EFFECT OF REVENUE GENERATION ON INFRASTRUCTURAL DEVELOPMENT OF GOMBE STATE

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ABSTRACT
Revenue Generation are vital to the survival of many states in Nigeria, but regrettably, many states have neglected the role of internally generated revenues in their development. They rely heavily on shared revenues from the federation account. Any reductions in allocations from the federation sent shocks throughout the federation due to over reliance on it by states. The study examines the effect of internally generated revenue on infrastructural development of Gombe state, whether revenue generation has impacted on Gombe state by providing water, electricity and roads network. To achieve the objectives of the study, a documentary research method was designed relying on secondary data. The study found that the revenue generation by the state revenue agency was very low as to register any tangible effect on the state budget that rely heavily on allocation from the federation account and other sources. Internally generated revenue has minimal on the infrastructural development of the state, but it has significant impact on the annual expenditure on water, electricity and roads network. The study also revealed that internally generated revenue was economical and tax avoidance and evasion were also insignificant. The study therefore recommended that there should be equality in its allocation toward infrastructural development in the state. For instance, more IGR should be allocated to water than road. Good water provision will have a trickledown effect on healthcare because it will forestall and tackle bad water-related sickness like malaria that are commonly suffered by people of the state and extends their life span. Also there should be expansion of the state revenue base as well as improving the board capacity to generate more revenues that will contribute substantial to the state government annual budget.
INTRODUCTION

Background to the study

The global economic crisis from 2008 has resulted in a chain-reaction with more unpleasant fiscal consequences on developing countries, especially those with import dependent economies and mono-product foreign exchange earner such as Nigeria. The situation is direr as most states of the Nigerian Federation cannot afford the settlement of their basic recurrent bills. This state of quagmire has left the country with an option of applying creativity and discipline to ensure a better and more productive approach to shore up the internally generated revenue profile without compromising the business climate.

The overriding objective of boosting internally generated revenue according to Dike (2000) is to “collect the maximum revenue with the minimum economy and minimum interference with legitimate trade of the taxpayer”. The basic strategies that are currently in use to generate revenue by states according to Ojo (2003) include: original assessment; back duty assessment, deduction at source; tax clearance certificates; best of judgments; warrant of distrain; search and seizure as well as the use of consultants.

Akpo (2009) further highlighted the importance of using IGR to fund infrastructures. According to the authors, IGR does not develop hyper-inflation, it is free and does not carry any burden of repayment and interest like domestic borrowing and loan; through tax, IGR serves as the nerve centre of the social contract, it makes government more responsible and more responsive to the needs of the people, it serves as a tool for economic development, it is an important consideration in the planning of savings and investment and a powerful fiscal weapon to plan and direct the economy. IGR also serves as a tool for social engineering, it goes a long way to keep the society moving, because as government gets more revenue and commission more projects, more money is put in circulation, more employment opportunities arise and more business opportunities are created which impact positively on generality of the society. And above all it serves as tool for infrastructural development. On the other hand, IGR inspite of its benefits is not without challenges. It lack the capacity for revenue base data collection and analysis; lack register of revenue customers and information system; prone to unrealistic fees and tariffs, poor collection and analysis of performance data, lack performance evaluation against targets; poor method (being cash-based only) of generation; poor internal control and financial reporting; lack transparent accounting; non reconciled cash books and bank accounts; irregular returns to the Office of the Accountant General; irregularly audited account; lack a documented action plan for improving its collections; limited resources for its generation; poor coordination within and between organizational units; inadequate training of staff in revenue administration; low morale in the area of revenue administration; poor work environment in which tasks are performed; poor internal organizational arrangement for revenue generation; poor business process among others (Eze, Omole, Onyinka and Okonji, 2004).

This plethora of problems may, in one part account for the government’s neglect of IGR in favour of the revenue from oil as noted by Akpo (2009) Revenue generation in Nigeria’s local government is principally derived from TAX. Therefore, taxation is an internal source of government revenue within the domestic economy. Its collection and service to the government depends largely on the government itself. The most important source of fund available to the governments whether state or local governments apart from the statutory allocation given by the federal government is taxation. Proper tax administration and it collection is the primary duty of the state board of internal revenue, a division of the Gombe state Ministry of Finance being guided by the Income Tax Management Act (ITMA) 1961. Imposing and collecting taxes has been practiced in Gombe long before the advent of colonial administrators. The tax was collected by the then local chiefs and emirs for mainly defense and administrative activities. Citizens are expected to comply by surrendering part of their earnings from rearing animals,’ cultivation of farmlands and other trade activities to the state. It is commonly enforced on persons and corporate bodies that make up a nation and country at large (Worlu & Emeka, 2012).
The resources delivered by tax are recycled by the State to support positive responsibilities that would add value to the community in areas such as education, health care facilities, pension scheme, unemployment assistance as well as public transport system (Chinyere, 2000). Today, taxes are imposed mainly to increase revenue for government even though the proceeds serve other purposes such as social welfare. In the developed nations, taxes are the most crucial and fundamental sources of revenue to government. It symbolizes a broad-spectrum duty of individual tax payers and are not charged or collected in exchange for any specific value rather than collective development as a nation (Leyira, 2012).

