

The Fiscal Paradox of Land and Building Tax: High Growth, Low Effectiveness, and Weak Contribution to Local Own-Source Revenue in Palangka Raya City

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ABSTRACT

The Rural and Urban Land and Building Tax (PBB-P2) is an important instrument for strengthening local fiscal capacity; however, an increase in its revenue does not always indicate comprehensive fiscal success. This study aims to analyze the effectiveness, growth rate, and contribution of PBB revenue to Local Own-Source Revenue (PAD) in Palangka Raya City, while also identifying the constraints that influence these achievements. This study employed a mixed descriptive approach, combining descriptive quantitative analysis of PBB targets, PBB realization, and PAD data from 2017 to 2023 with qualitative interviews involving key informants at the Regional Tax and Retribution Management Agency of Palangka Raya City. The data were analyzed using effectiveness ratios, growth ratios, contribution ratios, and thematic interpretation of interview results. The findings show that the effectiveness of PBB revenue was classified as less effective, with an average of 72.41%; the growth rate was classified as highly successful, with an average of 105.5%; while its contribution to PAD remained low, with an average of 10.5%. These findings reveal a fiscal paradox, in which high revenue growth is not accompanied by effective tax collection or a strong fiscal contribution to PAD. This condition is influenced by relatively high revenue targets, low taxpayer awareness, and suboptimal tax collection administration. This study concludes that the performance of PBB in Palangka Raya City has not yet been optimal as a strategic source of PAD. This article offers an integrative interpretation that the success of PBB should not be assessed solely from revenue growth, but should also be examined simultaneously through target effectiveness, fiscal contribution, and the institutional factors that influence its performance.

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Introduction

The Rural and Urban Land and Building Tax (PBB-P2) is one of the important local fiscal instruments because it is directly related to the financing of public services and the strengthening of local government financial capacity. Within the framework of central-local fiscal relations in Indonesia, local taxes are positioned as part of the fiscal decentralization design aimed at strengthening regional autonomy, increasing accountability, and reducing dependence on central government transfers (Direktorat Jenderal Perimbangan Keuangan [DJPK], 2022). In the global discourse, property tax is also regarded as an important source of revenue for local and regional governments, although its potential in many countries has not been optimally mobilized due to issues related to administration, databases, compliance, and collection capacity (Organisation for Economic Co-operation and Development [OECD], 2022, 2024). Thus, the performance of PBB-P2 is not only important as a technical issue of tax collection, but also as part of a strategy to strengthen local fiscal capacity.

This context is relevant to Palangka Raya City. During the 2017–2023 period, PBB realization showed nominal movement, but it was not able to consistently achieve the annual targets. The data in this study show that the average effectiveness of PBB revenue was only 72.41%, while the growth rate reached 105.5% and its contribution to Local Own-Source Revenue (PAD) was only 10.5%. This combination reveals an interesting condition: PBB revenue grew significantly, but its effectiveness in relation to the target remained low and its contribution to PAD remained weak. This fact indicates that an increase in nominal revenue is not necessarily identical to local fiscal success if it is not followed by target achievement and an improved strategic position of PBB within the PAD structure.

Several recent studies have shown that the effectiveness, growth, and contribution of PBB-P2 to PAD produce different patterns across regions. Pertiwi and Akbar (2022) found that PBB-P2 in Sidoarjo Regency was classified as highly effective, with an average of 105.08%, but its contribution to PAD remained low. Meanwhile, studies on PBB-P2 in several other regions have also shown that effectiveness and contribution do not always move in the same direction. Yulianti (2025), for example, showed that the effectiveness of PBB-P2 could fluctuate sharply from highly effective to less effective, while its contribution to PAD remained in the very low category. Pangarungan et al. (2025) also showed that the contribution of PBB-P2 to PAD could increase nominally but remain in the low category. These findings confirm that evaluating PBB-P2 performance is not sufficient if it relies on only one indicator.

In addition to fiscal ratio issues, taxpayer compliance is also an important factor in explaining PBB performance. Sumiati (2026) showed that taxpayer awareness and tax knowledge are related to compliance in paying PBB. Maghira et al. (2024) also found that attitude, taxpayer awareness, and tax knowledge influence taxpayer compliance in paying PBB. Thus, the low effectiveness of PBB cannot only be understood as a problem of target planning, but is also related to taxpayer behavior, the quality of socialization, trust in local government, and tax administration capacity. In this context, PBB-P2 needs to be understood as both a fiscal issue and a governance issue.

