



Analysis of Hotel Harper's Revenue Increase on the Regional Original Revenue of Medan City

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Abstract: This study aims to analyse the increase in Harper Hotel revenue to Medan City's local revenue. There is a dependent variable, namely the Regional Original Revenue of Medan City, and two independent variables, namely lodging and other hotel revenue. This research uses primary data by conducting direct data searches on the management of Harper Hotel. The data analysis model in this study uses multiple linear regression. The results showed that the Lodging Revenue and Other Revenue Variables had a significant effect on Regional Original Revenue in Medan City.

Keywords: Lodging Revenue; Other Revenue; Regional Original Revenue.

1. INTRODUCTION

Hotel revenue has a significant contribution to Regional Original Revenue (PAD) in many regions, especially those with a growing tourism industry. Here are some points that explain the background of the importance of hotel revenue to PAD. This tax is directly levied on hotel revenue from room rentals, food, and beverages. The amount varies depending on the regional policy. Besides PHR, hotels also contribute to PAD through VAT levied on the various services they offer. The presence of quality hotels attracts more tourists, which in turn increases revenue from other sectors such as transportation, entertainment, and local trade. Hotels provide a lot of employment, both direct (hotel staff) and indirect (suppliers of goods and services), which increases community income and in turn increases local income tax. Investment in hotel development is often followed by infrastructure development such as roads, electricity, and clean water, which also increases property values and local revenue.

The presence of hotels can attract other investments in the form of shopping centers, tourist attractions, and other public facilities. Revenue from the tourism sector, including hotels, helps the region to be less dependent on certain sectors such as agriculture or mining. By diversifying income sources, regions can be more economically stable and more resilient to global market fluctuations.

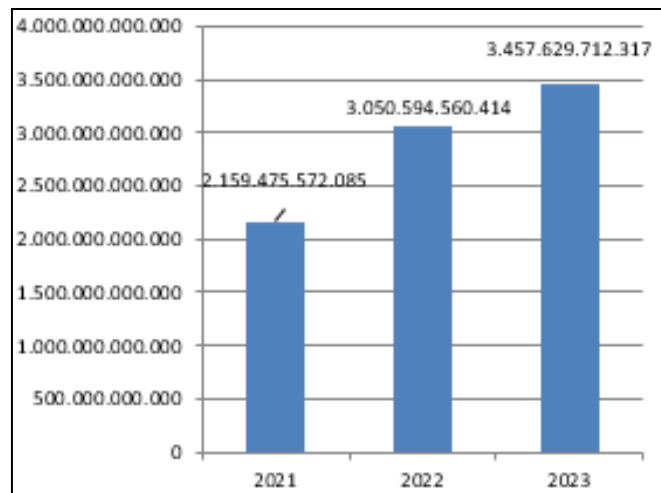
Increased revenue from the hotel and tourism sector can be used to improve public services such as education, health and security. Tourism often encourages the preservation of local culture due to interest from tourists.

By understanding this contribution, local governments can make policies that support the growth of the hospitality industry, thereby increasing PAD and overall community welfare. Regional Original Revenue (PAD) is a source of regional income that can be freely used by each region to organize regional government and development. But in reality, the contribution of Regional Original Revenue to regional income and expenditure is still small. So far, the dominance of central government contributions to the regions is still large. Therefore, to reduce dependence on the central government, local governments need to try to increase Regional Original Revenue (PAD), one of which is by exploring the potential of the region (J.R.Walakandou, 2013).

Table 1. Regional Original Revenue Data of Medan City

Year	Original Regional Revenue (Rp)
2021	2.159.475.572.085
2022	3.050.594.560.414
2023	3.457.629.712.317

Source: Central Bureau of Statistics (BPS)



Source: Table 1

Figure 1. Graph of Regional Original Revenue of Medan City

Based on the data and phenomena that have been described in the background above, we can assume that Medan City's Original Revenue increases every year due to contributions from the hotel industry, one of which is Harper Hotel.