Gombe State Government has for a long period been incapable of accomplishing Infrastructural Development, its economic goals, resulting from small amount of revenue proceeds generated due to inadequate and inefficiency of prevailing tax collection procedures. The problems related to the procedures are primarily associated with inadequate skills and inefficiency with enormous bribery and corruption among the tax officials and tax payers (Afuberoh & Okoye, 2014). There were some instances, in which tax collectors issuing false tax clearance certificates and fake receipts to the taxpayer particularly the operators of private businesses and collect token amount to relief them from actual tax due from them (Abubakar, 2014). Accordingly, levies collected as income to the government (tax revenue) are as a result, not been accurately accounted for, therefore, the underperformance in tax revenue is predictable over the years (Adekananla, 1997). As such this brings about a serious economic consequence for the overall development of State and the country at large. Against this background this study seeks to examine the effect of Internally Generated Revenue on Infrastructural development of Gombe State.

Objective of the study
The General objective of this study is to find out the effect of revenue generation on infrastructural development in Gombe State. The Specific objectives of the study include;

i. To find out the effect of Revenue Generation on Gombe State Annual Budget.

ii. To find out the extent of the internally Generated Revenue Contribute to the provision of Potable Drinking Water in Gombe state.

iii. To find out whether internally Generated Revenue Contribute to the provision of Roads in Gombe State

iv. To find out the extent when internally Generated Revenue Contribute to the provision of rural Electrification in Gombe State.

Conceptual Clarification

Concept of Revenue
Revenue has been defined by various scholars at different time. It lacks universal accepted definition. According to Dixon (2000) revenue is the total amount obtained from the sale of a merchandise services to customers. Fayemi (2001) sees it as all tolls, taxes, impress, rates, fees, duties, fine, penalties, fortunes and all other receipt of government from whatever source arising over a period either one year or six months. Flesher [2007] define revenues as an increase in owners’ equity resulting from the performance of a service or sale of something” this definition is anchored on the concept of equity which may increase due to sale of goods or provision of services in other words there are two sides revenue ; something received and given.

Adam (2006) defined revenue as the fund required by the government to finance its activities. These funds are generated from different sources such as taxes, borrowing, fine, fees etc. It is also defined as the total amount of income that accrues to an organization (public or private) within a specified period of time (Hamid, 2008). States revenue comprises of receipt from taxation as well as those which are not the proceeds of taxation, but of either the realization from the sale of government properties or other interests and returns from loans and investment earning.

Bhatia (2001) contends that revenue receipt include “routine” and “earned” income. For these reasons, according to him, revenue do not include borrowing and recovery of loans from other parties, but it
includes tax receipts, donations, grants, fees and fines and so on. Similarly, Pearce (1986) defined government revenue as all the money received other than from issue of and debt, liquidation of investments. Government revenue includes tax collections, charges and miscellaneous revenues, utility and insurance trust revenue for all funds and agencies of a government.

Oladimeji (1985) describes revenue as the total income generated from federal, state and local government. He stated further that what makes local government as constitutional matters is the revenue sharing perspectives. However, Hepworth (1976) describes revenue as an income or funds raised to meet the expenditure. He added further that revenue is arising resources needed to provide government services.

Public revenue according to Stephen and Osagie (1985) is concerned with various ways in which the government raises revenue. From the above definitions, it can be said that revenue is the total amount of income accruing to a state from various sources within a specified period of time. State government, like the other two tiers of government, has sources and uses of revenue. Osisami (1994) states that there are basically two types of revenue that accrues to state governments. These are internally generally generated revenue and revenue allocated from the Federation Account.

According to Elamah, (2015) He posit revenue as the fund required by the government to finance its activities generated from different sources such as taxes, fines, fees, borrowings, etc. It is also defined as the total amount of income that accrues to an organization (public or private) within a specified period of time (Balogun, 2015). Ayegba (2013) equally defined revenue as a general term for all monetary receipts accruing from both tax and non-tax sources. He went further to elucidate that revenue from tax and non-tax sources as well as fees, grant and contributions constitute the live wire of the state government. As Adesoji and Chike (2013:421) expatiates, “state revenue comprise of receipt from taxation as well as those which are not the proceeds of taxation, but of either the realization from the sale of government properties or other interest and returns from loans and investment earning”. Olusola (2011) equally asserts that revenue receipt include “routine” and “earned” income. For these reasons, according to him, revenue do not include borrowing and recovery of loans from other parties, but on the contrary includes tax receipts, donations, grants, fees, fines and so on. From the above definitions, it can be said that revenue is the total amount of income acquiring to a state from various sources within a specified period of time. Nigeria Governor’s Forum (2012) defined revenue as tolls, taxes, rates, fees, penalties, rents, forfeitures, dues and other receipts of government from whatever source arising over which legislature has power of appropriation including proceeds of loans raised. Section 160 (9) of the 1989 constitution and Section 5, 162 (10) of the 1999 constitution defined revenue as any income or returns accruing to, or derived by the government from any property belonging to government, any return by way of interest on loans and dividends in respect of shares or interest held by the government, in any company or statutory body, incidental sources resulting from a particular environment, permissive sources from normal operations and statutory sources recognized by the Nigerian constitution (FRN, 1999). Tapang (2012) states that there are basically two types of revenue that accrues to states governments.

