 1974 which regulates a real and responsible regional autonomy system. Then Law of the Republic of Indonesia Number 2 of 1999 which adheres to the principle of broad, real and responsible regional autonomy has been amended by Law of the Republic of Indonesia Number 32 of 2004 with a fiscal decentralization policy on central and regional financial balance, until the last is Law of the Republic of Indonesia Number 23 of 2014.

In line with the granting of authority to local governments (Pemda), local governments are expected to be better able to explore financial resources, manage, and be able to use their own finances that are adequate enough to finance the implementation of their local governments, especially those sourced from Regional Original Revenue (PAD). Regional financial factors are indispensable for implementing autonomy. In order to finance regional expenditures, local governments must increase sources of income, especially PAD.

The ability of local governments to administer government in the implementation of regional autonomy is basically strongly influenced by regional financial capabilities. This forces the regions, either provinces or districts / cities to be able to manage finances well. Local governments, both provincial and district/city, must be able to maximize regional revenues. Regional revenue comes from Regional Original Revenue which is divided into four parts, namely the results of regional taxes, the results of regional levies, the results of Regional Owned Enterprises (BUMD), and other legitimate local original revenues. Basically, local taxes and levies contribute greatly to PAD when compared to other sources of income. Given the importance of PAD in supporting regional finances, local governments, both provincial and district/city, continue to make improvements in maximizing the absorption of PAD. One of the efforts of local governments to explore sources of Local Original Revenue in this discussion is through retribution. As stipulated in the Law of the Republic of Indonesia Number 28 of 2009 concerning Regional Taxes and Retribution, it is explained that retribution is divided into three groups, namely general service retribution, business service retribution, and certain licensing levies.

Another important source of local revenue is the Regional Levy. Regional Retribution has the following characteristics:¹

- a. The levy is levied by the Local Government.
- b. In the levy there are achievements given to regions that can be directly appointed
- c. Levies are imposed on anyone who utilizes the services provided by the Regional Government.

According to Ahmad Yani, what is meant by regional retribution is a regional levy as payment for certain services or permits specifically provided and/or granted by local governments for the benefit of private persons or entities. There are several levels of levy imposed by the government on the community, namely levies on public services for direct use, levies for public services that require different ²*levels of direct cost* reimbursement and levies based on certain government authorities for receiving the levy. There are several criteria that must be met in

order for potential regional revenues to be subject to retribution, namely: adequacy and elasticity, fairness, administrative ability, political agreement and levy assessment by local governments, among others; coverage and elasticity, fairness, administrative ability, political agreement, and assessment of levies by the government.^{3 4}

The negative impact of the levy has not been optimal, directly affecting regional development based on the consideration that basically retribution is a method of transferring economic resources of the community (*private*) to regional income. Levies can be levied from the flow of economic resources (flow of resources, in the form of receipts of income and expenditure) and stock of *resources*, all of which have thirteen points of imposition, levied from individuals, legal entities and other subjects, and collected directly to the taxpayer (*tax payer*) and indirectly through other parties (*with holding agent*) as tax collector. In general, taxes can be interpreted as levies imposed by the government on income, wealth and capital gains of individuals and companies, as well as immovable property rights. In the context of state revenues and expenditures, it is certain that the tax levy has a direct impact on the financial system and the national economy, which in turn affects all aspects of state life. Regional retribution based on Law of the Republic of Indonesia Number 28 of 2009 concerning Regional Tax and Regional Retribution formulates regional retribution as payment for certain services or permits specifically provided and/or granted by local governments for personal or corporate interests.⁵

The sources of Regional Revenue according to Law Number 1 of 2022 concerning Financial Relations Between the Central Government and Regional Government are: (1) Local Original Revenue, (2) Balancing Fund, (3) Regional Loans, and (4) Other Legal Revenues. Meanwhile, the sources of Regional Original Revenue in accordance with Article 6 of Law Number 1 of 2022 concerning Financial Relations Between the Central Government and Regional Governments are: (1) Regional Taxes, (2) Regional Levies, (3) Results of Segregated Regional Wealth Management, and (4) Other Legal Local Original Revenues.

Law of the Republic of Indonesia Number 1 of 2022 concerning Financial Balance between the Central Government and Regional Governments, especially Article 285, states that regional revenue sources consist of:

- a. Local original revenue includes local taxes, regional levies, the results of the management of the wealth of the separated Regions, and other legitimate local original revenues;
- b. Transfer income; and
- c. Other legitimate regional revenues.

