

## **ABSTRACT**

*Regional financial independence means that local governments are able to finance themselves in carrying out activity financing, development and regional services to the community with their own regional finances without interfering with the central government. This research was conducted with the aim of knowing the effect of capital expenditure, special allocation funds and local revenue on the level of regional financial independence either simultaneously or partially. The data used in this study were obtained from the District / City APBD Realization Report in West Java Province 2015-2018.*

*The population in this research is the Regency / City in West Java Province 2015-2018. This research uses quantitative methods. The sampling technique in this study used the census method from 27 samples of districts / cities with a 4-year observation year from 2015-2018 with a total of 108 observation data. The statistical analysis of the data used in this study is panel data regression analysis with Eviews 10.*

*The results obtained show that capital expenditure, special allocation funds and local revenue are able to explain the level of regional financial independence of 96.79%, while the remaining 3.21% is explained by other variables outside the study. The partial test results show that local revenue has a positive effect on the level of regional financial independence. Meanwhile, capital expenditure and special allocation funds have no effect on the level of regional financial independence. Simultaneous test results show that capital expenditures, special allocation funds and local revenue have an effect on the level of regional financial independence.*

*Keywords: Capital Expenditures, Special Allocation Funds, Regional Original Income, Level of Regional Financial Independence.*