These are internally generated revenue and revenue from the federation account. Recently the revenue that accrues to state government is derived from two broad sources, viz: the external sources and the internal sources. The increasing cost of running government coupled with dwindling revenue has left various state governments in Nigeria with formulating strategies to improve the revenue base. More so, the near collapse of the National Economy has created serious financial stress for all tiers of government. Hardest hit are the state governments all of whom have experienced unusual reduction in their share of the National Revenue from the Federation Account. Despite the numerous sources of revenue available to the various tiers of government as specified in the Nigeria 1999 Constitution, since the 1970s till now, over 80% of the annual revenue of the 3 tiers of government come from petroleum. The need for state and state governments to generate adequate revenue from internal sources has therefore become a matter of extreme urgency and importance. This need underscores the eagerness on the part of state and state governments and even the federal government to look for new sources of revenue or to become aggressive and innovative in the mode of collecting revenue from existing sources. To meet the inescapable need for
increased revenue, the use of external tax consultants was introduced by the federal and state governments in Nigeria to boost revenue generation under a Programme known as the Accelerated Revenue Generation (ARG) Programme.

**Concept of Internally Generated Revenue**
Internally generated revenue are those revenues that are derived within the state from various sources such as taxes (pay as you earn, direct assessment, capital gain taxes, etc), and motor vehicle license, among others. While the statutory allocation from Federation Account, Value Added Tax constitute the external source. Most states of the federation get the bulk of their revenue in form of statutory allocation from the federation account to finance their expenditure programmes. (Mukhtar, 1996; Isyaku, 1997; Abdulkadir, 1998; Ibrahim, 2002; Ishaq, 2002 and Hamid, 2008).

State government as the second tier of government in Nigeria derive its revenue from various sources. However, it should be noted that sources of revenue are by no means uniform among the states. States derive their revenue depending on the resources available to them; (Anyafo, 1996; Daniel, 1999; and Adam, 2006). The share of federation account to states constitutes 57.97% in 2002 of the total revenue plus grant and this rose to 65.82% in 2006;

While the internally generated revenue declined from 13.38% in 2002 to 8.11% in 2006 (CBN, 2006). The average percentages of internally generated revenue in relation to the federal allocation were between 5-9 percent for most non-oil producing states in the recent past. Kano was able to slightly exceed 10% in 2004 to date due to aggressive revenue generation efforts, with Lagos state as the only exception.

Recurrent expenditure according to Jimoh (2007) is the type of expenditure that happens repeatedly on daily, weekly or even monthly basis. The amount involved is charged to some operating account (e.g. profit and loss account or income and expenditure account). This includes for example payment of pensions and salaries, administrative overhead, maintenance of official vehicles, payment of electricity and telephone bills, water rate and insurance premium, etc.

Internally Generated Revenues (IGR) are those sources of government finance generated mainly by the federal, states and local councils, which help in broadening and widening the overall non-oil revenue structure of the state. The current challenges of the three tiers of government in Nigeria is the dwindling level of revenue generation, mostly by the state governments and the absolute dependence on federal allocation which is tilted more in favour of the Federal Government, hence giving rise to annual budget deficits in the states and inadequate financial resources for meaningful growth and viable projects development (Adewoye & Fasina, 2008).

Udeh (2002) asserts that the poor financial status of states in Nigeria has escalated due to the non-provision of grants by the federal government which under the constitution are needed to be made available annually during budgetary disbursement to leverage sub-national governments in crisis to address challenges of inadequate financial resources needed to cope with their ever increasing areas of assigned services which include; shelter, health services, water supply, food, as well as qualitative education at primary and post-primary schools level which usually engulf huge sums of money. An observation of the income profile of Cross River State from 2007 to 2014 showed that the internally generated revenue is less than one fourth of the total inflows accruing to the state.

Internally Generated Revenue (IGR) is revenues generated internally apart from subventions, allocation, and grants from Governments. Every organization has various ways of enhancing her internal sources of revenue. Internal revenue generations are the exclusive sources of revenue accrued to the local government system in Nigeria. They are that revenue which the local government alone is in charge. They are the sources of revenue which has been sustaining local government before the 1976 local government reform. They are the sources of revenue in which local government fall back on if the external ones fail. In fact, they are the traditional sources of revenue due for local government system in Nigeria.
Internally Generated Revenue in normal day to day parlance refers to those revenue sources that are generated solely by the state and local governments. Adesoji and Chike (2013:241) defined it as “those revenues that are derived within the state from various sources such as taxes (pay as you earn, direct assessment, capital gain taxes, etc), and motor vehicle license, among others”. State government as the second tier of government in Nigeria derives its revenue from various sources which are by no means uniform among the states. Hence, states derive their revenue depending on the sources available to them (Okoh, 2004).

**Internally Revenue Generation Strategies**

Strategies are designed as means of achieving desired goals and objectives. Neil (2011) defined strategy as the mediating force between the organization and the environment. Management, it is viewed as “organized development of the resources of the functional areas such as revenue service, marketing, manufacturing etc in pursuit of its objectives” (Alao and Alao, 2013:24).

