Indonesian Tourism Justice Review
ISSN: XXXX-XXXXX (Online)
Vol. 3, No. 1, 2026, pp. 1-16
Published online since March 2, 2026

The Justice Implications of Bali's Tourism Tax Policy: Assessing Whether Tourism Revenue Benefits Local Communities in Bali

Made Mahatma Arya Putra*
Universitas Pendidikan Ganesha, Buleleng, Bali, Indonesia
mademahatma.aryaputra@students.undiksha.ac.id

DOI: https://doi.org/10.65815/mgabjq92

Submitted: 14-07-2025	Revised: 21-08-2025, 18-12-2025	Accepted: 28-01-2026

*Corresponding Author

Abstract

Tourism taxation is increasingly used by governments to finance destination management, cultural preservation, and environmental protection. In Bali, tourism-related taxation generates substantial public revenue, yet questions remain regarding whether the economic benefits of tourism are equitably redistributed to communities that bear the social and environmental costs of intensive tourism activity. This article examines the justice implications of Bali's tourism tax policy, focusing on the distribution and utilization of tourism-related public revenue for local communities. Using normative juridical analysis supported by policy and institutional analysis, the study examines the legal framework governing tourism taxation, local fiscal authority, public revenue allocation, and community participation. The article argues that the effectiveness of tourism taxation should not be assessed solely by revenue generation but also by its distributive consequences for destination communities. Particular attention is given to the extent to which tourism-related revenue supports public infrastructure, environmental management, cultural preservation, and community welfare. The study proposes a tourism fiscal justice framework based on transparency, participatory budgeting, territorial redistribution, and measurable community benefits. Such a framework would strengthen accountability in tourism governance while ensuring that communities hosting tourism activities receive tangible benefits from the economic value generated within their territories. The research contributes to debates on fiscal justice and sustainable tourism governance in Indonesia.

[*Pajak pariwisata semakin banyak digunakan oleh pemerintah untuk membiayai pengelolaan destinasi, pelestarian budaya, dan perlindungan lingkungan. Di Bali, pajak terkait pariwisata menghasilkan pendapatan publik yang substansial, namun masih ada pertanyaan mengenai apakah manfaat ekonomi pariwisata didistribusikan secara adil kepada masyarakat yang menanggung biaya sosial dan lingkungan dari aktivitas pariwisata yang intensif. Artikel ini mengkaji implikasi keadilan dari kebijakan pajak pariwisata Bali, dengan fokus pada distribusi dan pemanfaatan pendapatan* *publik terkait pariwisata untuk masyarakat lokal. Dengan menggunakan analisis yuridis normatif yang didukung oleh analisis kebijakan dan kelembagaan, studi ini mengkaji kerangka hukum yang mengatur pajak pariwisata, kewenangan fiskal lokal, alokasi pendapatan publik, dan partisipasi masyarakat. Artikel ini berpendapat bahwa efektivitas pajak pariwisata tidak boleh dinilai hanya berdasarkan perolehan pendapatan tetapi juga berdasarkan konsekuensi distribusinya bagi masyarakat destinasi. Perhatian khusus diberikan pada sejauh mana pendapatan terkait pariwisata mendukung infrastruktur publik, pengelolaan lingkungan, pelestarian budaya, dan kesejahteraan masyarakat. Studi ini mengusulkan kerangka keadilan fiskal pariwisata berdasarkan transparansi, penganggaran partisipatif, redistribusi teritorial, dan manfaat masyarakat yang terukur. Kerangka kerja seperti itu akan memperkuat akuntabilitas dalam tata kelola pariwisata sekaligus memastikan bahwa masyarakat yang menjadi tuan rumah kegiatan pariwisata menerima manfaat nyata dari nilai ekonomi yang dihasilkan di wilayah mereka. Penelitian ini berkontribusi pada perdebatan tentang keadilan fiskal dan tata kelola pariwisata berkelanjutan di Indonesia.*]

Keywords: Bali tourism, tourism taxation, fiscal justice, local communities, tourism governance

Introduction

Tourism occupies a structurally important position in Bali's economy, contributing to employment, investment, regional revenue, and local business activity. Its economic significance, however, has generated a persistent policy tension: the same tourism economy that produces public revenue also intensifies pressure on land, water, infrastructure, cultural resources, and community livelihoods. Evidence from Bali illustrates this tension clearly. Tourism expenditure does not remain entirely within the local economy because part of the value generated by visitors leaks through imported goods, external ownership, and other non-local payments (Suryawardani et al. 2014). At the environmental level, tourism has also contributed to competition over scarce water resources, with tourism demand at times overriding local needs (Cole 2012). These conditions complicate the assumption that aggregate tourism growth necessarily translates into proportional improvements in community welfare. The fiscal question is therefore not simply how much tourism contributes to government revenue, but how tourism-related fiscal resources are redistributed and whether they address the costs borne by destination communities.