Although many studies on PBB-P2 have been conducted, several research gaps still need to be emphasized. First, most previous studies tend to discuss effectiveness and contribution, while the dimension of growth rate has not always been systematically integrated into a single analytical framework. Second, many studies stop at describing annual ratios and have not strongly linked them to inhibiting factors, such as overly high revenue targets, taxpayer compliance, and weaknesses in collection administration. Third, few studies have explicitly positioned the imbalance among effectiveness, growth, and contribution as a form of local fiscal paradox. In fact, the case of Palangka Raya shows a unique pattern: revenue growth is high, but effectiveness against targets is low and contribution to PAD remains weak.

Based on this gap, this study offers an integrative interpretation of PBB performance in Palangka Raya City. This study does not only calculate collection effectiveness, growth rate, and the contribution of PBB to PAD, but also connects these three indicators with inhibiting factors identified through interviews, particularly high revenue targets and low taxpayer awareness. In this way, this study seeks to show that the main problem of PBB in Palangka Raya is not merely the nominal amount of revenue, but the imbalance among targets, realization, growth, fiscal contribution, and local tax administration capacity.

This study is directed at answering four main questions. First, what is the level of effectiveness of PBB revenue in Palangka Raya City during 2017–2023 when compared with the targets set by the local government? Second, what is the growth rate of PBB revenue during this period? Third, how large is the contribution of PBB to PAD in Palangka Raya City? Fourth, what factors cause the imbalance among revenue growth, collection effectiveness, and fiscal contribution? These questions lead to the analytical proposition that the success of PBB cannot be assessed only from revenue growth, but must be examined simultaneously through target effectiveness, contribution to PAD, and institutional factors that influence collection performance.

Thus, this study aims to analyze the effectiveness, growth rate, and contribution of PBB revenue to PAD in Palangka Raya City during the 2017–2023 period, while also identifying the inhibiting factors that influence these achievements. The main contribution of this study lies in affirming the concept of the PBB fiscal paradox, namely a condition in which revenue grows strongly but its effectiveness and contribution to PAD remain weak. Practically, the findings of this study are expected to provide input for local governments in restructuring revenue targets, strengthening taxpayer education, updating the tax object database, and modernizing PBB collection administration.

Method

This study employed a mixed descriptive approach, namely combining descriptive quantitative analysis of local fiscal data with qualitative interviews to strengthen the interpretation of the findings. This approach was selected because the study did not aim to test causal relationships inferentially, but rather to describe the performance of Rural and Urban Land and Building Tax (PBB-P2) revenue in Palangka Raya City based on three main indicators: effectiveness, growth rate, and contribution to Local Own-Source Revenue (PAD). Quantitative data were used to calculate PBB performance ratios during the 2017–2023 period, while qualitative data were used to explain administrative factors and taxpayer behavior that influenced these achievements. The use of a mixed approach is relevant when researchers need to integrate numerical data and qualitative explanations so that a phenomenon can be understood more comprehensively (Creswell & Creswell, 2023). In addition, the descriptive approach is appropriate when a study is directed at presenting a factual, systematic, and contextual description of a phenomenon without manipulating variables or testing causal relationships (Colorafi & Evans, 2016; Lim, 2025).

The study was conducted at the Regional Tax and Retribution Management Agency (BPPRD) of Palangka Raya City, located at Jalan Yos Sudarso No. 02. The research location was also associated with Bukit Tunggal Urban Village because this area has a large number of PBB-P2 taxpayers and is relevant to the issue of PBB payment compliance. The location was selected purposively by considering its relevance to the research focus, namely PBB revenue performance, tax targets and realization, contribution to PAD, and constraints in collection administration. In context-based research, selecting an information-rich location is important so that the data obtained are truly relevant to the phenomenon being studied (Lim, 2025). The study was conducted over two months, from May 12 to July 12, 2024, while the fiscal data analyzed covered the 2017–2023 period.