Furthermore, in Article 286 paragraph (1) of Law of the Republic of Indonesia Number 1 of 2014 concerning Financial Balance between the Central Government and Regional Government, it is stated that regional taxes and regional levies are determined by laws whose implementation in the regions is further regulated by Regional Regulations. Regional Tax as one of the components of local original revenue revenue (hereinafter abbreviated as PAD), the potential for regional tax levies provides more opportunities for regions to be mobilized optimally when compared to other components of PAD revenue. This is due to several factors,

mainly because the potential for local tax levies has clear properties and characteristics, both in terms of theoretical level, policy, and at the level of implementation.

The implementation of autonomy duties must pay attention to several factors / conditions. Riwu Kaho thinks that the factors that influence the implementation of regional autonomy are: (1) the implementing human must be good; (2) finances must be sufficient and good; (3) the equipment must be sufficient and good; (4) The organization and management must be good. All of these can be realized by paying attention to several principles in the implementation of regional autonomy. According to the General Explanation of Law of the Republic of Indonesia Number 32 of 2004 that the principles of regional autonomy are the principle of the widest autonomy, the principle of real autonomy and the principle of responsible autonomy. Regional retribution is part of a strategic opinion for regions for the cost of governance. In an effort to manage local government affairs that were born as a consequence of autonomy, regions must be able to raise money as an instrument of financing. Regional revenue sources consist of: ⁶*First*, local original revenue, hereinafter referred to as PAD, namely: (1) local tax revenues; (2) the proceeds of the regional levy; (3) the results of the management of the separated regional wealth; and 4) other valid PAD; *Second*, a balanced fund; and *Third*, other legitimate regional revenues.

The original exposure of the region after the implementation of the principles of decentralization and decocentralization. The source of income is intended for development, defense and implementation of government administration. Given the importance of the function and role of these sources of income for state administration, all potential leakage of sources of income must be prevented and eradicated. One way to eradicate and prevent leakage of sources of opinion, especially in the region, is to formulate legal policies. It can be described the legal formulation to increase local native income in Dumai City, Riau Province, relating to retribution for potential local native opinions as follows:⁷

"The special parking levy in Dumai City uses e money. The goal is to increase local original revenue (PAD) from the special parking levy. The Dumai City Government has signed a special levy electronic payment system cooperation agreement. The parties participating in this collaboration are the Dumai City Government through the Transportation Office, Bank Riau Kepri and Bank Mandiri. Payment using Bank Riau e money card cobranding mandiri- e-money. The application of payments such as payments on toll roads where the money goes directly to the accounts of Bank Riau and Bank Mandiri will then be transferred to regional cash accounts through the revenue account of the Transportation Office".

The special parking levy policy in Jambi City before the implementation of e money can be said to have not been effective or has not succeeded. This is due to various factors both in government performance and in the field, so the impact is that the realization of Dumai City's special parking levy revenue has not met the target. The special parking levy policy in Dumai city before the implementation of e money so far there are still many shortcomings and obstacles, so to respond to this reality, of course, extra efforts are needed to be able to achieve this success. However, the results obtained show that not many efforts have been made by the Jambi City Government to boost regional revenue from parking levies, this is because some of

the efforts made are conditional, not permanent and comprehensive, so this cannot be done sustainably. And other efforts that have been launched have not been realized, due to the absence of supporting instruments in the form of legal policy formulation.

The formulation is interpreted as the role of law as a means of supporting development. According to Roscoe Pound in Mochtar Kusumaatmadja that law can be said ⁸*to be rules of conduct for men behavior in a society* and law eliminates uncertainty, law provides guarantees for social change. A legal system has various functions, namely the function of law as social control, here the law makes norms that control individual behavior in dealing with individual interests and the function of law as a means of conflict resolution (*dispute settlement*) and serves to renew society. Therefore, referring to the description of good understanding that expresses law in the perspective of natural law, positive law and law as a whole, Purnadi Purbacaraka and Soekanto said there are nine meanings of the law, namely:⁹

1. Science is systematically arranged on the basis of the power of thought.
2. Discipline, which is a system of teachings about reality or symptoms faced.
3. Norms are guidelines or benchmarks for attitudes, actions or behaviors that are appropriate or expected.
4. Legal system, namely the structure and process of legal norms that apply at a certain time and place and in written form.
5. Officers, namely individuals who are closely related to law enforcement (law enforcement officer).
6. The decision of the ruler, which is the result of the discretionary process.
7. The process of government, namely the process of reciprocal relations between the main elements of the state system.
8. Regular attitudes, actions or behaviors are behaviors that are repeated in the same way, aiming to achieve peace
9. The interweaving of values, that is, the interweaving of abstract conceptions of what is considered good and bad.