Bali's foreign-tourist levy provides an important institutional setting for examining this question. Law No. 15 of 2023 concerning Bali established a legal basis for a levy imposed on foreign tourists, while Bali Provincial Regulation No. 6 of 2023 operationalized the instrument as a levy for the protection of Balinese culture and the natural environment. The framework was subsequently amended through Bali Provincial Regulation No. 2 of 2025. Unlike a conventional regional tax whose proceeds may generally support a broad range of public expenditures, the Bali levy has an explicitly destination-oriented rationale. Its normative legitimacy therefore depends on a demonstrable relationship between what tourists are required to contribute and the cultural and environmental benefits that the funds are intended to support. This makes the policy particularly suitable for a fiscal-justice analysis because the question of allocation is embedded in the policy's own legal justification rather than being an external consideration.

Previous studies have examined different dimensions of this problem but have rarely integrated them into a single fiscal-justice framework. Research on Bali's fiscal decentralization shows that greater fiscal autonomy can strengthen regional financial performance and economic growth (Kusuma and Badrudin 2016). Studies of tourism revenue similarly demonstrate that tourist arrivals contribute to local revenue (Mautang and Surasmi 2023; Yudastini and Utama 2023). At the same time, research on tourism leakage demonstrates that a substantial portion of tourism expenditure may not remain within Bali's local economy (Suryawardani et al. 2014). These studies establish the fiscal and economic importance of tourism but do not sufficiently explain whether tourism-related public revenue reaches communities experiencing tourism's costs. The gap becomes particularly important because fiscal capacity and distributive justice are analytically distinct: a government may possess strong revenue-generating capacity without necessarily allocating that revenue in ways that reduce spatial, social, or environmental inequality.

A separate body of research demonstrates that tourism generates costs that cannot be captured by conventional revenue indicators. Tourism development has placed pressure on Bali's water resources, while political and institutional power influences how access to water is distributed (Cole 2012; Cole, Wardana, and Dharmiasih 2021). Agricultural land conversion has likewise affected the sustainability of cultural landscapes and traditional livelihoods (Wardana 2020). Tourism may also transform cultural practices into marketable products, creating tensions between cultural preservation and commercial exploitation (Indrianto 2016; Suartika and Cuthbert 2022). These findings indicate that the fiscal benefits of tourism must be evaluated alongside the externalities that tourism produces. A tourism levy may therefore be justified not only because visitors benefit from destination resources but also because tourism generates costs for environmental and cultural systems that require collective financing for their maintenance.

The literature on community participation further reveals a governance dimension that is frequently overlooked in discussions of tourism taxation. Community participation does not automatically produce empowerment. Research in Bali has shown that communities may possess substantial social and cultural resources while lacking effective mechanisms to translate those resources into bargaining power within tourism development (Adikampana, Pujani, and Nugroho 2018). Dolezal and Novelli (2022) similarly demonstrate that power relations are central to community-based tourism in Bali, while research on indigenous participation emphasizes the importance of institutional recognition for meaningful involvement in cultural-tourism governance (Mangku, Yuliartini, and Adnyani 2021). These findings suggest that the distribution of tourism revenue is inseparable from the distribution of decision-making power. A fiscal mechanism cannot be regarded as participatory merely because communities are consulted; participation must influence priorities, allocation, implementation, and monitoring.

International scholarship on tourism taxation provides the conceptual foundation for this analysis. Tourism taxation can correct externalities, generate public revenue, and shift part of the fiscal burden toward visitors who benefit from destination resources (Gooroochurn and Sinclair 2005). More recent research has emphasized the potential of tourist taxes to finance sustainability policies in mass-tourism destinations, although their effectiveness depends on policy design, tourist acceptance, and the allocation of revenues (Cбrdenas-Garcнa et al. 2022). The central research gap is therefore not whether tourism taxation can generate revenue, but under what institutional conditions that revenue becomes socially and environmentally beneficial. This article addresses that gap by asking whether Bali's tourism levy is structurally capable of producing distributive justice for local communities and by identifying governance conditions necessary for that outcome.