The research data consisted of secondary data and supporting primary data. Secondary data served as the main source of the study, including documents on PBB revenue targets, PBB

revenue realization, and PAD data for Palangka Raya City from 2017 to 2023. These data were used to calculate the effectiveness ratio, growth rate, and contribution of PBB to PAD. Supporting primary data were obtained through structured interviews with key informants at the BPPRD of Palangka Raya City. The informants were selected purposively because they had direct knowledge of PBB management, target setting, revenue realization, administrative constraints, and taxpayer compliance behavior. The informants in this study consisted of the Secretary of the BPPRD of Palangka Raya City and the Head of the PBB and BPHTB Services Subdivision. Thus, the informants were not positioned as mass respondents, but as key sources who explained the institutional context behind the fiscal data.

Data collection techniques included documentation and structured interviews. Documentation was used to examine reports on PBB targets and realization, PAD reports, and other supporting documents related to local revenue. The documentation technique was selected because the main data of this study consisted of official and traceable annual fiscal documents. Document analysis is relevant in social and policy research because documents can provide factual, historical, and administrative information about the phenomenon being studied (Morgan, 2022). Structured interviews were used to obtain systematic explanations of the factors influencing effectiveness, growth, contribution, and constraints in PBB revenue. Interviews were conducted to strengthen the interpretation of quantitative data so that the ratio figures were not only understood as calculation results, but also connected to local tax administration processes.

Data analysis was conducted in two main stages. The first stage was descriptive quantitative analysis of PBB target, PBB realization, and PAD data. At this stage, the data were presented in annual tables and then calculated using the effectiveness ratio, growth rate ratio, and contribution ratio. The effectiveness ratio was used to compare PBB revenue realization with the target set by the local government. The growth rate ratio was used to examine the development of PBB revenue from year to year. The contribution ratio was used to assess the proportion of PBB revenue to PAD. The calculation results were then categorized based on the interpretation criteria used in the study to determine whether PBB performance was classified as effective, growing, or contributing strongly to PAD.

The second stage was qualitative analysis of the interview results. The interview data were reduced by selecting information relevant to the research focus, particularly information related to revenue targets, taxpayer compliance, administrative constraints, and collection strategies. The information was then grouped into themes explaining why PBB showed low effectiveness, high growth, and limited contribution. Thus, the interview results were not used to replace the quantitative data, but to provide contextual explanation for the ratio patterns found. This analytical pattern is in line with the principle of mixed descriptive research, namely integrating numerical and qualitative data so that the findings become more informative and do not stop at numerical description alone (Creswell & Creswell, 2023; Lim, 2025).

Data validity was ensured through source triangulation and technique triangulation. Source triangulation was carried out by comparing PBB target and realization data, PAD data, and information from key informants. Technique triangulation was conducted by combining documentation and structured interviews. This strategy was used so that the research findings did not rely on only one type of data, but were supported by consistency between fiscal documents and informants' explanations. In qualitative research and case-based studies, triangulation is an important strategy for increasing credibility, traceability, and the robustness of the interpretation of findings (Suryani & Utami, 2020; Coleman, 2022; Schlunegger et al., 2024). Thus, the research findings are expected to be not only accurate in calculation, but also accountable in interpretation.

This study has methodological limitations. First, the analysis was descriptive and was therefore not intended to test causal relationships among variables. Second, the study focused only on Palangka Raya City, so the findings need to be interpreted contextually and cannot be directly generalized to all regions. Third, the interviews involved only informants from the local

tax management authority, so taxpayers' perspectives were not directly explored. Fourth, the indicators used were limited to effectiveness, growth rate, and contribution, so other factors such as digitalization of tax services, updating of tax object data, service quality, and taxpayer perceptions were not analyzed in depth. Nevertheless, this mixed descriptive approach remains relevant for explaining the PBB fiscal paradox, namely the condition in which high revenue growth is not followed by strong effectiveness and contribution to PAD.

Results

Comparative Summary of PBB Performance in Palangka Raya City during 2017–2023

The findings show that the performance of the Rural and Urban Land and Building Tax (PBB-P2) in Palangka Raya City during the 2017–2023 period reflects a pattern that is not fully aligned among effectiveness, growth rate, and contribution to Local Own-Source Revenue (PAD). In general, PBB revenue realization showed nominal movement, but achievement against the target was not consistent. At the same time, the growth rate was classified as highly successful, while the contribution to PAD remained low. The summary of the main indicators is presented in Table 1.

