

Implementation of Magelang Regency Regional Regulation No. 9 of 2021 on Business Service Charges: Market Parking Fees and Local Own-Source Revenue

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Abstract

Parking fees at traditional markets are a business service charge that contributes to the local own-source revenue of Magelang Regency, but it is unclear whether the regulation is applied as written. This article asks how Regional Regulation No 9 of 2021, the fourth amendment of Regional Regulation No 4 of 2012, is implemented in market parking and which obstacles the Regency government meets. It is empirical legal research with a socio-legal approach, combining analysis of the regulations with observation at Muntilan Market, interviews with officials of the Department of Trade, Cooperatives and SMEs and the regional finance agency, and revenue documents, analysed qualitatively through Edwards III's implementation factors. Market parking revenue reached 79.66 per cent of target in 2020, 98.85 per cent in 2021 and 105.27 per cent in 2022, but the 2021 rise preceded the new tariffs, which took effect in December 2021, and revenue grew far less than tariffs, which rose by 67 to 300 per cent; parking supplies about 0.15 to 0.17 per cent of total revenue. Attendants deposit late, tickets are not issued and tariffs are not applied. The Regulation requires deposit within one working day and provides sanctions, yet the Department relies on warning letters. Enforceable deposit rules, tariff display and ticketing, and an evaluation of the electronic parking trial are recommended.

Keywords

Parking; Levy; Revenue; Implementation; Market; Magelang



Introduction

Provincial, regency and city governments regulate and manage their own governmental affairs under the principles of autonomy and co-administration, that is, the right, power and obligation of an autonomous region to regulate and manage its own affairs and local interests in accordance with legislation.¹ Local own-source revenue (PAD) supports regional self-reliance, above all through regional taxes and charges. During the period studied, 2020 to April 2023, these were first governed by Law No 28 of 2009 on Regional Taxes and Regional Charges, which gave regions freedom to set rates and widen the objects of taxes and charges.² Law No 1 of 2022 on Financial Relations between the Central Government and Regional Governments (the HKPD Law), promulgated on 5 January 2022, replaced it; its transitional provision let regional regulations made under the old law remain in force for at most two years, that is, until 5 January 2024.³ Regional Regulation No 9 of 2021 was made on 24 November 2021 under the old law and is therefore a transitional instrument. On 29 December 2023 Magelang Regency enacted a single Regulation No 12 of 2023 on Regional Taxes and Regional Charges, which revokes Regional Regulation No 4 of 2012 and reflects the HKPD Law's rule that all local taxes and charges be set in one regional regulation.⁴

The regulation governing business service charges in Magelang Regency is Regional Regulation No 4 of 2012. It was amended four times: by Regional Regulation No 9 of 2013, No 13 of 2016 (second amendment), No 3 of 2017 (third amendment) and No 9 of 2021 (fourth amendment).⁵ A charge (*retribusi*) is a levy for a service or a permit given by the regional government to an individual or entity. Market parking is charged as a special parking place owned by the Regency, and although it is not the largest charge it contributes to regional income. The fourth amendment changed the definitions in article 1 and revised the appendices, among them the parking tariffs, and took effect on 1 December 2021.

The study is placed at traditional markets because they are venues of economic activity for residents and visitors. Muntilan Market, the largest in the Regency, was revitalised from 2017 to 2019, reopened in 2020, operates twenty-four hours a day and has nineteen parking areas run by nineteen managers; the Department of Trade,

¹ Law No 23 of 2014 on Regional Government (Indonesia).

² Law No 28 of 2009 on Regional Taxes and Regional Charges (Indonesia).

³ Law No 1 of 2022 on Financial Relations between the Central Government and Regional Governments (Indonesia), art 187.

⁴ Magelang Regency Regional Regulation No 12 of 2023 on Regional Taxes and Regional Charges (Indonesia).

⁵ Magelang Regency Regional Regulation No 9 of 2021 on the Fourth Amendment to Regional Regulation No 4 of 2012 on Business Service Charges (Indonesia), art I.