The article makes two contributions. First, it extends the tourism-tax literature by placing distributive justice at the center of the analysis rather than treating revenue generation and sustainability as sufficient indicators of policy success. Second, it connects fiscal governance with environmental and community participation literature concerning Bali. The resulting argument is that tourism fiscal justice depends on the interaction of four institutional elements: the allocation of revenue toward tourism-related externalities, territorial and social distribution of benefits, meaningful community participation, and transparent measurement of outcomes. The article consequently evaluates Bali's levy as a governance mechanism rather than merely as a revenue instrument.

Literature Review and Theoretical Framework

The concept of fiscal justice provides the primary analytical framework. Fiscal justice concerns the fairness of both revenue extraction and public expenditure. In tourism destinations, the principle is particularly relevant because visitors are generally non-residents who consume public infrastructure and environmental resources without necessarily contributing through ordinary resident-based fiscal mechanisms. Tourism taxation can partially correct this imbalance by transferring some of the costs of destination use to visitors. Gooroochurn and Sinclair (2005) demonstrate that tourism taxation may be relatively efficient and equitable where international visitors bear a substantial portion of the burden. The distributive argument, however, does not end with collection. A tax or levy becomes socially meaningful only when its proceeds generate public benefits for the population affected by tourism. Fiscal justice therefore requires analysis of both the incidence of the contribution and the distribution of its resulting benefits.

The second theoretical dimension is environmental justice. Tourism destinations are dependent upon resources that often have characteristics of common or quasi-public goods, including water, beaches, cultural landscapes, and ecological systems. Tourism development may increase demand for these resources while the associated costs are distributed among residents. Bali's water crisis illustrates this asymmetry. Cole (2012) demonstrates that tourism demand has competed with agricultural and domestic uses, producing unequal access and social conflict. Cole, Wardana, and Dharmiasih (2021) further show that political power and development interests can influence how environmental problems are framed and addressed. A tourism levy can therefore perform an environmental-justice function when its revenue is used to restore resources affected by tourism. The relevant principle is additionality: tourism-derived funds should generate environmental protection beyond what would otherwise occur through ordinary public expenditure.

Distributive justice provides the third dimension. The economic value generated by tourism is not distributed uniformly across sectors or territories. Tourism leakage can reduce the amount of expenditure retained locally, while tourism-intensive areas may simultaneously experience higher land prices, resource pressure, and environmental costs. Suryawardani et al. (2014) demonstrate the importance of leakage in Bali's accommodation sector, while Wardana (2020) links tourism and investment pressures to the conversion of agricultural landscapes. These dynamics mean that the geographic location of tourism revenue collection cannot be treated as a sufficient basis for determining where public benefits should be directed. A justice-oriented allocation mechanism should consider both the contribution generated by tourism and the intensity of tourism-related burdens.

Participatory governance completes the theoretical framework. Fiscal allocation involves normative choices concerning which problems deserve public resources. Those choices cannot be considered legitimate solely because they are made through formal administrative procedures. Community participation is necessary because residents possess contextual knowledge concerning local environmental conditions, cultural priorities, and the distribution of tourism costs. Dolezal and Novelli (2022) show that community-based tourism is shaped by power relationships, while Adikampana, Pujani, and Nugroho (2018) demonstrate that local communities may have substantial resources but limited institutional capacity to convert them into influence. Participation must therefore be substantive rather than procedural. For tourism fiscal governance, this means community representatives should have a role in identifying priorities, allocating relevant funds, monitoring implementation, and assessing outcomes.

These four dimensions can be integrated into a tourism fiscal justice framework. Under this framework, a tourism levy is considered just when its burden is appropriately assigned to tourism beneficiaries, its proceeds are directed toward tourism-related public and environmental costs, benefits are distributed across affected communities according to need and burden, and affected stakeholders participate in allocation and oversight. The framework differs from a conventional fiscal-efficiency model because it treats revenue collection as an intermediate stage rather than the policy objective. It also differs from a purely sustainability-oriented model because it explicitly asks who receives the benefits of sustainability expenditure and who participates in deciding its use. This integrated perspective provides the analytical basis for evaluating Bali's levy.

Methods

This study employs normative juridical research supported by policy and institutional analysis. The normative component examines the legal structure governing tourism taxation and foreign-tourist levies in Indonesia, with particular attention to the relationship between legal authority, designated purposes, allocation mechanisms, and accountability. The principal legal materials comprise the 1945 Constitution of the Republic of Indonesia, Law No. 10 of 2009 concerning Tourism, Law No. 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments, Law No. 15 of 2023 concerning Bali, Bali Provincial Regulation No. 6 of 2023, and Bali Provincial Regulation No. 2 of 2025. The analysis focuses on whether the legal design establishes an adequate institutional connection between the collection of tourism-related revenue and the protection of community interests.