From the foregoing, strategy is a means of achieving set objectives; its link to revenue generation require the strategically laying of plans that will move from general to specific with a view to executing the real intent of revenue generation effort particularly in the state and local government system and in public sector in general. Revenue generation is the main source of income to the states and local government. IFRS recommends that revenue recognition is dependent upon the terms of the contract between the entity and the buyer of goods, the recipient of the services or the users of the assets of the entity. The aim of revenue generation as stipulated by the Federal Government is income generation through personal and income taxes, adverts or bill-board, business premise registration, among others.

Alao and Alao, (2013) notes that due to the wideness of the revenue sources, tactical plans are required to get grip of harnessing resources to enable collection, and reduction or elimination of tax avoidance and evasion. The internal revenue department is the income generating organ for the state and is faced with the herculean task of collecting taxes in various forms from the public. According to Norton & Kaplan (2012), the finance focus is not enough to effectively handle the diverse types of revenue to be collected. Even though the financial health of an organization such as the state is essential, there are other intervening variables which are necessary for goal attainment. Strategic plans aimed at achieving organizational goals therefore should consider the satisfaction of everyone that is concerned or linked to achieving the revenue collection goal. Improving the approach to the task acquires setting of goals, which has to do with the quality of service, income generation mix along with other drivers directed at attaining organizational goals. In line with this, a tool to cater for better measures of the organization’s capacities or that will create long term value by identifying relevant key drivers such as customers, financial and operational plans, innovativeness, etc, is the balanced scorecard that should be sought in this dispensation.

**Sources of State Government Revenue**

The sources of revenue of the state government can be divided into two parts viz: recurrent revenue and capital receipts. (Mohammed, 2015) posited the sources of State Government Revenue

The Recurrent Revenue:

**Taxes:** The taxes the states government collect are personal income tax; (excluding those of the Armed Forces, external affairs officers, foreign nationals, residents of the FCT, Abuja and the Nigerian Police Force) football pools and other betting taxes, capital gains tax, entertainment tax, stamp duties, capital transfer tax (CIT).

**Licenses, Fees and Fines:** These embrace motor vehicles and drivers’ licenses. Land registration and survey fees and fines imposed on offenders.

**Earnings from economic activities:** State governments do engage in some activities with a view to making profits. These include: establishments of banks, and investment ventures (For example; Oodua Investments) which involves sales of goods and services. Others are lotteries, rent on government properties and dividends.
Allocation from the Federation Account: State governments are entitled to monthly allocation from the Federation Account which they share horizontally among themselves. It is, at present twenty-four percent of the total amount that accrues to the Federation Account.

Value-added Tax (VAT) allocation: It should be noted that VAT replaced sales tax which used to be exclusive preserve of the state governments. Therefore, at the inception of the VAT in 1994, the state government was given 80% of the proceeds from VAT. Even though the percentage has now been reduced to 50%, but the state government will still receive the largest share of the VAT proceeds.

b) The Capital Receipts:

I. Grants: These usually come from the Federal Government. The purpose could be to enable a new state take off, or to carry out specific projects or to finance Federal Government programmes in the state. A good example is the projects under the Directorates of Food, Roads and Rural Infrastructures (DIFRRRI).

ii. Loans: These can be internal or external loans. The internal loans represent borrowings by state governments from sources within the country. The sources include: individuals, organizations such as commercial banks, the Federal Government or other states. On the other hand, the external loans are often taken from the World Bank, International Monetary Fund (IMF), as well as foreign countries or organizations. However, approval must be received from the Federal Government before the loans can be obtained. Besides there is a limit to the amount of loan a state government can borrow or have outstanding at a time.

iii. Financial aids: These are funds from foreign countries or charitable international organizations such as UNICEF to execute in the states some humanitarian programmes like children immunization, control of epidemic diseases. The aids could also be meant to assist states that suffer some disasters. A good example is the case of Jesse fire disaster in Delta State towards the end of 1998 in which about one thousand persons were roasted to death. In the wake of the problem, the United States of America (USA) gave about N200m to the state to help assist the victims of the fire incident. The aids can also be in kind in form of relief materials or technical services.

Problem of Internally Generated Revenue in Gombe State

The problems of revenue generation in Gombe State government in Nigeria enjoyed an improved revenue from the 1970’s till date due to reforms introduced by different regimes all aimed at making the state government effective and efficient in discharging statutory responsibilities to the people.

Mohammed (2015) pointed out some challenges of Internally Revenue Generation in Gombe, According to him the increased sources of revenue generation in the state; this problem is multifarious ranging from low borrowing capacity, corruption, mismanagement and misappropriation of state government funds, ineffective strategies for enhancing internally generally generated revenue, lack of skilled and technical personnel, etc.

Mismanagement and misappropriation of state government funds

This is one of the major problems of revenue generation in Gombe State; in most cases the state government funds have been mismanaged. Tax collectors that are charged with the responsibility to collect all the revenue sources do not adequately use their freedom to collect them and exploit other sources of revenue available to the state government. Many state government officials embezzle local government funds through all sorts of manner like inflating contracts or embarking on white elephant projects or outright siphoning of funds which has affected the developmental process of Gombe State (Abdullahi, 2016).