Cooperatives and SMEs manages seventeen markets in the Regency, from which parking is expected to contribute to revenue. The authors observed friction among parking managers and conflicts of interest between groups, which lead to different incomes for each.⁶

Earlier studies mostly measure how much parking contributes to regional revenue. Purnamawati found in Buleleng that two-wheeler parking charges contribute revenue that supports regional development;⁷ Putri found that the share of the parking charge in the revenue of Malang Regency fluctuated over 2010 to 2014;⁸ Ramadayani found that, in Central Aceh, transport-sector revenue fell over 2016 and 2017 and rose only for roadside parking and the use of regional assets;⁹ and Dewi concluded for the City of Magelang that the parking charge plays a fairly small part in regional revenue but usually reaches or exceeds its target.¹⁰ These studies concern other regions, other regulations and other types of parking, and they treat the charge as a revenue figure. None, as far as the authors could find, tests the market parking provisions of Magelang Regency's Regulation No 9 of 2021 against what managers and officials actually do, or asks whether the legal duties placed on managers are enforced. This article fills that gap. It asks: (1) how is Regional Regulation No 9 of 2021 implemented, particularly for market parking; and (2) what obstacles does the Regency government face, and which legal solutions are available? Its purpose is to explain the gap between revenue figures and compliance and to propose changes to enforcement.

Research Method

This is empirical legal research with a socio-legal approach, supported by a statute approach.¹¹ The primary legal materials are Law No 23 of 2014, Law No 28 of 2009, the HKPD Law, Regional Regulation No 4 of 2012 and its four amendments (No 9 of 2013, No 13 of 2016, No 3 of 2017 and No 9 of 2021) and Regional Regulation No 12 of 2023; the texts of Regional Regulations No 4 of 2012 and No 9 of 2021 were read in the national legal database. Secondary materials are textbooks and journal articles. The field data were collected by observation at Muntilan Market, whose

⁶ Interview of the Head of the Market Division, Department of Trade, Cooperatives and SMEs, Magelang Regency (10 November 2022).

⁷ I Gusti Ayu Purnamawati, "Pelaksanaan Peraturan Daerah Nomor 7 Tahun 2011 dalam Menunjang Pendapatan Asli Daerah dari Sektor Retribusi Parkir Kendaraan Roda Dua" (2014) 9:1 *Pandecta Research Law Journal* 142, DOI: <10.15294/pandecta.v9i1.3002>.

⁸ Rahmawati Widya Putri, "Analisis Kontribusi Retribusi Parkir terhadap Pendapatan Asli Daerah Kabupaten Malang" (2016) 8:1 *Jurnal Ekonomi & Studi Pembangunan* 23.

⁹ Ravika Ramadayani, Irwan Nasution & Armansyah Matondang, "Analisis Kontribusi Sektor Perhubungan terhadap Pendapatan Asli Daerah di Kabupaten Aceh Tengah" (2019) 7:2 *Perspektif* 50, DOI: <10.31289/perspektif.v7i2.2529>.

¹⁰ Sheila Ratna Dewi, *Peranan Retribusi Parkir dalam Meningkatkan Pendapatan Asli Daerah Kota Magelang* (Undergraduate Thesis, Faculty of Law, Universitas Atma Jaya Yogyakarta, 2013) [unpublished].

¹¹ Peter Mahmud Marzuki, *Penelitian Hukum* (Jakarta: Kencana, 2017).

date the manuscript does not record, interviews, and documents. The interviewees were the Head of the Market Division of the Department of Trade, Cooperatives and SMEs (10 November 2022), an official of the Department's Finance Sub-division, and an official of the Regional Financial and Asset Management Agency (BPPKAD) (2023); they were chosen because they are responsible for collection and reporting. The manuscript mentions observations at other markets without naming them, so statements about those markets are treated as indicative only. The data were analysed qualitatively in Miles and Huberman's three steps of data reduction, display and conclusion drawing,¹² and interpreted through the four factors of Edwards III's model of policy implementation: communication, resources, disposition and bureaucratic structure.¹³