The policy analysis examines the implementation logic of the levy through four analytical categories: revenue purpose, distributive allocation, participation, and accountability. Secondary materials consist of peer-reviewed studies concerning tourism taxation, fiscal decentralization, tourism leakage, environmental externalities, cultural commodification, and community participation in Bali and comparable destinations. Sources were selected according to relevance, scholarly credibility, and publication date, with the literature limited to materials available no later than 2025. The study does not claim to measure the causal impact of the levy statistically because comprehensive post-implementation expenditure data are not yet sufficient for such an assessment. Instead, it evaluates the policy's institutional capacity to generate distributive outcomes and identifies governance conditions required for those outcomes to occur.

The analytical procedure is interpretive and argumentative. Legal provisions are first examined to identify the intended purpose and institutional architecture of the levy. The findings are then compared with empirical literature concerning the distribution of tourism benefits and costs in Bali. Finally, these findings are evaluated through the fiscal-justice framework developed in the literature review. This method allows the study to distinguish between fiscal capacity, fiscal allocation, and social outcome, which are often treated as equivalent in policy discussions. The distinction is critical because increased tourism revenue may coexist with persistent environmental degradation or unequal access to tourism benefits.

Results and Discussion

1. From Tourism Revenue to Fiscal Justice

The first finding is that Bali's tourism levy has a stronger normative connection to destination protection than a conventional revenue instrument. The legal framework links the levy to the protection of Balinese culture and the natural environment, thereby creating an implicit fiscal exchange between visitors and the destination. This design is consistent with the economic rationale for tourism taxation because visitors benefit from destination-specific public and environmental assets while tourism simultaneously increases demand for those assets. International evidence supports the use of tourist taxation as a mechanism for financing sustainability-oriented expenditure, particularly in mass destinations (Сбrdenas-Garcна et al. 2022). The crucial issue for Bali, however, is whether the earmarked rationale is reflected in expenditure outcomes. A levy designed around protection generates a stronger accountability expectation than general taxation because its legitimacy depends partly on the visibility of the benefits associated with the stated purpose.

Bali's broader fiscal structure demonstrates why this distinction matters. Tourism activity contributes to local revenue, and studies confirm significant relationships between tourist arrivals and regional revenue (Mautang and Surasmi 2023; Yudastini and Utama 2023). Fiscal decentralization has also strengthened the financial capacity of Bali's local governments (Kusuma and Badrudin 2016). These findings establish that tourism can support public finances, but they do not demonstrate that tourism revenue improves welfare proportionately. Fiscal capacity becomes distributively meaningful only when public expenditure addresses the needs generated by economic activity. A revenue-centered evaluation would therefore overstate the success of the levy if it measured only the amount collected. The appropriate evaluation moves from input to outcome: what public goods are financed, where they are located, which communities benefit, and whether tourism-related environmental pressures are reduced.

The distinction between revenue and justice is particularly important because tourism benefits and costs are spatially differentiated. Tourism-intensive regions may receive greater direct commercial benefits but also face higher pressure on land, water, waste systems, and public infrastructure. Less tourism-intensive communities may contribute to Bali's cultural landscape without receiving equivalent economic benefits. A just allocation formula should consequently avoid treating tourism revenue as automatically belonging to the jurisdiction where tourist transactions occur. Instead, allocation should incorporate indicators of tourism intensity, environmental vulnerability, cultural significance, and community need. Such a mechanism would transform the levy from a simple destination-revenue instrument into a redistributive policy capable of addressing the uneven geography of tourism development.

2. Economic Leakage and the Distribution of Tourism Benefits

The second finding concerns the gap between tourism expenditure and local economic retention. Tourism leakage is a structural limitation on the assumption that visitor spending automatically benefits local communities. Suryawardani et al. (2014) found that expenditure in Bali's accommodation sector can leak through imports, external labor payments, and profits accruing to foreign owners. This matters for fiscal justice because the state may collect revenue from a tourism economy whose broader economic value is not fully retained locally. Public revenue can partially compensate for this leakage, but only if it is strategically allocated toward strengthening local economic linkages. Otherwise, taxation may coexist with a tourism structure in which private value is concentrated while public benefits remain diffuse.