Corruption

Aboh (2009) posited that internally generated revenue which was hoped to accelerate the finance of the state government is bedeviled by corrupt practices on the part of revenue collectors. It has been observed that these revenue collectors have in the possession unofficial receipts; this enables them to divert state
government funds into private use. Corruption is the locust that has eaten state government revenue, this manifested in the distorting of revenue return receipts, embezzlement and misappropriation of funds.

**Poor financial management**

This arises from poor attitude to work as well as lack of integrity of revenue collectors. Ineffective Strategies for Enhancing Internally Generated Revenue in the state government, was also contributed to poor revenue generation. These human related factors no doubt negatively affected development at the state government level which is the bedrock for genuine national development (Abou, 2009).

The greatest obstacles of effective tax administration in Nigeria today are: Tax avoidance and evasion. The twin evils have for years posed insurmountable obstacles to increased tax revenue. According to the information by the Gombe State Board of Internal Revenue the major problem of Tax Administration in Gombe State includes;

(1) **Tax Evasion:** Tax evasion is a deliberate and willful practice of not disclosing full taxable income so as to pay less tax. In other words, it is a contravention of tax laws whereby a taxable person neglects to pay the tax due or reduces tax liability by making fraudulent or untrue claims on the income tax form. Tax is evaded through different methods some of which include the following:

- Refusing to register with the relevant tax authority.
- Failure to furnish a return, statement or information or keep records required.
- Overstating of expenses so as to reduce taxable profit or income, which will also lead to payment of less tax than otherwise have been paid.
- A taxpayer hides away totally without making any tax return at all.
- Entering into artificial transactions.

(2) **Tax Avoidance:** According to Okpe (1998) tax avoidance is a situation where the tax payer arranges his affairs legally so that he pays less tax than he might otherwise pay. He also describes tax evasion as a situation where the tax payer adopts illegal means to pay less tax. Tax avoidance has been defined as the arrangement of tax Payers’ affairs using the tax shelters in the tax law, and avoiding tax traps in the tax laws, so as to pay less tax than he or she would otherwise pay. That is, a person pays less tax than he ought to pay by taking advantage of loopholes in the tax levy. Also, another factor that makes collection of tax difficult in the board is that so many people in Gombe State do engage in subsistence production. It is therefore difficult to estimate currently the tax of their production. This is because they do not produce on a commercial basis. Such sectors are therefore exempted from paying tax and this is a problem to the board.

However, According to Abubakar (2008), the reasons or causes of tax evasion and tax avoidance are numerous but some relevant ones for Nigeria are:

1. **TAX RATE:** Even though the rates in Nigeria are not high compared to other countries, tax payers will still complain of high rate of taxes.
2. **Greed And Selfishness:** On the part of some tax payers even though many Nigerian tax payers live from hand to mouth, there are those that by an international standard they are rich. Those people who are rich in order to make themselves richer and also to ensure that the wide gap between them and the poor is not only maintained but further widened, so that they will continue to control and manipulate the masses through the power of money.
3. **Loopholes In Tax Law:** This also encourage the practice of tax avoidance (i.e.) tax payers take the advantage of the loop holes in the tax laws to minimize their tax liabilities in the belief that it is a law act.
4. **Lack Of Qualified Personal:** According to Rabiu (2003) rising of correct assessment and prompt collection of tax largely depends on quality and efficiency of the staff of the revenue departments. In most revenue department qualified and competent staff are inadequate.
5. **No Punishment For Evaders:** Though tax evasion is said to be a criminal act, tax evaders are supposed to be punished when caught but it has not been the practice in Nigeria. This situation does not
only make tax evaders to continue in the act but also encourage other tax payer to emulate themselves.

An Overview of Gombe State Board of Internal Revenue:
Board of internal revenue service’s Gombe state, is one of the main organ of government responsible in the state for assessing, enforcing tax laws and collecting the due tax locally to the state. It was establish statutorily by the state edict No. 6 of 1997 following the creating of the state on 1 October, 1996 by the then military ruler General Sani Abacha. The edict was in-line with the Decree (NowAct) 104 of (1993) as amended mainly to unify administration of the tax in the country.
The Act also, provides and empowered state board as the policy making organ for the internally generated revenue to the various state government of the federation. Currently, the Gombe state board of internal revenue services have five main departments responsible for assessing, executing and collecting taxes due for the state. The departments are: administration and finance department, collection and accounting department, tax assessment department, tax audit department and other taxes department. Administration compositions of the board are headed by chairman and chief executive officer (permanent secretary of the board) and other three main directors. The directors are; director administration and finance, director of taxes and director of revenue. The board have 11 area offices/division within the state that is responsible for collecting taxes in their areas.

The Concept of Infrastructure
According to the Online Etymology Dictionary, the word infrastructure has been used in English since at least 1927, originally meaning "The installations that form the basis for any operation or system". Other sources, such as the Oxford English Dictionary, trace the word's origins to earlier usage, originally applied in a military sense. The word was imported from French, where it means subgrade, the native material underneath a constructed pavement or railway. The word is a combination of the Latin prefix "infra", meaning "below", and "structure". The military use of the term achieved currency in the United States after the formation of NATO in the 1940s, and was then adopted by urban planners in its modern civilian sense by 1970. The term came to prominence in the United States in the 1980s following the publication of America in Ruins, which initiated a public-policy discussion of the nation’s "infrastructure crisis", purported to be caused by decades of inadequate investment and poor maintenance of public works. This crisis discussion has contributed to the increase in infrastructure asset management and maintenance planning in the US.