Results and Discussion

Legal Basis and Tariffs

Parking charges were governed in 2020 and 2021 by Regional Regulation No 4 of 2012 as amended up to the third amendment of 2017, and from 1 December 2021 by Regional Regulation No 9 of 2021. The Regulation imposes the charge on the use of parking places provided, owned or managed by the Regency and excludes parking provided by the central government, state-owned and regional-owned enterprises and private parties.¹⁴ The tariff structure sits in an appendix (Appendix III of the 2012 text; Appendix II as restated in 2021). The figures the authors give as the earlier tariffs are identical to those of the original 2012 text, which indicates that the amendments of 2013 to 2017 left the market tariffs unchanged. The 2021 amendment raised the tariff for motorcycles from IDR 500 to IDR 2,000, for three- and four-wheeled vehicles from IDR 1,000 to IDR 3,000, for loading and unloading by pick-ups from IDR 2,000 to IDR 4,000, by trucks from IDR 3,000 to IDR 5,000 and by vehicles with six or more wheels from IDR 4,000 to IDR 7,000, and added a separate tariff for special parking places in public markets (IDR 3,000 for motorcycles and IDR 5,000 for three- or four-wheeled vehicles) (Table 1).¹⁵ The manuscript places the new tariffs at one point under the 2021 Regulation and at another says tariffs had not yet risen in 2020 and 2021; the texts resolve this. The old tariffs applied until 30

¹² Matthew B Miles & A Michael Huberman, *Qualitative Data Analysis: An Expanded Sourcebook*, 2nd ed (Thousand Oaks, Cal: Sage, 1994).

¹³ George C Edwards III, *Implementing Public Policy* (Washington, DC: Congressional Quarterly Press, 1980).

¹⁴ Magelang Regency Regional Regulation No 4 of 2012 on Business Service Charges (Indonesia), arts 15–17.

¹⁵ Regional Regulation No 9 of 2021, *supra* note 5, art 20 and app II.

November 2021 and the new ones from 1 December 2021, so 2022 was the first full year of the new tariffs and the revenue rise of 2021 cannot have come from them.

Table 1. Market parking tariffs under Regional Regulation No 4 of 2012 and No 9 of 2021 (IDR per parking or loading event)

Vehicle or service	Regional Regulation No 4 of 2012 (Appendix III, part B)	Regional Regulation No 9 of 2021 (Appendix II, part B)	Increase
Motorcycle	500	2,000	300%
Three- or four-wheeled vehicle	1,000	3,000	200%
Loading/unloading, pick-up and similar	2,000	4,000	100%
Loading/unloading, truck	3,000	5,000	67%
Loading/unloading, six wheels or more	4,000	7,000	75%
Special parking place, motorcycle	not listed	3,000	new
Special parking place, three- or four-wheeled vehicle	not listed	5,000	new

Source: compiled by the authors from the appendices of the cited regulations; increases calculated.

Revenue Data

Revenue data come from the regional finance agency and the Department. Total PAD of the Regency was budgeted at IDR 265.5 billion in 2020 and realised at IDR 329.8 billion; the figures were IDR 361.9 billion and IDR 375.4 billion in 2021, and IDR 402.9 billion and IDR 432.7 billion in 2022.¹⁶ Market parking revenue, according to the Department, was targeted at IDR 604.56 million in 2020 and realised IDR 481.607 million (79.66 per cent); in 2021 it realised IDR 597.596 million against the same target (98.85 per cent) and in 2022 IDR 745.325 million against IDR 708.045 million (105.27 per cent); from January to April 2023 IDR 152.67 million, or 20.57 per cent of a target of IDR 742.161 million, was realised (Table 2). The arithmetic of the achievement rates is consistent. Related to total realised PAD, market parking supplied only 0.15 per cent in 2020, 0.16 per cent in 2021 and 0.17 per cent in 2022.

Table 2. Target and realisation of market parking revenue, Department of Trade, Cooperatives and SMEs, 2020–April 2023

Year	Target (IDR)	Realisation (IDR)	Achievement	Share of realised PAD
2020	604,560,000	481,607,000	79.66%	0.15%
2021	604,560,000	597,595,600	98.85%	0.16%
2022	708,045,000	745,325,000	105.27%	0.17%
2023 (Jan–Apr)	742,161,250	152,670,000	20.57%	not available

Source: Department of Trade, Cooperatives and SMEs and the regional finance agency, Magelang Regency, as reported by the authors; shares calculated from total PAD realisation.

¹⁶ Interview of an official of the Regional Financial and Asset Management Agency (BPPKAD), Magelang Regency (2023).