Local economic retention should therefore become an explicit criterion in evaluating tourism-related expenditure. Levy revenue could, for example, support local supply chains, community-based enterprises, cultural producers, agricultural linkages, waste-management cooperatives, and locally owned tourism infrastructure. The objective would not be to distribute tourism revenue indiscriminately but to increase the capacity of communities to participate in the tourism value chain. Research on community-based tourism in Bali indicates that local participation is associated with empowerment only where communities possess meaningful institutional and economic influence (Dolezal and Novelli 2022). A fiscal policy that funds community economic capacity may therefore produce a more durable distributive effect than one that merely finances short-term public projects.

The evidence from Bali's tourism economy also indicates that growth and distribution should not be treated as interchangeable outcomes. Tourism can contribute to regional economic growth while inequalities persist. In Badung, for example, research has examined the relationship among tourism, economic growth, income distribution, and poverty, demonstrating that tourism remains an important variable in the region's socioeconomic dynamics (Wiradnyana and Bendesa 2021). The implication is that tourism fiscal policy should be designed around distributional indicators rather than aggregate growth alone. A destination can be economically successful while socially unequal. Fiscal justice requires the government to identify whether tourism-related resources improve access to public goods and economic opportunities among communities that are otherwise disadvantaged within the tourism economy.

This finding also challenges the assumption that the most tourism-intensive areas should automatically receive the largest share of levy expenditure. Such an approach may reinforce existing spatial concentration. A more defensible model would combine origin and burden indicators. Revenue generated through tourism could be partially reinvested in highly visited areas to address infrastructure and environmental pressures, while another portion could be redistributed to communities whose cultural landscapes and ecological resources sustain the destination without receiving equivalent commercial benefits. This approach would recognize that Bali's tourism product is territorially interconnected and that fiscal justice cannot be reduced to the location where tourists spend money.

3. Environmental and Cultural Externalities

The third finding is that environmental and cultural externalities provide the strongest substantive justification for connecting tourism revenue to community benefits. Bali's water system illustrates the problem. Tourism competes with agriculture and household consumption for scarce water resources, and the distribution of water reflects differences in economic and political power (Cole 2012). Subsequent research has shown that attempts to address the water crisis are themselves shaped by tourism interests and development priorities (Cole, Wardana, and Dharmiasih 2021). A tourism levy that finances environmental protection could therefore serve as a corrective instrument, but only if expenditure addresses measurable tourism-related pressures rather than merely funding general environmental programs.

Agricultural land provides a second example. Wardana (2020) shows that the commodification and conversion of Bali's agrarian landscapes have been linked to tourism and property development. This process creates a fiscal justice problem because the tourism economy benefits from landscapes whose conversion can undermine agricultural livelihoods and ecological resilience. Levy revenue could contribute to maintaining productive agricultural landscapes, irrigation systems, community conservation, and local food systems. Such expenditure would broaden the concept of tourism infrastructure. Instead of defining infrastructure solely as roads, airports, and commercial facilities, the fiscal system would recognize water systems, agricultural landscapes, cultural spaces, and ecological services as destination infrastructure requiring investment.

Cultural resources generate a similar externality. Bali's tourism economy relies heavily on cultural practices, religious traditions, artistic production, architecture, and customary institutions. Yet the commercialization of these resources may alter their meaning and distributional value. Indrianto (2016) identifies processes of cultural commodification associated with tourism, while Suartika and Cuthbert (2022) analyze how Balinese culture can be appropriated through processes of political and economic commodification. The implication is that cultural protection should not be interpreted as simply preserving attractions for tourists. Fiscal resources should strengthen the capacity of communities and customary institutions to determine how cultural assets are used, reproduced, and represented.

This principle leads to the concept of environmental and cultural additionality. Levy expenditure should generate protection that is demonstrably additional to ordinary government spending and should be linked to identifiable tourism pressures. Annual reporting could therefore specify the baseline public expenditure on environmental and cultural programs, the additional resources derived from the tourism levy, the projects financed, and measurable changes in relevant indicators. For water, indicators might include conservation outcomes, access, or restoration. For cultural programs, indicators could include support for community institutions, heritage maintenance, transmission of cultural knowledge, and local cultural production. This approach would make the levy auditable not merely in financial terms but in substantive terms.