The working of the law does not occur because a law has been made, but each government will tell how a role-holder, namely the subject of the law he regulates (society and apparatus) is expected to act and act. In other words, how a person will act is a response to the rules addressed to him. Through his writings, Satjipto Rahardjo, the initiator of progressive legal thought in Indonesia, expressly included (human) behavior as an important element in law, even placing human behavior above regulations. According to him, in the case of Indonesia, the legal process is still seen more as a regulatory process than the behavior of those involved in it.¹⁰

In order to find an appropriate formula related to behavior as an important element in the law in the formulation of legal policies to increase local original income, the Dumai City Government proposes to use its own management system by planning, coaching, controlling

and supervising the implementation of special parking using *e money* which is entirely carried out by the Dumai City Government. The formulation of a special parking system using *e money* is expected to improve parking management in Dumai City and achieve the parking levy target in accordance with what has been set.

B. RESEARCH METHODS

The research method used is normative juridical research with a statutory approach and a concept approach.¹¹

1. Types of Research

This research is included in the type of doctrinal research, where the approach method used is normative juridical. The study method used in this study is normative legal research, which is a study conducted by examining certain legal problems based on the implementation of applicable laws and regulations or applied to a legal case.¹²

2. Research Approach

- a. *Statute* approach is an approach taken by reviewing laws and regulations related to the legal issues raised.¹³
- b. Conceptual approach (*conceptual approach*) is an approach that departs from the views and doctrines that develop in legal science.¹⁴

3. Data Sources and Data Collection

The research source used in this study is the result of data collection carried out with *library research* data.

Secondary data are then grouped into three sources of legal materials used in this study are primary legal materials, secondary legal materials, and tertiary legal materials as follows:

a. Primary Legal Materials

Primary legal materials are data that are materials in binding legal research sorted based on the hierarchy of legislation.

b. Secondary Legal Material

Secondary legal research is material in the form of all publications on law that are not official documents, including textbooks, legal dictionaries, legal journals, and commentaries on court decisions

c. Tertiary Law Materials

Tertiary legal material, is also legal material that can explain both primary legal material and secondary legal material, in the form of dictionaries, lexicons and others related to the focus of research.

4. Data Analysis

The research technique in this dissertation is descriptive analytical, where analysis is carried out critically using various theories of research problems. The collected data is analyzed descriptively with a *qualitative approach*, namely by providing a thorough and in-depth presentation and explanation (*holistic / verstelen*) scientifically.

C. RESEARCH RESULTS AND DISCUSSION

1. The effectiveness of legal policy formulation in increasing local native income

The effectiveness of the law is part of law enforcement, which can be interpreted as the administration of the law by law enforcement officers and by everyone who has interests in accordance with their respective authorities according to applicable legal rules. Law enforcement is the activity of harmonizing the relationship of values described in established rules and attitudes of action as a series of final stage value elaboration. To create, maintain and maintain social peace. The administration of law by law enforcement officers and by any person who has an interest in accordance with their respective authorities according to applicable legal rules. Law enforcement ¹⁵¹⁶is the activity of harmonizing the relationship of values described in established rules and attitudes of action as a series of final stage value elaboration. To create, maintain and sustain the peace of life.¹⁷

Legal policy in the field of original income of Jambi Region is part of the main objective of the implementation of local government to realize harmony between economic growth and improving community welfare that is fair and equitable. Therefore, to support the implementation of good governance, it must be accompanied by elements of funding derived from the collection of revenue and from the allocation of budgets both in the APBN and APBD.

In accordance with Finance Law Number 17 of 2003, the highest authority holder of state financial management is the President, while in the regions is the Governor / Regent / Mayor. Therefore, at the level of fiscal policy implementation in the regions, synergy and harmonization of central and regional policies and financial management are needed so that development goals and targets can be achieved effectively and efficiently.