Three points limit what these figures show. First, the manuscript also reproduced a table of a 'parking tax' (pajak parkir) with IDR 684.5 million budgeted and IDR 700.4 million realised for 2020, IDR 15.58 billion and IDR 21.16 billion for 2021 and IDR 1.0427 billion and IDR 1.1627 billion for 2022. The stated increase for 2022 does not equal the difference between realisation and budget, and the 2021 figure is almost twenty times that of other years. The regional parking tax is a tax on commercial parking operators, not a charge for using a public parking place, and the two are different revenue types; those figures are therefore omitted and cannot be used to assess Regulation No 9 of 2021. Second, the cause of the movements cannot be assigned to the tariffs. The 2020 shortfall coincides with the Covid-19 pandemic and the reopening of Muntilan Market after revitalisation, and the 2021 improvement came under the old tariffs. In 2022 the target rose by 17.1 per cent and realisation by 24.7 per cent over 2021, although the motorcycle tariff had quadrupled; revenue that grows far less than the tariff suggests either a fall in the number of vehicles or that tariffs are not charged as set, as the authors observed, and the electronic parking trial at one market cannot explain the result of the whole Regency. Third, revenue growth and compliance are different questions: a target can be met while individual attendants undercharge or deposit late.

The 2023 figure of 20.57 per cent after four months, against 33.3 per cent if collection were even, signals a risk of missing the target. The manuscript gives no reason. It is consistent with the late deposits that the Department itself reports, which would depress the recorded figure early in the year, but the data do not permit a firmer explanation, and no later figures were obtained.

Implementation Factors

Edwards III's model asks whether implementers know what to do and are told so without distortion (communication), have the staff, information, authority and facilities (resources), are committed (disposition) and work within procedures that fit the task (bureaucratic structure).¹⁷ Table 3 sets out for each factor the indicator, the evidence reported in the field data and a verdict, and relates it to what the Regulation requires of managers. The Regulation requires the amount to be collected on a ticket or equivalent document, requires a collector to deposit takings to the regional treasury at the latest on the next working day, charges interest of 2 per cent a month on late or short payment through a collection notice, and punishes a charge payer who fails to pay and so harms regional finances by up to three

¹⁷ Edwards, *supra* note 13.

months' confinement or a fine of up to three times the amount unpaid.¹⁸ The sanctions are addressed to the 'obligated person', defined to include collectors; the Regulation does not regulate the appointment of parking managers, their contracts or specific penalties for them, and the manuscript does not report the contracts.

Table 3. Edwards III factors in market parking: indicator, evidence and verdict

Factor	Indicator	Evidence reported	Verdict
Communication	Managers know the duties and tariffs	Department gives direction and feedback, monthly monitoring and warning letters for late payment; tickets are not used and tariffs not applied in the field	Partial: instructions exist, tariffs not reaching users
Resources	Staff, training, facilities, land	Department staff are qualified and trained and tested; attendants lack identification and uniforms; land is limited as vehicles grow	Insufficient at the level of attendants
Disposition	Commitment of implementers	Department states commitment and good relations with managers; deposits stay late and rules are broken without reported sanction	Weak: statements not matched by enforcement
Bureaucratic structure	SOPs, deposit and reporting rules	SOPs are said to be needed; the Regulation's one-working-day deposit rule and interest are not used; disputes among nineteen managers at Muntilan	Weak: no reported SOP or sanction practice

Source: compiled by the authors from the interviews, observation and the Regulation.

Obstacles and Solutions

An official of the Department's Finance Sub-division identified the obstacles.¹⁹ Parking attendants do not all comply, deposits and reports are late, some break the rules and set their own, vehicles grow in number while land is limited, and managers dispute parking spaces. In the field the authors observed violations at several markets: tickets are not used, so lost goods are not covered by managers and trust between visitors and managers is weak; attendants lack identification and uniforms; collection is ineffective; and tariffs are not applied, for example drivers of three- or four-wheeled vehicles pay IDR 2,000 instead of IDR 3,000 or are given change from IDR 5,000.

The legal analysis shows that the obstacles are not gaps in the rules but failures to use them. First, article 42(2) fixes the deposit at the next working day and article 44 attaches interest, yet the Department's tool is a monthly warning letter, and the manuscript reports no interest notice and no criminal referral. Second, the Regulation lets the charge be collected on tickets, coupons or subscription cards, so the failure to issue tickets is a breach of the collection method, not a matter of preference. Third, the Regulation gives a motorist who is charged more or less than the tariff no complaint procedure or remedy, and says nothing on lost property;

¹⁸ Regional Regulation No 4 of 2012, *supra* note 14, arts 41(2), 42(2), 44, 51.