4. Participation and Accountability in Revenue Allocation

The fourth finding is that distributive justice cannot be achieved without meaningful participation in fiscal decision-making. Bali has extensive community and customary institutions, but existing tourism research indicates that institutional participation can be constrained by unequal power. Adikampana, Pujani, and Nugroho (2018) found that communities in Candidasa possessed substantial capital but did not necessarily possess effective strategies for converting that capital into bargaining power. Mangku, Yuliartini, and Adnyani (2021) similarly emphasize the importance of indigenous participation in cultural-tourism governance. These findings are directly relevant to tourism taxation because the allocation of public revenue determines which community priorities are recognized as legitimate objects of government expenditure.

Participation should therefore be integrated into the budget cycle rather than confined to consultation. Communities should participate in identifying tourism-related problems, prioritizing eligible projects, monitoring implementation, and evaluating outcomes. This requirement is consistent with broader community-based tourism scholarship, which emphasizes empowerment and partnership rather than symbolic participation (Dolezal and Novelli 2022). For Bali, the role of customary villages is particularly significant because cultural and environmental responsibilities often operate through institutions that do not correspond neatly to administrative boundaries. Fiscal governance that excludes these institutions may therefore overlook the actors most directly responsible for maintaining the resources that the levy is intended to protect.

Transparency is the institutional counterpart of participation. Because the levy is justified through cultural and environmental protection, government should disclose not only the amount collected but also the allocation and results of expenditure. A meaningful transparency framework would identify collection levels, administrative costs, geographic allocation, implementing institutions, project beneficiaries, and measurable outcomes. This information would allow residents to determine whether tourism revenue is producing public value and would enable tourists to assess whether their contribution is being used consistently with the stated policy purpose. Without such transparency, the levy risks becoming a conventional revenue source despite its distinctive legal justification.

Accountability should also operate across governmental levels. Tourism governance in Bali involves provincial institutions, regency and municipal governments, tourism businesses, customary villages, and local communities. Fragmented responsibilities can make it difficult to determine who is accountable when revenue fails to produce expected benefits. A clearer institutional division is therefore necessary: the provincial government should retain responsibility for overall fiscal governance, local governments should identify destination-level needs, customary institutions should participate where cultural and community resources are concerned, and independent monitoring should assess whether expenditure achieves stated outcomes. The central issue is not simply decentralization but coordination among institutions with different forms of authority.

The resulting governance model should establish measurable community-benefit indicators. These could include the share of levy-funded expenditure implemented through community institutions, geographic distribution of projects, environmental outcomes, support for cultural preservation, local employment generated, and community satisfaction with funded programs. Such indicators would shift evaluation from financial compliance toward policy effectiveness. Importantly, the framework would not require every levy rupiah to be distributed directly to households. Public investment in water systems, cultural facilities, waste management, agricultural landscapes, or community enterprises may generate greater collective benefits than direct transfers. What matters is whether those investments demonstrably improve the conditions of communities affected by tourism.

Conclusion

Bali's foreign-tourist levy has the potential to become a significant instrument of tourism fiscal justice because its legal justification directly connects tourism contributions with the protection of culture and the natural environment. The analysis demonstrates, however, that the existence of a levy and the collection of revenue are insufficient indicators of justice. Tourism generates economic benefits but also produces leakage, environmental pressure, land conversion, and cultural commodification. These effects are unevenly distributed across communities and territories. Consequently, the legitimacy of tourism taxation depends on whether fiscal resources are translated into public goods and community benefits that correspond to the burdens generated by tourism. The central policy shift required is therefore from measuring fiscal extraction to evaluating distributive outcomes.

A rights- and justice-oriented allocation system should combine territorial redistribution, environmental and cultural additionality, local economic retention, and community participation. Tourism-intensive areas should receive resources to address concentrated pressures, while other communities that sustain Bali's cultural and ecological assets should not be excluded from tourism-generated benefits. Customary and community institutions should have meaningful roles in determining priorities and monitoring expenditure. Transparency should extend from revenue collection to project outcomes, allowing both residents and visitors to assess the effectiveness of the levy. Such arrangements would strengthen the relationship between fiscal decentralization and sustainable tourism governance.

The broader implication is that tourism taxation should be conceptualized as a governance mechanism rather than merely a fiscal instrument. Bali's experience demonstrates that the effectiveness of a tourism levy depends on the institutional chain connecting visitors' contributions, government allocation, community participation, and measurable improvements in destination conditions. If that chain is strengthened, tourism revenue can contribute to environmental restoration, cultural resilience, and more inclusive local development. If it remains focused primarily on collection, the levy may increase public revenue without substantially altering the distributional structure of Bali's tourism economy. Fiscal justice therefore provides a more demanding but more appropriate standard for assessing whether tourism taxation genuinely benefits the communities that sustain the destination.