2. LITERATURE REVIEW

Lodging Revenue

Hotel lodging revenue is the amount of money earned from various hotel operating activities that provide accommodation services and related facilities to guests. This revenue includes various sources that are directly related to room rentals and additional services provided by the hotel. Here are some of the main components of hotel lodging revenue. Revenue generated from renting out hotel rooms to guests for a specific period. This is the main source of revenue for most hotels. Additional revenue earned when guests choose to upgrade their room type to a higher category with better facilities. Tourist visits to Medan City are increasing again, although they have not yet reached pre-pandemic levels. Nonetheless, the increase in visitation provides hope for the economic recovery of the tourism sector and has a positive impact on the local economy, including the income of tourism businesses, hotels, restaurants, and other related sectors. This growth trend continues in 2022, with a more significant increase in tourist arrivals. Economic growth from the tourism sector not only affects the sector's revenue, but also drives overall economic growth through multiplier effects, such as increased employment and community income (Badru, 2023).

Other Income

Restaurant revenue and other revenue in hotels refer to income earned from various additional services provided by the hotel, other than room rentals. The following is an explanation of these two types of revenue:

a) Restaurant Revenue

Restaurant revenue is the amount of money the hotel earns from food and beverage services provided within the hotel. Its main components include:

- Main Restaurant: Revenue from the sale of food and beverages served in the hotel's main restaurant.
- Bar and Lounge: Revenue from the sale of alcoholic and non-alcoholic beverages and snacks served in the hotel's bars and lounges.
- Cafes: Revenue from the sale of snacks, cakes, and beverages at the hotel's café.
- Room Service: Revenue from food and beverages ordered by guests and delivered directly to their rooms.
- Events and Banquets: Revenue from the provision of food and beverages for special events such as weddings, conferences, or corporate events organized at the hotel facilities.

b) Other Revenue

Other revenue in hotels includes various sources of additional income apart from room rentals and restaurants. The main components include:

- Spa and Wellness: Revenue from spa services, massages, beauty treatments, and use of fitness and gym facilities.
- Laundry and Dry Cleaning: Revenue from guest laundry and ironing services.
- Meeting and Conference Rooms: Revenue from the rental of meeting rooms, conference rooms, or other event spaces provided by the hotel.
- Transportation Services: Revenue from airport shuttle, car rental, or local transportation services provided by the hotel.
- Retail Sales: Revenue from the sale of items in the gift shop, convenience store, or boutique within the hotel.
- Mini Bar: Revenue from the sale of snacks and drinks available at the in-room mini bar.
- Internet and Communications: Revenue from paid internet, telephone and other communication services provided by the hotel.
- Commission and Collaboration: Revenue from commissions or cooperation with third parties, such as travel agents or tour service providers.

According to Law Number 28 Year 2009 Article 1, Hotel Tax is a tax on services provided by hotels. Meanwhile, what is meant by hotel is a facility providing lodging/resting services including other related services for a fee, which also includes motels, inns, tourism huts, tourism guesthouses, resorts, lodging houses and the like, as well as boarding houses with more than 10 (ten) rooms. And Restaurant Tax is a tax on services provided by restaurants, and what is meant by restaurant is a facility for providing food and/or drinks for a fee, which also includes restaurants, cafeterias, canteens, stalls, bars, and the like, including catering services. With the establishment of Hotel Tax and Restaurant Tax Rates by Law Number 28 Year 2009 Article 35 and Article 40 of 10%, each hotel and restaurant will provide 10% of the revenue for hotel services and restaurant services to consumers who enjoy them. Hotel Tax and Restaurant Tax are part of the sources of PAD that are very potential in Medan City and make a significant contribution when viewed from the regional tax component, because Medan City is a gateway in receiving the flow of local tourists and foreign tourists to visit tourist destinations in North Sumatra (Wahyuni & Utara, 2018).

PAD (Regional Original Revenue)

Regional Original Revenue (PAD) is all revenue obtained by the local government that comes from the economic sources of the region itself. PAD reflects the ability of a region to finance its government activities and services to the community independently without relying on transfers from the central government. The following are the main components of PAD:

a) Local Taxes

- Hotel and Restaurant Tax: A tax levied on services provided by hotels and restaurants in the area.
- Entertainment Tax: A tax imposed on entertainment activities such as movie theaters, concerts, and recreational venues.
- Billboard Tax: A tax imposed on advertising and billboards.
- Motor Vehicle Tax: A tax imposed on the ownership and use of motor vehicles.
- Land and Building Tax (PBB): A tax imposed on the ownership of land and buildings.