¹⁹ Interview of an official of the Finance Sub-division, Department of Trade, Cooperatives and SMEs, Magelang Regency.

protection depends on general civil law and on the Department's supervision, which is why ticketing and display of the tariff matter. Fourth, the number of managers (nineteen at Muntilan), how they are selected and what contract binds them are not regulated in the Regulation and not reported by the manuscript, which leaves the Department with no instrument except persuasion. Fifth, the proposal of electronic parking, which the manuscript says is expected to be regulated and which was tried at one market, would address cash handling, but article 43(1) as enacted requires payment to be made in cash, and the Regulation recognises only tickets, coupons and subscription cards as collection documents; electronic payment would need an amendment or a provision in the successor regulation, and the manuscript offers no evidence of its effect.²⁰

The solutions the authors identify are standard operating procedures and firmer direction of managers, and carrying out the Department's mission of improving markets, maintaining facilities, recording the objects and subjects of the parking charge, collecting and billing, and reporting. These are sound but need to be made enforceable: a written agreement with each manager stating the tariff, the ticket, the deposit date and the consequences of breach, backed by use of the interest and collection notices that the Regulation already provides. The consolidated Regulation No 12 of 2023, enacted after the period studied, now governs parking charges; its tariffs and sanctions were not examined here.

Comparison with Earlier Research

The findings agree with earlier work that parking is a minor but dependable source of revenue: Dewi found this for the City of Magelang, and Putri and Purnamawati found a revenue contribution that varies over time.²¹²²²³ The 0.15 to 0.17 per cent share found here is consistent with that picture, although it is calculated on the Department's figures and the Regency's total PAD, and is not directly comparable with studies of other regions. Ramadayani's observation that roadside parking and asset use were the only rising items in Central Aceh's transport revenue is similar to the rise in Magelang's market parking in 2022.²⁴ The difference is in the question. Earlier studies report how much parking contributes and conclude that revenue should be increased. This study shows that headline achievement rates can be

²⁰ Regional Regulation No 4 of 2012, *supra* note 14, arts 41–43.

²¹ Dewi, *supra* note 10.

²² Putri, *supra* note 8.

²³ Purnamawati, *supra* note 7.

²⁴ Ramadayani, Nasution & Matondang, *supra* note 9.

reached while the legal rules on tickets, tariffs and deposits are not applied, so that a revenue target is an incomplete test of implementation.

Conclusion

Regional Regulation No 9 of 2021 is being implemented in market parking, but not yet well. Revenue reached 79.66 per cent of target in 2020, 98.85 per cent in 2021 and 105.27 per cent in 2022, but the new tariffs applied only from 1 December 2021, so the 2021 rise cannot be attributed to them, and revenue grew far less than the tariffs. Parking provides 0.15 to 0.17 per cent of PAD. The obstacles, which are late deposits, unissued tickets, tariffs not applied, shortage of land, disputes among managers and weak sanctions, are failures to use rules the Regulation already contains: a deposit deadline of one working day, interest of 2 per cent a month and collection by ticket. The Department of Trade, Cooperatives and SMEs monitors, directs and informs managers, but relies on warning letters. Four changes are recommended: written agreements with managers that include the deposit deadline and sanctions, applied through interest notices; a rule requiring a ticket and a displayed tariff at every market; an evaluation of the electronic parking trial, with a provision on electronic payment in the Regulation now in force; and a review of the parking tariffs in the light of the HKPD Law and Regional Regulation No 12 of 2023. The study has limits: one market was observed in depth, only three interviews are reported and one has no date, the three-year dataset is distorted by the pandemic and the reopening of the market, and the tariffs of the 2023 Regulation were not analysed. Further research should compare several markets and use data on vehicle numbers and the actual amounts charged.

Ethics and Data Availability

The research included interviews with government officials about their official duties. The officials are identified by position only, and no personal or sensitive data were collected or are reported. Revenue figures were provided by the Department of Trade, Cooperatives and SMEs and the regional finance agency. The regulations used are publicly available in the national legal database, and the revenue figures used are reproduced in Table 2.

Use of Generative AI

Generative AI was used only to improve the language of this article (grammar, clarity and style). The authors reviewed the output and are responsible for the content of the article.

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