References

Adikampana, I Made, Luh Putu Kerti Pujani, and Saptono Nugroho. 2018. "Partisipasi Masyarakat Lokal dalam Pengembangan Kawasan Pariwisata Candidasa." *Jurnal Kajian Bali* 8 (1).

Cárdenas-García, Pablo Juan, José Luis Durán-Román, Juan Ignacio Pulido-Fernández, and Isabel Carrillo-Hidalgo. 2022. "Tourist Taxation as a Sustainability Financing Mechanism for Mass Tourism Destinations." *International Journal of Tourism Research* 24 (4): 577–592. https://doi.org/10.1002/jtr.2523.

Cetin, Gurel, Zaid Alrawadieh, Mithat Zeki Dincer, Fusun Istanbullu Dincer, and Dimitri Ioannides. 2017. "Willingness to Pay for Tourist Tax in Destinations: Empirical Evidence from Istanbul." *Economies* 5 (2): 1–15.

Cole, Stroma. 2012. "A Political Ecology of Water Equity and Tourism: A Case Study from Bali." *Annals of Tourism Research* 39 (2): 1221–1241. https://doi.org/10.1016/j.annals.2012.01.003.

Cole, Stroma, Agung Wardana, and Wiwik Dharmiasih. 2021. "Making an Impact on Bali's Water Crisis: Research to Mobilize NGOs, the Tourism Industry and Policy Makers." *Annals of Tourism Research* 87: 103119. https://doi.org/10.1016/j.annals.2020.103119.

Dolezal, Claudia, and Marina Novelli. 2022. "Power in Community-Based Tourism: Empowerment and Partnership in Bali." *Journal of Sustainable Tourism* 30 (10): 2352–2370. https://doi.org/10.1080/09669582.2020.1838527.

Gooroochurn, Nishan, and Thea Sinclair. 2005. "Economics of Tourism Taxation: Evidence from Mauritius." *Annals of Tourism Research* 32 (2): 478–498. https://doi.org/10.1016/j.annals.2004.10.003.

Indrianto, Agoes Tinus. 2016. "The Commodification of Culture in Bali in the Frame of Cultural Tourism." *ASEAN Journal on Hospitality and Tourism* 4: 151–165.

Kawahara, Shinya. 2025. "Optimal Tourism Taxation with Labor Market Distortions." *Annals of Tourism Research* 114: 104001. https://doi.org/10.1016/j.annals.2025.104001.

Kusuma, Manggar Wulan, and Rudy Badrudin. 2016. "Fiscal Decentralization Effect on Economic Growth in Bali." *Economic Journal of Emerging Markets* 8 (2): 136–147. https://doi.org/10.20885/ejem.vol8.iss2.art6.

Mangku, Dewa Gede Sudika, Ni Putu Rai Yuliartini, and Ni Ketut Sari Adnyani. 2021. "Indigenous Peoples' Participation in the Management of Balinese Cultural Tourism." *Legality: Jurnal Ilmiah Hukum* 29 (2). https://doi.org/10.22219/ljih.v29i2.15928.

Mautang, Dorkas Marline Lovrian, and Ida Ayu Surasmi. 2023. "Measuring Local Revenue from the Tourism Sector in Bali Province." *Jurnal Ekonomi dan Bisnis Jagaditha* 10 (2): 185–191. https://doi.org/10.22225/jj.10.2.2023.185-191.

Permatasari, Indah. 2022. "Peran Model Pengembangan Pariwisata Berbasis Masyarakat (Community Based Tourism) dalam Mewujudkan Pariwisata Berkelanjutan (Sustainable Tourism) di Bali." *Kertha Wicaksana* 16 (2): 164–171. https://doi.org/10.22225/kw.16.2.2022.164-171.

Suryawardani, I G. A. Oka, I Komang Gde Bendesa, Made Antara, and Agung Suryawan Wiranatha. 2014. "Tourism Leakage of the Accommodation Sector in Bali." *ASEAN Journal on Hospitality and Tourism* 13 (1): 3–18. https://doi.org/10.5614/ajht.2014.13.1.01.

Suartika, Gusti Ayu Made, and Alexander R. Cuthbert. 2022. "Sleight of Hand: The Expropriation of Balinese Culture." *International Journal of Urban and Regional Research* 46 (4). https://doi.org/10.1177/1206331220902973.

Wardana, Agung. 2020. "Neoliberalizing Cultural Landscapes: Bali's Agrarian Heritage." *Critical Asian Studies* 52 (2): 270–285. https://doi.org/10.1080/14672715.2020.1714459.