Furthermore, fiscal policy as a tool of the Government to achieve development goals and public welfare is the responsibility of the central and regional governments in ensuring their effectiveness. With its three main functions as a tool of allocation, distribution, and stabilization, effective fiscal policy is expected to improve the improvement and quality of macroeconomic indicators and welfare in the regions. Therefore, effective fiscal policy can be seen from improvements in macroeconomic indicators and welfare indicators.

Apart from this, the first thing that must be the basis for the formulation of effective and efficient fiscal policy is that regions must map in advance the regional challenges faced both in terms of economic, socio-population, and regional challenges, so that fiscal policy interventions through priority programs can directly answer the regional challenges faced. The formulation is integrated, comprehensive and comprehensively documented in the form of

Development Plan Documents by Local Governments for both the Medium and Long Term. Through this document, it is further elaborated in a Regional Government Work Plan (RKPD) as an annual planning document of the Jambi Provincial Government.

Based on the RPJMD document contained in Jambi Province Regional Regulation Number 7 of 2016 concerning the Jambi Province Regional Medium-Term Development Plan for 2016-2021, the Jambi Province Vision is the Realization of an Orderly, Superior, Comfortable, Tough, Just and Prosperous Jambi Province or abbreviated as TUNTAS 2021.

Orderly: Defined as a form of governance of the Jambi Provincial Government that applies the principles of clean, transparent, accountable, and harmonious governance which is reflected in reduced levels of corruption, more development successes in various fields, professional and high-performance government bureaucracy, guaranteed legal certainty, and harmonization between levels of government from central to village.

Superior: Describe the quality of Jambi Province's Human Resources that are competitive and able to become social capital for the realization of a competitive Jambi Province economy.

Comfortable: Conditions that describe the lives of people in Jambi Province who live in an atmosphere of security, tranquility, peace, mutual respect and high tolerance between tribes, religions, and races are based on the rule of law so as to encourage a conducive investment and business climate.

Tangguh: Describes the economic independence of people who are able to withstand global economic shocks and are able to compete globally, the development of Science, Technology and Innovation (IPTEKIN) and environmentally sound development.

Fair: Means the realization of fair and equitable development without discrimination, both between individuals, groups and between regions, so that the results of development can be enjoyed by all levels of society.

Prosperous: Contains the meaning that the condition of all levels of society as a whole can be fulfilled their basic rights, both in the social, economic, political and cultural fields of the Mission.

2021 is the final stage of RPJMD implementation for the 2016-2021 period. This year also saw a change of leaders whomade this year a transitional year where many of the plans that had been prepared were given some adjustments so that the development process could still be carried out.

To realize this development, the Jambi Provincial Government has prepared the following targets:

Table 4.1: Regional Performance Indicators 2016-2021

No.	Sasaran Makro Kesra	Tahun 2016	Tahun 2017	Tahun 2018	Tahun 2019	Tahun 2020	Tahun 2021
1	Pertumbuhan PDRB	4,37	4,60	5,00	5,50	5,90	6,20
2	Laju Inflasi	4,54	2,68	3,50	3,75	3,20	3,00
3	Indeks Gini	0,35	0,34	0,33	0,32	0,31	0,30
4	Indeks Ketimpangan Williamson	0,40	0,39	0,39	0,38	0,38	0,37
5	Persentase Penduduk Miskin	8,37	7,90	7,80	7,65	7,50	7,40
6	NTP	99,5	100,8	102,3	103,8	105,3	105,3

Sumber : RPJMD Perubahan Provinsi Jambi

In this Change RPJMD, there is a combination of several objectives to be more effective with more measurable indicators. The objectives of regional development are as follows:

- a. Realizing clean, transparent, accountable and participatory local governance with quality public services
- b. Improve the quality of human resources through improving the quality of education and health
- c. Improve the quality of women's human resources and cultured and religious human resources

In general, the achievement of macro and kesra performance this year has been quite good. This can be seen by the maintained macro indicators that are quite far below the target and the increase in several kesra indicators, although there are still some things that need attention. This good performance shows that the Government's policies in handling this pandemic are effective enough to reduce social turmoil.

The economy of Jambi Province still faces several challenges, especially for recovery from the COVID-19 pandemic. In terms of investment, for example, it is still not optimal because the attractiveness and carrying capacity are still quite low. In addition, Jambi Province is currently still facing the problem of limited basic service infrastructure. The development of local commodity potential still has to be improved. Low support for promotion and branding for local products results in weak competitiveness in the market. Even though Jambi Province has a very large demographic bonus with a productive age population rate of 70.54%. However, the unemployment rate due to the COVID-19 pandemic is still quite high. The government has a challenge to develop competent human resources to handle the plantation and agricultural sectors which are the prima donna of the Jambi Province economy.