b) Local Retribution

- General Service Levies: Revenue from public services provided by local governments such as parking, markets, and terminals.
- Business Services Levies: Revenue from business services provided by local governments such as land and building leases.
- Specific Licensing Levy: Revenue from the granting of certain licenses such as building construction permits (IMB), business licenses, and route permits.

c) Result of Management of Separated Regional Wealth

- BUMD Dividend: Revenue from the share of profits of regional companies or regionally owned enterprises (BUMD).
- Regional Business Profits: Revenue from business activities owned or managed by the local government.

d) Other Legitimate Local Revenue

- Proceeds from Sale of Regional Assets: Revenue from the sale of assets owned by the local government.
- Revenue from Fines and Administrative Sanctions: Revenue from fines and sanctions imposed on violations of local regulations.
- Current Account Revenue: Revenue from interest on local government savings or deposits.

PAD is an important indicator of a region's fiscal independence. The greater the contribution of own-source revenue (PAD) to the total regional budget, the more independent

the region is in financing activities and development without relying on transfer funds from the central government. Efforts to increase PAD involve efficient and effective management of local revenue sources as well as the implementation of fiscal policies that support regional economic growth. Regional Original Revenue (PAD) is regional revenue sourced from the utilization of regional resources, the implementation of government affairs and services to local communities (Anggoro, 2017).

3. METHOD

This type of research is quantitative. The scope of the research is Medan City, this research is supported by secondary data obtained from the Central Bureau of Statistics. The data analysis technique used in this research is Multiple Linear Regression (Rusiadi, 2015), with the form of the regression equation as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where:

Y = Local Tax

a = Price of Y when X₁ and X₂ = 0 (constant price)

β = Regression coefficient

X₁ = Lodging Revenue

X₂ = Other Income

ε = Error Term

4. RESULTS AND DISCUSSION

Result

Hotel Harper Medan is a hotel located at Jl. KH. Wahid Hasyim no. 53/7, Medan. this hotel has a classic design combined with rustic charm. The strategic location makes it easy for guests staying at Harper to reach culinary places, places to buy souvenirs, and entertainment in the city of Medan. Durian Ucok is nearby, just a short walk away.

Our three-star hotel has 89 rooms divided into 3 types: Superior, Deluxe, and Suite; all of which offer the comfort and elegant modern style of an international hotel. Rustik Bistro and Bar is also available for guests to enjoy a variety of dishes and drinks.

The presence of hotels can attract other investments in the form of shopping centers, tourist attractions, and other public facilities. Revenue from the tourism sector, including hotels, helps regions to be less dependent on certain sectors such as agriculture or mining. The following are the results of the research:

Table 2. Research Data

Year	Lodging Revenue	Other Revenue	Local Tax
2023	12.202.963.618	3.639.242.635	1.584.220.625
2022	10.540.148.656	3.233.048.020	1.377.319.668
2021	7.608.506.243	3.475.867.403	1.108.437.365

Source: Harper Hotel, 2024

Table 3. Multiple Linear Regression Results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	7.441	.514		18.344	.000		
Lodging Revenue	.074	.058	.467	6.113	.000	.968	1.001
Restaurant & Other Revenue	.068	.034	.244	5.221	.000	.977	1.010

Source: SPSS Processing Results Version 23.0

Based on the table above, the multiple linear regression is obtained as follows:

$$Y = 7.441 + 0.074X_1 + 0.068X_2 + \epsilon$$

The interpretation of the multiple linear regression equation is:

1. If everything in the independent variables is considered constant, then GDP is 7.441.
2. If there is an increase in lodging income, then local taxes will increase by 0.074 one unit value.
3. If other income increases, then local taxes will increase by 0.068 one unit value.

Table 4. Test-t (Coefficients^a)

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
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Source: SPSS Processing Results Version 23.0

Based on the table above, it can be seen that

a) The effect of Lodging Revenue on Local Taxes.

T-hitung $6,113 > t\text{-tabel } 1,652$ and significant $0.000 < 0.05$, then H_a is accepted, which states that Lodging Revenue has a significant effect on Local Taxes.

b) The effect of other income on local taxes.

T-hitung $5,221 > t\text{-tabel } 1,652$ and significant $0.000 < 0.05$, then H_a is accepted, which states that other income has a significant effect on local taxes.