The public-policy discussion was hampered by lack of a precise definition for infrastructure. A US National Research Council panel sought to clarify the situation by adopting the term "public works infrastructure", referring to: "... both specific functional modes – highways, streets, roads, and bridges; mass transit; airports and airways; water supply and water resources; waste water management; solid-waste treatment and disposal; electric power generation and transmission; telecommunications; and hazardous waste management – and the combined system these modal elements comprise.

A comprehension of infrastructure spans not only these public works facilities, but also the operating procedures, management practices, and development policies that interact together with societal demand and the physical world to facilitate the transport of people and goods, provision of water for drinking and a variety of other uses, safe disposal of society's waste products, provision of energy where it is needed, and transmission of information within and between communities." In Keynesian economics, the word infrastructure was exclusively used to describe public assets that facilitate production, but not private assets of the same purpose. In post-Keynesian times, however, the word has grown in popularity. It has been applied with increasing generality to suggest the internal framework discernible in any technology system or business organization.
The term “infrastructure” could be defined in various aspects but, the researcher will define it as the provision of essential services and amenities to the industry and households in the society (Martini and Lee 1996). Hence, investment in infrastructure development projects is a key input in the development of the economy and a panacea to economic activity and growth. However, what is regarded as “essential”, “key” and “panacea” changes from one country to another and from one period of time to another. For instance, the massive production of steel, coal and iron ore was once regarded as indispensable infrastructure.

Timms (1995), defined Infrastructure as a unique asset class, featuring the investment characteristics of indexed bonds and the unsystematic. Risk profile of direct property. Typically, infrastructure assets are:

- Capital intensive
- Involve high initial sunk costs,
- The output meets steady long term demand,
- Assets are site and use specific, and
- Generally operate under conditions of limited competition.

George Earl (2003), states that infrastructure assets involve large-scale distribution networks, their output forms an important part of the cost structure of other sectors and the services produced are generally essential in nature.

Infrastructure is generally characterized as a public good. This is to say that it is a non-rival and non-exclusive good or service available to the general community. Public goods are provided by the public sector and financed through consolidated revenue and taxation.

Theoretical Framework

The theoretical framework of this study is the fiscal federalism Theory. This is to give answer to the research question. Theoretically, this study adopted the fiscal federation theory as the basis for discussion. In other words, discussions about internally generated revenue of sub-national or state government are located within the framework of the theory and practice of fiscal federalism. This theory has its foundation on the theory of public goods which establish the framework and explains the role the state in the economy (Arrow, 1970 and Musgrave, 1959).

These roles as identified for the government sector were the roles of government in correcting various forms of market failure, ensuring an equitable distribution of income and seeking to maintain stability in the macro-economy at full employment and stable prices. The role of interest in this study is government’s role in correcting market failures. In this role the government is expected to step in where the market mechanism failed due to various types of public goods characteristics. Economics teaches us that public goods will be underprovided if left to private market mechanisms since the private provider would underinvest in their provision because the benefits accruable to her or him would be far lower than the total benefit to society. Governments and their officials were seen as the custodians of public interest who would seek to maximize social welfare based on their benevolence or the need to ensure electoral success in democracies.

The theoretical framework in question is basically a Keynesian one which canvassed for an activist role of the state in economic affairs. Thus once we allow for a multi-level government setting, this role of the state in maximizing social welfare then provides the basic ingredients for the theory of fiscal federalism. Each tier of government is then seen as seeking to maximize the social welfare of the citizens within its jurisdiction. This multi-layered quest becomes very important where public goods exist, the consumption of which is not national in character, but localized. In such circumstances, local outputs targeted at local demands by respective local jurisdictions clearly provide higher social welfare than central provision. This principle, which Oats(1972) has formalized into the “Decentralization Theorem” constitutes the basic foundation for what may be referred to as the first generation theory of fiscal decentralization (Oats, 2004).

The theory focused on situations where different levels of government provided efficient levels of outputs of public goods “for those goods whose special patterns of benefits were encompassed by the geographical scope of their jurisdictions” (Oats,2004). Such situation came to be known as “perfect mapping” or “fiscal
equivalence” (Olson 1969). Nevertheless, it was also recognized that, given the multiplicity of local public goods with varying geographical patterns of consumption, there was hardly any level of government that could produce a perfect mapping for all public goods. Thus, it was recognized that there would be local public goods with inter-jurisdictional spillovers. For example, a road may confer public goods characteristics, the benefits of which are enjoyed beyond the local jurisdiction. The local authority may then under-provide for such a good. To avoid this, the theory then resorts to traditional Pigouvian subsidies, requiring the central government to provide matching grants to the lower level government so that it can internalize the full benefits. But in the face of dwindled matching grant from the central government and the assignment of social welfare maximization through public goods to the lower sub-national government, same government must have to raise fund internally to complement such grant in order to carry out its functions effectively.