Wiradnyana, I Komang, and I. K. G. Bendesa. 2021. "Analisis Kausalitas antara Pertumbuhan Ekonomi, Sektor Pariwisata, Ketimpangan Distribusi Pendapatan dan Kemiskinan di Kabupaten Badung." *E-Jurnal Ekonomi dan Bisnis Universitas Udayana* 10 (7): 642–655. https://doi.org/10.24843/EEB.2021.v10.i07.p06.

Yudastini, Ni Putu Andari, and Made Suyana Utama. 2023. "Analisis Faktor-Faktor yang Mempengaruhi Penerimaan Pendapatan Asli Daerah (PAD) Kabupaten/Kota di Kawasan Sarbagita Provinsi Bali." *E-Jurnal Ekonomi dan Bisnis Universitas Udayana* 12 (2): 250–260. https://doi.org/10.24843/EEB.2023.v12.i02.p10.

Suryawan Wiranatha, Agung, I Gusti Ayu Oka Suryawardani, Christine Petr, and I Putu Eka Nila Kencana. 2024. "Priority of Criteria for Agritourism Development in Bali." *Jurnal Kajian Bali* 14 (1). https://doi.org/10.24843/JKB.2024.v14.i01.p11.

Diarta, I Ketut Surya, and I Gde Pitana. 2022. "Managing Community-Based Ecotourism in Banyuwedang Bay Bali and Its Implications for Visitor Satisfaction." *Media Konservasi* 27 (2): 59–75. https://doi.org/10.29244/medkon.27.2.59-75.

Rahmawati, Putu Indah, Komang Agus Artawan, Ni Made Ary Widiastini, Nyoman Dini Andiani, and Trianasari. 2020. "Commodification of Traditional Foods Namely Sate Lilit Bali in Spice Beach Club Bali." *GARUDA: Global Research on Tourism Development and Advancement* 2 (1): 27–38. https://doi.org/10.21632/garuda.2.1.27-38.

Sunarta, I Nyoman. 2015. "Local Community Participation in the Development of Ecological Tourism in West Bali National Park." *E-Journal of Tourism* 2 (2). https://doi.org/10.24922/eot.v2i2.19495.

Yudastini, Ni Putu Andari, and Made Suyana Utama. 2023. "Analisis Faktor-Faktor yang Mempengaruhi Penerimaan Pendapatan Asli Daerah (PAD) Kabupaten/Kota di Kawasan Sarbagita Provinsi Bali." *E-Jurnal Ekonomi dan Bisnis Universitas Udayana* 12 (2): 250–260. https://doi.org/10.24843/EEB.2023.v12.i02.p10.

Mautang, Dorkas Marline Lovrian, and Ida Ayu Surasmi. 2023. "Measuring Local Revenue from the Tourism Sector in Bali Province." *Jurnal Ekonomi dan Bisnis Jagaditha* 10 (2): 185–191. https://doi.org/10.22225/jj.10.2.2023.185-191.

Legal Sources

Indonesia. *Undang-Undang Dasar Negara Republik Indonesia Tahun 1945*.

Indonesia. *Undang-Undang Nomor 10 Tahun 2009 tentang Kepariwisataan*.

Indonesia. *Undang-Undang Nomor 1 Tahun 2022 tentang Hubungan Keuangan antara Pemerintah Pusat dan Pemerintahan Daerah*.

Indonesia. *Undang-Undang Nomor 15 Tahun 2023 tentang Provinsi Bali*.

Provinsi Bali. *Peraturan Daerah Provinsi Bali Nomor 6 Tahun 2023 tentang Pungutan bagi Wisatawan Asing untuk Pelindungan Kebudayaan dan Lingkungan Alam Bali*.

Provinsi Bali. *Peraturan Daerah Provinsi Bali Nomor 2 Tahun 2025 tentang Perubahan atas Peraturan Daerah Nomor 6 Tahun 2023 tentang Pungutan bagi Wisatawan Asing untuk Pelindungan Kebudayaan dan Lingkungan Alam Bali*.

***

This page is intentionally left blank

Acknowledgment
None

Funding Information
None

Conflicting Interest Statement
The authors state that there is no conflict of interest in the publication of this article.

Publishing Ethical and Originality Statement
All authors declared that this work is original and has never been published in any form and in any media, nor is it under consideration for publication in any journal, and all sources cited in this work refer to the basic standards of scientific citation.

Generative AI Statement
N/A