Table 1. Comparative Summary of PBB Performance in Palangka Raya City during 2017–2023

Indicator	Average Value	Important Value/Position	General Category	Meaning of the Finding
PBB effectiveness	72.41%	Highest reported: 84.79% in 2018; lowest: 60.44% in 2022; 2023: 68.37%	Less effective	Revenue realization was not able to consistently meet the annual target
PBB growth rate	105.5%	2018: 103.6%; 2019: 82.75%; 2021: 135.6%; 2022: 102.4%; 2023: 121.1%	Highly successful	PBB revenue grew nominally from year to year
PBB contribution to PAD	10.5%	Highest: 11.9% in 2017; lowest: 8.8% in 2019; subsequent years ranged from 9.0% to 11.1%	Poor/low	PBB has not yet become a dominant component in the PAD structure
Main inhibiting factors	-	High internal targets and low taxpayer awareness	-	Nominal increases were not followed by stronger effectiveness and fiscal contribution

Note: This table summarizes the main figures available in the research findings. If complete annual data on PBB targets, PBB realization, and PAD are available, this table can be developed into an annual table containing the effectiveness, growth, and contribution ratios for each year of observation.

PBB Collection Effectiveness Remains Low despite an Increase in Nominal Realization

The first finding shows that the effectiveness of PBB collection in Palangka Raya City remained in the less effective category, with an average of 72.41% during 2017–2023. Throughout the observation period, no year reached the highly effective category. The best achievement reported in the data occurred in 2018, at 84.79%, which falls into the moderately effective category. In contrast, the lowest effectiveness occurred in 2022, at 60.44%, while in 2023 it remained low at 68.37%, even though nominal realization increased to IDR 17.05 billion.

This finding indicates that an increase in nominal PBB revenue is not sufficient to be considered a collection success if the realization has not achieved the predetermined target. In other words, the main problem of PBB effectiveness in Palangka Raya City lies not only in the amount of revenue collected, but also in the gap between the target set and the ability to realize it in the field. This condition forms the initial basis for the emergence of a fiscal paradox, namely when revenue increases nominally but collection effectiveness remains low.

PBB Growth Rate Is Highly Successful and Reveals a Fiscal Paradox

The second finding shows that the PBB growth rate was classified as highly successful, with an average of 105.5% during 2017–2023. Several years recorded high growth, such as 103.6% in 2018, 135.6% in 2021, 102.4% in 2022, and 121.1% in 2023. In 2019, the growth rate was 82.75%, but it was still not categorized as a failure.

This finding is interesting because it contrasts with the low level of effectiveness. This means that PBB revenue was able to grow from year to year, but this growth was not strong enough to meet the targets set by the local government. Thus, growth and effectiveness indicators cannot be treated as the same measure. Growth reflects changes in revenue from year to year, while effectiveness reflects the ability of revenue realization to meet the target. The different meanings of these two indicators explain the emergence of the PBB fiscal paradox in Palangka Raya City.

PBB Contribution to PAD Remains Low

The third finding shows that the contribution of PBB to PAD in Palangka Raya City remained low, with an average of 10.5% during the research period. The highest contribution occurred in 2017 at 11.9%, while the lowest contribution occurred in 2019 at 8.8%. After that, the PBB contribution moved only slightly within the range of 9.0% to 11.1%.

This pattern shows that PBB has not yet become a major lever in the PAD structure of Palangka Raya City. Although PBB realization increased nominally, the increase was not large enough to strengthen the proportion of PBB within PAD. This condition indicates that other PAD components may have grown more strongly or had greater weight than PBB. Thus, an increase in PBB revenue does not automatically increase its contribution significantly to PAD.

Inhibiting Factors in PBB Achievement

The interview results show that there are two main inhibiting factors in the achievement of PBB revenue in Palangka Raya City. First, the revenue targets set by the local government are relatively high, making them difficult to achieve consistently through field realization. Second, taxpayer awareness remains low, resulting in suboptimal compliance with PBB payments. These two factors strengthen the explanation that low effectiveness is not merely caused by low revenue, but also by target design and taxpayer compliance behavior.

Thus, the findings of this study show that the problem of PBB in Palangka Raya City is not only a matter of nominal revenue, but also an imbalance among targets, realization, growth, contribution, and taxpayer compliance. This constitutes the core finding of the fiscal paradox in this study.