Table 5. Test-F (Anova^a)

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	31.444	3	9.077	20.444	.000 ^b
Residual	29.221	124	.334		
Total	60.666	125			

a. Dependent Variable: Local Tax

b. Predictors: (Constant), Lodging Revenue, Other Revenue

Source: SPSS Processing Results Version 23.0

Based on the table above, it can be seen that the F-hitung is $20.444 > F\text{-tabel of } 2.65$ and the significance is much smaller than 0.05 , namely $0.000 < 0.05$, then H_a is accepted Lodging Revenue and Others simultaneously have a significant effect on local taxes paid in the city of Medan.

Table 6. Coefficient of Determination (R²) Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.666 ^a	.444	.799	.62768	1.788

a. Dependent Variable: Local Tax

b. Predictors: (Constant), Lodging Revenue, Other Revenue

Source: SPSS Processing Results Version 23.0

Based on the table above, it can be seen that the adjusted R Square number is 0.799, which can be called the coefficient of determination, which in this case means that 79% of the Regional Tax deposited can be obtained and explained by Lodging Revenue and other income. While the remaining 21% is explained by other factors or variables outside the model that are not examined.

5. DISCUSSION

The test results show that all independent variables have a positive influence on the dependent variable. The detailed results of the analysis and testing can be explained as follows:

1. The Effect of Lodging Revenue on Local Taxes (Deposited to the Medan City Government)

Based on the partial hypothesis test conducted, the tcount value is $6.113 > t$ table 1.652 and significant $0.000 < 0.05$, then H_a is accepted, which states that Lodging Revenue has a significant effect on local taxes. In addition, it also has a beta coefficient of 0.074, which means that if there is an increase in Lodging Revenue, local taxes will increase by 0.074 percent. thus it can be concluded that Lodging Revenue has a positive and significant effect on Regional Taxes deposited with the Medan City Government.

Revenue from hotel lodging has a positive and significant influence on local taxes in Medan City. When hotel revenue increases, the contribution to local taxes also tends to increase. This happens because most local governments apply taxes on revenues obtained from the hotel sector. The tax could be in the form of hotel tax, entertainment tax, or other taxes related to the services provided by the hotel.

Higher revenue from hotels indicates increased economic activity in the tourism and hospitality sector, which in turn can increase local tax revenue. This increase is important for

the city government as local tax revenue is used to finance infrastructure development, public services, and other programs that benefit the local community.

In addition, hotels that successfully increase their revenue are likely to also improve their service quality, number of visits, and occupancy rate. All these factors contribute to an increase in total local tax revenue. Therefore, good management in the hospitality sector is not only beneficial for the business itself but also makes a significant contribution to regional economic development.

2. Effect of Other Revenues on Local Taxes (Deposited to Pemko Medan)

Based on the partial hypothesis test conducted, the t -count value is $5.221 > t$ table 1.652 and significant $0.009 < 0.05$, then H_a is accepted, which states that other income has a significant effect on local taxes. In addition, it also has a beta coefficient of 0.068 , which means that if other income is added, local taxes will increase by 0.068 percent. thus it can be concluded that other income has a positive and significant effect on local taxes deposited with the Medan City Government.

Revenue from restaurants and entertainment provided by hotels in Medan City has a positive and significant influence on local taxes. When revenue from restaurants and entertainment increases, the contribution to local taxes also increases significantly. This is because local governments usually impose special taxes on food, beverage, and entertainment services provided by hotels. Hotels that provide high-quality restaurants and attractive entertainment facilities tend to attract more customers, both from hotel guests and local visitors. This increase in activity not only increases hotel revenue but also increases local tax revenue through restaurant and entertainment taxes. These taxes can then be used by the local government to fund various programs and infrastructure that benefit the wider community.

5. CONCLUSIONS

From the results of research on the factors that influence the increase in PAD (Regional Original Revenue) of Medan City. can be put forward some conclusions as follows:

1. The results of Multiple Linear Regression partially, show that lodging income and other income have a significant effect on local taxes deposited with the Medan City Government.
2. Simultaneous Multiple Linear Regression Results, based on the above research, Ha Lodging Revenue and other revenues simultaneously (Simultaneously) have a significant effect on Regional Taxes deposited with the Medan City Government.

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