METHODOLOGY.
Method of Data collection
The data for this study was collected using secondary method of data collection: the data for this study are data documented from the Gombe State internal Revenue Board interview was conducted with key officials of the staff and management of Gombe State internal Revenue Board with regard to management of Gombe State internal Revenue Board in Nigeria. This is to elicit specific information regarding the operation of the Gombe State internal Revenue Board Secondary method: the data collected under this method were basically documented materials from hard and electronic copy such as Gombe State internal Revenue Board central data bases, statistical data internal Revenue Board, Gombe State internal Revenue Board officials bulletins, publication on Gombe State internal Revenue Board officials website, Newspaper, Journals and internet site for the period of 2009-2013.

DATA PRESENTATION AND ANALYSIS.
Data Presentation and Analysis.
Table 1.1 internally generated revenue of Gombe State 2009-2013

<table>
<thead>
<tr>
<th>Years</th>
<th>Internally Generated Revenues in Gombe State</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>N2,629,672,000.00</td>
</tr>
<tr>
<td>2010</td>
<td>N2,629,672,000.00</td>
</tr>
<tr>
<td>2011</td>
<td>N3,255,595,000.00</td>
</tr>
<tr>
<td>2012</td>
<td>N4,255,595,000.00</td>
</tr>
<tr>
<td>2013</td>
<td>N5,665,405,914.00</td>
</tr>
</tbody>
</table>

Source: Gombe State Revenue Board

Table 1.2 Gombe State Revenue generation and estimated budgetary allocation to the Gombe State Board of Internal Revenue from 2009-2013

<table>
<thead>
<tr>
<th>Years (period)</th>
<th>Internally Generated Revenues</th>
<th>Estimated budgetary allocation</th>
<th>% in terms of revenue generations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>N2,629,672,000.00</td>
<td>N210,000,000.00</td>
<td>12.5%</td>
</tr>
<tr>
<td>2010</td>
<td>N2,629,672,000.00</td>
<td>N205,000,000.00</td>
<td>12.8%</td>
</tr>
<tr>
<td>2011</td>
<td>N3,255,595,000.00</td>
<td>N225,000,000.00</td>
<td>12.5%</td>
</tr>
<tr>
<td>2012</td>
<td>N4,255,595,000.00</td>
<td>N260,000,000.00</td>
<td>16.3%</td>
</tr>
<tr>
<td>2013</td>
<td>N5,665,405,905.00</td>
<td>N275,000,000.00</td>
<td>20.6%</td>
</tr>
<tr>
<td>Total</td>
<td>N18,435,939,000.00</td>
<td>N1, 173,000,000.00</td>
<td>15.7%</td>
</tr>
</tbody>
</table>

Source: Gombe State Revenue Board 2015 and estimates on budgetary allocation from state Finance Ministry 2013
### Table 1.3 Gombe State Government Budgets and Internally Generated Revenues 2009-2013

<table>
<thead>
<tr>
<th>Years</th>
<th>Gombe State Budgets</th>
<th>Gombe State IGR</th>
<th>IGR % Contribution to state budgets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>N54,662,122,000.00</td>
<td>N2,629,672,000.00</td>
<td>3.7%</td>
</tr>
<tr>
<td>2010</td>
<td>N66,592,817,000.00</td>
<td>N2,629,672,000.00</td>
<td>3.7%</td>
</tr>
<tr>
<td>2011</td>
<td>N69,445,245,000.00</td>
<td>N3,255,595,000.00</td>
<td>4.3%</td>
</tr>
<tr>
<td>2012</td>
<td>N100,173,222,000.00</td>
<td>N4,255,595,000.00</td>
<td>4.0%</td>
</tr>
<tr>
<td>2013</td>
<td>N116,289,905,914.00</td>
<td>N5,665,405,905.00</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

Source: Gombe State Revenue Board 2015

IGR: Internally Generated Revenue

### 2.2 Research Question 2, 3 and 4

Table 3.1 Volume and Percentage Changes in Gombe State Government Annual Internally generated revenue (GIGR) and Annual expenditures on water (AEW), Annual Expenditure on Electricity (AEE), and Annual Expenditure on Road (AER), 2001-2012

<table>
<thead>
<tr>
<th>Year</th>
<th>GIGR N’Billion</th>
<th>%Δs</th>
<th>AEW N’Billion</th>
<th>%Δs</th>
<th>AEE N’Billion</th>
<th>%Δs</th>
<th>AER N’Billion</th>
<th>%Δs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>9,316,258,637.00</td>
<td>17.99</td>
<td>3,510,000,000.00</td>
<td>158.65</td>
<td>3,113,161,752.27</td>
<td>1676.35</td>
<td>33,041,247,656.18</td>
<td>126.83</td>
</tr>
<tr>
<td>2010</td>
<td>11,799,977,299.00</td>
<td>26.66</td>
<td>2,276,937,876.63</td>
<td>-35.13</td>
<td>173,326,943.93</td>
<td>-94.43</td>
<td>79,622,834,000.00</td>
<td>14.89</td>
</tr>
<tr>
<td>2011</td>
<td>12,118,365,789.00</td>
<td>2.70</td>
<td>351,961,723.55</td>
<td>-84.54</td>
<td>122,333,000.00</td>
<td>-29.42</td>
<td>76,088,750,711.89</td>
<td>100.43</td>
</tr>
<tr>
<td>2012</td>
<td>8,957,326,511.74</td>
<td>-26.08</td>
<td>n/a</td>
<td>0.00</td>
<td>2,345,813,566.32</td>
<td>1817.56</td>
<td>66,111,563,816.83</td>
<td>-13.11</td>
</tr>
<tr>
<td>2013</td>
<td>9,167,235,971.31</td>
<td>2.34</td>
<td>n/a</td>
<td>0.00</td>
<td>1,010,143,435.53</td>
<td>-56.94</td>
<td>86,426,183,087.23</td>
<td>30.73</td>
</tr>
</tbody>
</table>

Source: Gombe State Government Annual Budget Appropriation (various years), (1.b) SBIR Annual Report and Statement of Accounts (various years).