Discussion

PBB Effectiveness and the Problem of Target Planning

The findings show that the effectiveness of PBB revenue in Palangka Raya City during 2017–2023 remained in the less effective category, with an average of 72.41%. This finding indicates that revenue realization was not able to consistently meet the targets set by the local government. Analytically, low effectiveness cannot be understood merely as weak nominal revenue, but must be linked to the quality of target planning. If targets are set too high without considering the capacity of the tax base, taxpayer compliance levels, and the administrative capacity of collection, the effectiveness ratio will remain low even when revenue increases.

This issue is in line with the international discourse on property taxation. The World Bank, through the Property Tax Diagnostic Manual, emphasizes that property tax performance depends greatly on the quality of administration, completeness of databases, property valuation, collection, and taxpayer compliance (Kelly et al., 2020). Awasthi et al. (2020) also show that property tax revenue is influenced by economic development, demographics, fiscal capacity, and

the characteristics of the property tax system. Thus, the low effectiveness of PBB in Palangka Raya City can be understood as an issue not only related to revenue realization, but also to target suitability, administrative capacity, and compliance behavior.

This finding also differs from Pertiwi and Akbar (2022), who found that PBB-P2 in Sidoarjo Regency was classified as highly effective, with an average of 105.08%. This difference shows that PBB effectiveness is highly contextual and depends on each region's capacity to set targets, update tax databases, collect arrears, and increase taxpayer awareness. In the case of Palangka Raya, high targets are one important factor explaining why effectiveness remains low despite increases in nominal revenue.

The Growth Paradox: Revenue Increases, but Targets Remain Unachieved

The findings show that the PBB growth rate in Palangka Raya City was classified as highly successful, with an average of 105.5%. From a time-series perspective, this figure indicates that PBB revenue moved positively from year to year. However, the high growth rate was not followed by strong effectiveness. This is where the fiscal paradox of this study becomes important: PBB grew nominally, but was still not strong enough to achieve annual targets and had not become a dominant source of PAD.

This paradox can occur because growth and effectiveness measure different aspects. Growth describes changes in revenue compared with the previous period, while effectiveness describes the achievement of realization against the target. If the target increases faster than the realization capacity, growth may still appear high while effectiveness remains low. The OECD (2022) emphasizes that subnational property tax reform must consider not only revenue increases, but also administrative design, databases, local capacity, and implementation feasibility. Thus, revenue growth needs to be interpreted together with targets and collection capacity so that fiscal evaluation is not misleading.

The findings from Palangka Raya extend the findings of Chandra et al. (2020) in Gorontalo City, which showed that PBB-P2 effectiveness ranged from 79.80% to 88.86% with low contribution. In the Gorontalo case, the main problem appeared to be weak contribution to PAD. In the Palangka Raya case, the problem is more complex because growth is classified as high, while effectiveness and contribution remain weak. Therefore, this study emphasizes that PBB performance evaluation should not rely on a single indicator, but should combine effectiveness, growth, contribution, and inhibiting factors related to administration and compliance.

PBB Contribution to PAD and the Local Revenue Structure

The findings show that the contribution of PBB to PAD in Palangka Raya City remained low, with an average of 10.5% during 2017–2023. This finding indicates that PBB has not yet become a major lever in the local PAD structure. Fiscally, a low contribution indicates that although PBB is important, its relative role in PAD remains limited. This may occur because other PAD components have increased more significantly than PBB, causing the proportion of PBB to remain small in the local revenue structure.

This finding is consistent with Pertiwi and Akbar (2022), who found that the contribution of PBB-P2 to PAD in Sidoarjo Regency remained low despite its high level of effectiveness. Chandra et al. (2020) also found that the contribution of PBB-P2 to PAD in Gorontalo City was only around 2.80%–3.05%. Thus, the low contribution of PBB appears not only to be a problem in Palangka Raya, but also an issue found in several regions. PBB may increase nominally, but it does not necessarily become a dominant component of PAD if the local revenue structure is supported more strongly by other sources.

In a broader context, the OECD (2024) shows that the revenue structure of subnational governments can vary greatly across countries and regions, depending on the design of fiscal decentralization, local taxing authority, economic base, and administrative capacity. Therefore,

the contribution of PBB to PAD is not only influenced by the performance of PBB itself, but also by the dynamics of PAD as a whole. In the case of Palangka Raya, the low contribution shows that PBB has not been strong enough to shift the PAD structure, even though its revenue has grown.