2. Draft legal policies to increase local revenues

Policy reformulation to increase local revenue in the future includes; 1) Increase in Gross Domestic Product, 2) Control of Interest Rates, Inflation, Exchange Rate, 3) Improvement of Infrastructure, 4) Development of Employment and Reduction of Unemployment, 5) Increase of leading and potential sectors in the regions. The government should be more serious about developing leading and potential sectors in the regions. The leading sectors are the Agriculture, Forestry & Fisheries sector, the Mining & Quarrying Sector and the Education Services Sector. Meanwhile, the Water Procurement, Waste Management, Waste and Recycling Business Sector and Information and Communication Sector are potential sectors to be developed in Jambi Province. By having a map of the potential and leading sectors, of course, it is expected that future fiscal spending will be directed to support infrastructure and related infrastructure facilities that can further encourage the sector to grow. Even if planned well, it is not impossible that this superior sector will become a typical sector of Jambi Province so as to further enlarge the role of Jambi Province in the Sumatra region in the future.

The government as a regulatory holder to be able to continue to create a conducive market situation, provide support for supporting facilities both distribution, storage and transportation as well as regulations that are able to ensure bureaucratic certainty so as to create a conducive economic climate and supervision of the quality of goods, especially for those to be exported. In addition, it is also necessary to consider the development of marketing buffer agencies. The main objective of this institution is to stabilize commodity prices, which ultimately has an impact on people's welfare.

This is very important to be prioritized, for example in the form of developing special economic zones, supporting distribution or road access, warehousing and in the form of commodity buffer institutions. This is necessary to maintain the availability of goods and prices so that oligarchy does not occur against certain commodities. And finally, to encourage economic growth, it cannot be separated from the role of the APBN and APBD to encourage investment in the regions. The proposed spending allocation should focus more on spending that is able to encourage the development of this leading sector. Not only that, government spending must also be able to create a conducive social and economic situation in order to attract domestic and foreign investors to invest in the region so as to optimize existing potential.

The government must also be more serious about providing the necessary infrastructure support. This is to maintain the availability of goods and prices so that there is no oligarchy against certain commodities. And finally, to encourage economic growth, it cannot be separated from the role of the APBN and APBD to encourage investment in the regions. The proposed spending allocation should focus more on spending that is able to encourage the development of this leading sector. Not only that, government spending must also be able to create a conducive social and economic situation to attract domestic and foreign investors to invest in the region so that it can optimize existing potential.

Potential regional sectors in Jambi Province. This sector has fast growth criteria with a Proportional Growth Component greater than the National Growth Component ($KPP > 0$). The next criterion is that this sector does not have competitiveness with the Regional Share Growth Component smaller than the Proportional Growth Component ($KPPW < 0$). These potential sectors are:

The Water Procurement, Waste Management, Waste and Recycling Business Sector grew 8.19% (yoy) in the fourth quarter of 2021. Ice crystal factories, which are included in this potential sector business field, experienced an increase in production compared to the previous quarter. This is related to LU accommodation, eating and drinking which is experiencing growth as well. The increase in public mobility to recreation areas, cafes, restaurants, and restaurants indicates that economic conditions are starting to recover after PPKM level 4 conditions in the previous quarter. Infrastructure development carried out by PDAM Tirta Mayang Jambi City, which is to meet the target of 100 connections in 2023, also contributes to the growth of GDP in this sector.

Furthermore, the Information and Communication Sector grew 5.56% (yoy). Online work and study activities, online shopping that increased during the COVID 19 pandemic drove improved performance in this sector. In the Health Services and Social Activities sector, the construction of St. Theresia Hospital, A Sayoeti Hospital, Olak Kemang Puskemas in Jambi City, Sultan Thaha Syaifudin Hospital in Tebo Regency, contributed to the growth of this sector of 20.76% (yoy), the largest growth compared to other sectors in the fourth quarter of 2021.

Regional revenue revenue in this potential sector comes from: surface water tax, groundwater tax, motor vehicle parking levy, garbage levy and liquid waste management, latrine water suction levy, communication tower control levy. Meanwhile, health services at the hospital are included as BLUD's income. In Jambi Province, the BLUD pattern has developed quite well in 2021 (as many as 60 BLUD) and is increasingly in demand by related agencies, especially those engaged in the health sector because of the characteristics and flexibility possessed by BLUD.