### 3. Discussion of Findings

The study found that the internally generated revenue in Gombe is low and has less effect on Gombe State annual budget. In this wise therefore does contribute in any substantial way in the infrastructural development of Gombe state in terms of the provision of social amenities such as Water, electricity, roads etc.

The result of the first test indicated that Annual Expenditure on Water decreased and Also, a percentage increase in IGR resulted in improvement in annual expenditure on water and that the relationship between IGR and Annual Expenditure on Water has a significant effect on water supply in Gombe State, this in line with the findings of Dundas (2014), whose find out that an increase in the internally generated revenue would enhance infrastructural development by providing essential service like essential water supply to the citizens.

The study reveals that the provision of electricity in Gombe State within the period of study. The Gombe state Internally Generated revenue (GIGR) has positive effect on the Annual Expenditure on Electricity. This means that GIGR exert a significant effect on the provision of electricity in Gombe State. The higher the revenue generated within the period the higher the increase in expenditure on electricity supply within Gombe State. Despite the low revenue generation by the Gombe state board of internal revenue, the little revenue generated contribute on the annual budget on electricity supply within the period of the study, that is between 2009,2010,2011,2012 and 2013.
The study reveals that, increase in Gombe Internally Generated Revenue (GIGR) will lead to increase in the provision of electricity in Gombe State. And consequently, Thus GIGR relate significantly with the provision roads in the state. The incremental approach on the expenditure on electricity was as a result of increase on the Gombe state internally revenue that led to increase on the expenditure on electricity, especially rural electrification project within the period of study, this is in line with the findings of Ahmed (2009) that the increase on internally generated revenue by some state government led to increase on executing various project and improve the infrastructural development of Lagos state in Nigeria.

The study found out that the internal revenue of Gombe State has been used to build more roads, followed by water, and electricity. This trend is not too good for the people of the state; water would have been more positively influenced than the roads because, of all the infrastructure, water is one need that has to do with the lives of the people than road. Water has a direct link with peoples’ good health and longevity. This is in line with the finding of Abdullahi (2009) that with good health and long life, the people or even the community, responsible corporate citizens and spirited individuals can provide for themselves other infrastructural needs that government cannot readily provide for them often said that when there is life, there is hope, and good water can guarantee good health and long life.

In the final analysis, the contribution internally generated revenue to budget of Gombe State Government is very low and therefore of little effect in the development of the state, in spite of the fact that revenue generation is economical in the state

Conclusions
The major objective was therefore to examine the relationship between internally generated revenue (IGR) and infrastructural development in the state. From the various findings made, it is save to conclude that IGR has contributed to infrastructural development in the state, but such contributions are skewed, The study found that the internally generated revenue of Gombe State is very low compared to its annual budgets for the period of five years i.e from 2009 to 2013. Therefore the contribution of internally generated revenue to the infrastructural development of Gombe state is minimal and for this reason has little effect on the development of the state in terms of the provision of social amenities, such as water, electricity and roads.

Recommendation
i. There is the urgent need to expand the revenue base of the state in order to generate more revenues to have effect on the state government annual budget.
ii. There should be equality in its allocation toward infrastructural development in the state. For instance, more IGR should be allocated to water than road. Good water provision will have a trickledown effect on healthcare because it will forestall and tackle bad water-related sickness like malaria that are commonly suffered by people of the state and extends their life span.
iii. Every economy requires electricity for domestic and industrial transformation as such, government should also allocate more IGR toward power generation and distribution. They can do this by investing more of the tax payers’ money in the Independent Power Plant to generate and distribute power to the people of the state.
iv. Tax administration on revenue generation in Gombe state can be improved i.e rebranded by adopting the following measures:
   a) A study should be commissioned study the operational capability of the revenue board with a view to expand it and also expand the revenue base of the state.
   b) This will make the internal revenue board to recruit the best professionals to manage the professional posts in the state.
   c) In this regard, it will be possible for the authorities to attract the best brains and pay them handsomely.
   d) Tax officials being at the vanguard of generating revenue and increasing the wealth of the nation should be given full autonomy in tax administration.
There should be an efficient information system which will enable tax authorities to deal with taxpayer that avoids or evades tax payment through the application stringent penalties under the tax laws.

This will help significantly in limiting the incidence of tax evasion and avoidance.

People should be mobilized and enlightened on the need to pay tax, fees and financial obligations to contribute to the development of the state. Most people have this natural dislike for taxation. If proper tax education is conducted, the tax payer will appreciate the importance of tax and not just its dark side.

References