Taxpayer Compliance and Administrative Capacity

The interview results show that low taxpayer awareness is one of the main inhibiting factors in PBB revenue achievement. This indicates that the problem of PBB is not only on the government side as the tax collector, but also on the taxpayer side as the subject responsible for payment. Maghfira et al. (2024) found that attitudes, awareness, and tax knowledge influence taxpayer compliance in paying PBB. This finding strengthens the argument that tax education and increased taxpayer awareness are important parts of strategies to improve PBB effectiveness.

However, taxpayer compliance cannot be separated from local government administrative capacity. Kelly et al. (2020) emphasize that an effective property tax system requires an up-to-date tax object database, a good valuation system, clear collection procedures, and accessible payment services. Therefore, low taxpayer awareness needs to be addressed together with improvements in tax administration. If taxpayer education is carried out without data updating and service convenience, compliance improvement is unlikely to be optimal.

In the context of Palangka Raya, the low effectiveness of PBB can be understood as a combination of high targets, weak taxpayer awareness, and possible limitations in collection administration. Therefore, improvement strategies should not be limited to increasing socialization, but should also strengthen the updating of tax object databases, expand digital payment channels, improve service quality, and refine collection mechanisms.

The Fiscal Paradox as an Analytical Contribution

The main contribution of this study lies in affirming the PBB fiscal paradox in Palangka Raya City. This paradox is reflected in three conditions occurring simultaneously: low effectiveness, high growth, and weak contribution to PAD. This finding shows that local fiscal success cannot be assessed solely from increases in nominal revenue. Local governments need to interpret PBB revenue more integratively, namely by examining whether realization achieves the target, whether revenue grows compared with the previous year, and whether its contribution is meaningful within the PAD structure.

This integrative interpretation is important because each indicator has a different evaluative meaning. Effectiveness shows success in achieving targets, growth shows revenue dynamics from year to year, while contribution shows the position of PBB within the PAD structure. If these three indicators are not interpreted simultaneously, local governments may mistakenly conclude that revenue increases indicate fiscal success. In fact, the findings of this study show that growing revenue can still be accompanied by weak effectiveness and contribution.

Policy Implications and Future Research Agenda

The findings of this study have several policy implications. First, local governments need to review the method of setting PBB targets so that they become more realistic and based on the actual potential of tax objects. Targets that are too aggressive can reduce the effectiveness ratio even when nominal revenue increases. Second, BPPRD needs to strengthen the updating of tax object databases, including the validation of objects, subjects, tax object values, and payment status. Third, taxpayer education needs to be conducted more sustainably so that awareness and payment compliance increase. Fourth, tax administration modernization through service digitalization, payment reminders, and easily accessible payment channels needs to be strengthened.

Future research can be directed toward comparative studies across regions to examine whether similar fiscal paradoxes occur in other areas. Future studies may also use stronger mixed-methods approaches by involving the perspectives of taxpayers, local tax officials, and policymakers. In addition, inferential quantitative research can be used to examine the effects of taxpayer awareness, service quality, tax sanctions, service digitalization, and tax object data updating on the effectiveness and contribution of PBB. Thus, the development of PBB studies should not stop at ratio description, but should also generate more prescriptive policy models.

Research Limitations

This study has several limitations. First, the scope of the study is limited to Palangka Raya City, so the findings need to be interpreted carefully and cannot be directly generalized to all regions. Second, the analysis remains descriptive through effectiveness, growth rate, and contribution ratios, so it does not explain causal relationships inferentially. Third, the qualitative data mostly came from the tax management authority, so taxpayers' perspectives have not been adequately explored. Fourth, this study has not included other variables such as tax service digitalization, NJOP updating, the quality of tax object databases, service quality, and the level of public trust in local government.

Despite these limitations, this study provides a strong empirical basis for showing the existence of a PBB fiscal paradox in Palangka Raya City. The findings indicate that high revenue growth does not always represent fiscal success if target effectiveness and contribution to PAD remain low.