D. CONCLUSION

The effectiveness of legal policy formulation to increase local native income currently in Development in Jambi Province can be said to be quite good. This can be seen from the very controlled inflation, GDP that is growing again, the Gini Ratio that is getting closer to the target, and the Farmer Exchange Rate is getting better. Macroeconomic indicators in Jambi Province are quite encouraging. The economy grew 3.66% from last year which shows the recovery is going well although slightly slower than last quarter. The inflation rate is also very well maintained while interest rates are still set low to boost the wheels of the economy so that consumption levels can increase further. The performance of the rupiah this year is very good and even far outperforms other countries in the Southeast Asian region; Well-being indicators have also improved. This can be seen from the HDI that is growing and the unemployment rate is also decreasing. This is further strengthened by the increasing level of welfare of farmers. The poverty rate is still quite high even though it has dropped from last year. In addition, the

level of inequality must also be corrected even though it has dropped from last year. The challenges of Regional Economic Development in Jambi Province are as follows; 1) The impact of the Covid-19 pandemic is still being felt; The economy of Jambi Province still faces several challenges, especially for recovery from the COVID-19 pandemic; 2) Infrastructure support needs to be improved; The problems faced by Jambi Province are related to limited basic service infrastructure and the economy; 3) Challenges of Activities that Damage the Environment; activities that result in environmental damage, such as encroachment of forest areas, burning forests and land for the purposes of agricultural cultivation and illegal mining activities 4) Social Population Challenges; the number of residents who live differently from the KK/KTP owned by 10.18% or around 361.37 thousand residents 5) Regional Geographical Challenges; Jambi's geographical location is very strategic in the ASEAN and Interregional Sumatra regions which have not been supported by adequate facilities.

Policy reformulation to increase local revenue in the future includes; 1) Increase in Gross Domestic Product, 2) Control of Interest Rates, Inflation, Exchange Rate, 3) Improvement of Infrastructure, 4) Development of Employment and Reduction of Unemployment, 5) Increase of leading and potential sectors in the regions. The government should be more serious about developing leading and potential sectors in the regions. The leading sectors are the Agriculture, Forestry & Fisheries sector, the Mining & Quarrying Sector and the Education Services Sector. Meanwhile, the Water Procurement, Waste Management, Waste and Recycling Business Sector and Information and Communication Sector are potential sectors to be developed in Jambi Province. By having a map of the potential and leading sectors, of course, it is expected that future fiscal spending will be directed to support infrastructure and related infrastructure facilities that can further encourage the sector to grow. Even if planned well, it is not impossible that this superior sector will become a distinctive sector of Jambi Province so as to further enlarge the role of Jambi Province in the Sumatra region in the future.

Some suggestions that can be submitted based on research results include the following:

- 1) Optimization of Local Original Income. Alternative PAD optimization includes: optimizing leading sectors and regional potential. Among others: tourism sector in Kerinci District, agricultural sector: in Sungai Penuh, Batanghari, Bungo, Tebo, and Merangin trade sector in Muaro Jambi, forestry sector in West and East Tanjung Jabung, mining sector in Sarolangun District. Another strategic step is to digitize economic transactions in the regions (example: levy payments, local taxes, vehicle taxes).
- 2) Harmonization of RPJMN and RPJMD fiscal policies. Coordination of clear and measurable development directions by the central and local governments is absolutely necessary to support regional economic development. The construction of Ujung Jabung Port in East Tanjung Jabung Regency is a practice of harmonization of central and regional programs. The physical port was built by the Ministry of Transportation, the connecting bridge was built by the Ministry of PUPR, while the port access road was built by the local government. With the opening of road and port connectivity, it is expected to be able to increase economic growth and increase the HDI figure of East Tanjung Jabung Regency and West Tanjung Jabung which are still "medium" HDI status;

- 3) Inter-regional cooperation. The results of discussions with local governments obtained information that to improve connectivity in the midst of limited regional fiscal capacity by conducting cooperation between regions. An example is the construction of cross-district road land access, namely Tanjung Jabung Timur-Tanjung Jabung Barat-Indra Giri Hilir Riau Province. With the cut in distance and travel time, it will certainly make the traffic of people and goods more efficient, forming a new economic center for better economic growth.

Footnote

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