Conclusion

This study concludes that the performance of the Rural and Urban Land and Building Tax (PBB-P2) in Palangka Raya City during the 2017–2023 period shows a paradoxical pattern. PBB revenue effectiveness remained in the less effective category, with an average of 72.41%, indicating that collection targets were not consistently achieved. In contrast, the revenue growth rate was classified as highly successful, with an average of 105.5%, indicating an increase in realization from year to year. However, the contribution of PBB to Local Own-Source Revenue (PAD) remained low, with an average of 10.5%, meaning that PBB has not yet become a major source for strengthening local fiscal autonomy.

The main finding of this study confirms that revenue growth does not always reflect comprehensive fiscal success. In the case of Palangka Raya City, the nominal increase in PBB revenue has not moved in line with target achievement effectiveness and its contribution to PAD. This condition indicates an imbalance among targets, realization, growth, and the position of PBB within the local revenue structure. Therefore, PBB performance evaluation is not sufficient if it only considers revenue increases, but must be carried out integratively through indicators of effectiveness, growth, contribution, as well as administrative and taxpayer behavior factors that influence it.

Academically, this study contributes by introducing an interpretation of the PBB fiscal paradox through the combination of three main indicators: effectiveness, growth rate, and contribution. Practically, the findings show that local governments need to review the setting of revenue targets so that they are more realistic and based on actual field potential. In addition, strengthening tax education, updating tax object data, improving collection quality, and modernizing the payment system need to be carried out to improve collection effectiveness and strengthen the contribution of PBB to PAD.

This study has limitations because it focuses on only one region, uses descriptive analysis, and has not directly involved taxpayers' perspectives. In addition, this study has not included other variables such as tax service digitalization, NJOP updating, the quality of tax object databases, service quality, and the level of public trust in local government. Therefore, future

research is recommended to use comparative designs across regions or broader mixed-methods approaches to examine the factors that influence the effectiveness, growth, and contribution of PBB to PAD more deeply.

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Research Ethics Statement

This study was conducted in accordance with the ethical principles of academic and public-sector research. The data used in this study consisted of secondary fiscal documents related to PBB-P2 targets, PBB-P2 realization, and Local Own-Source Revenue of Palangka Raya City during the 2017–2023 period, supported by structured interviews with key informants at the Regional Tax and Retribution Management Agency of Palangka Raya City. The informants were informed about the purpose of the study, and their participation was voluntary. The information obtained from interviews was used only for academic and scientific publication purposes, while confidentiality and respect for the informants were maintained throughout the research and reporting process. Since this study was limited to descriptive fiscal data analysis and non-invasive interviews, and did not involve clinical intervention, experimental treatment, or procedures that posed physical or psychological risk, formal ethical approval was not required. Nevertheless, the research process was carried out responsibly by maintaining data accuracy, transparency, confidentiality, proper citation of sources, and integrity in analysis and interpretation.

Author Contributions

Annisa Umi Thoyibatun: conceptualization, research design, data collection, documentation review, calculation of effectiveness, growth, and contribution ratios, interview data analysis, interpretation of findings, and writing of the original draft.

Sofyan Hakim: research methodology, validation of fiscal data, supervision of data analysis, refinement of the analytical framework, manuscript review, and revision of the discussion section.

Wehdawati: academic supervision, theoretical framework development, critical review of the manuscript, refinement of policy implications, final editing, and approval of the final version.

All authors have read and approved the final version of the manuscript.

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Conflict of Interest

The authors declare that there is no conflict of interest regarding the research, authorship, and publication of this article.

Artificial Intelligence Use Statement

The authors declare that artificial intelligence, if used, was employed only as a technical support tool for language editing, grammar checking, translation assistance, and improving manuscript readability. All research processes, including research design, data collection, fiscal ratio calculation, interview analysis, interpretation of findings, discussion, policy implications, and conclusions, remain the full responsibility of the authors.

Data Availability Statement

The data supporting the findings of this study consist of PBB-P2 target data, PBB-P2 realization data, Local Own-Source Revenue data of Palangka Raya City for the 2017–2023 period, interview notes or summaries, ratio calculation sheets, and analytical interpretations related to the effectiveness, growth rate, and contribution of PBB-P2 to local revenue. The data are not publicly available in full to protect institutional information and the confidentiality of informants involved in the study. Additional information regarding the data and analysis process may be obtained from the corresponding author upon reasonable request.

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