

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

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FILER

INTERCAPITAL QUALITY MUNICIPAL INCOME TRUST

CIK: **885125** | IRS No.: **136993836** | State of Incorporation: **MA** | Fiscal Year End: **1031**
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Business Address
*TWO WORLD TRADE CENTER
NEW YORK NY 10048
2123921600*

INTERCAPITAL QUALITY MUNICIPAL INCOME TRUST
Two World Trade Center
New York, New York 10048

DEAR SHAREHOLDER:

Strong economic growth in the fourth quarter of 1993 and a shift in Federal Reserve Board monetary policy in February of 1994 caused the fixed-income markets to reverse direction and led to the sharpest increase in interest rates in more than six years. At the beginning of the year, market concerns about inflation developed as the economy approached full employment and commodity prices moved upward. The Federal Reserve Board responded by tightening monetary policy. Since early February, the central bank has raised the federal-funds rate -- the interest rate banks charge each other for overnight loans -- 250 basis points from 3.00 percent to 5.50 percent in six separate moves through November. Between May and November, the discount rate -- the interest rate the Federal Reserve charges member banks for loans -- increased 175 basis points to 4.75 percent.

During InterCapital Quality Municipal Income Trust's (NYSE symbol: IQI) fiscal year ended October 31, 1994, long-term municipal bond yields, as measured by The Bond Buyer Revenue Bond Index,* rose 139 basis points from 5.56 percent to 6.95 percent. In February and March yields jumped 89 basis points from 5.50 percent to 6.39 percent in response to the Federal Reserve Board's initial tightening and subsequent municipal bond selling pressure. A semblance of stability returned to the market between June and August. After Labor Day, however, continued economic growth, aggressive tax-loss selling, heavy mutual-fund redemptions and excessive dealer inventory led to further municipal market deterioration. The total yield increase of 139 basis points during the fiscal year was equivalent to a 17 percent price decline for a 30-year municipal bond. One-third of this price decline occurred in September and October.

The municipal market continues to be influenced by supply and demand conditions. New-issue underwriting totaled a record \$290 billion in 1993. The pace of new-issue activity over the first 10 months of 1994, however, slowed 44 percent. The estimated issuance for 1994 is \$160 billion. By way of comparison, bond maturities and calls for redemption are expected to reach \$190 billion this year resulting in a reduction in the amount of municipal debt outstanding. This scarcity would normally be expected to improve the relative performance of municipal bonds under stable-to-improving interest rate conditions.

PERFORMANCE

The Trust's net asset value (NAV) declined from \$16.34 to \$13.62 per share during the fiscal year ended October 31, 1994. Based on this change and reinvestment of tax-free dividends totaling \$1.04 per share, the Trust's total return for the fiscal year was -10.08 percent. Concurrently, the Trust's market price on the New York Stock Exchange declined from \$15.875 to \$11.875 per share. Based on this market change and reinvestment of dividends, the Trust's total return for the fiscal year was -19.30 percent. The Trust began the fiscal year trading at a 2.85 percent discount to NAV and closed at a 12.81 percent discount to NAV.

* The Bond Buyer Revenue Bond Index is an arithmetic average of the yields of 25 selected municipal revenue bonds with 30-year maturities. Credit ratings of these bonds range from Aaa to Baa1 by Moody's and AA+ to A- by Standard & Poor's.

PORTFOLIO STRUCTURE

As of October 31, 1994, the portfolio's long-term investments were diversified among 13 municipal sectors and 70 credits. The three largest sectors were transportation revenue, general obligation, and water and sewer revenue bonds, representing 37 percent of net assets. The average maturity and call protection of the Trust's long-term holdings was 21 years and 8 years, respectively. Bonds subject to the alternative minimum tax (AMT) represented approximately 14 percent of net assets. At the end of the period, the Trust had net assets in excess of \$752 million.

The credit-quality ratings of the Trust's long-term portfolio as of October

31, 1994 are summarized below:

<TABLE>

<CAPTION>

Moody's or Standard & Poor's Rating	Percent
<S>	<C>
Aaa or AAA.....	38%
Aa or AA.....	27
A or A.....	35

</TABLE>

THE IMPACT OF LEVERAGING

As reported previously, the Trust's common shares are leveraged. Leverage is created through the issuance of auction rate preferred shares (ARPS). The ARPS's auction periods normally range between one week and one year. Proceeds from ARPS underwritings were used to purchase additional long-term municipal bonds. Following the payment of ARPS dividends, the common shares earn incremental income when the portfolio yield is higher than the costs of the ARPS (yield plus operating and remarketing expenses). Although rising short-term interest rates have narrowed the yield spread this year, the ARPS continue to provide positive incremental income to common shareholders.

The leveraged capital structure of closed-end municipal bond funds additionally impacts NAV. ARPS normally account for one-third of a fund's underwritten capital structure. This produces a volatility factor for common shares of 1.5 times the price change of bonds held in the portfolio. The common stock's NAV per share reflects the full price change of the portfolio's investments since the value of the preferred shares does not fluctuate.

As the bond market has eroded, the degree of leverage and volatility has increased. The purchase and retirement of ARPS counteracts this trend. During the fiscal year, IQI purchased and retired \$39 million in par amount of ARPS so that \$241 million in ARPS remain outstanding. Additional ARPS purchases may occur if the degree of leverage increases or ARPS profitability (spread) declines significantly.

DIVIDEND RESERVES

At the end of the fiscal year, IQI had undistributed net investment income of \$0.131 per share available for future distributions. This dividend reserve or "cushion" helped sustain the Trust's current monthly dividend. Higher yields in future ARPS auctions and ARPS retirements may erode the cushion. Declines in the dividend reserve may cause the Trust to adjust the common share dividend.

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LOOKING AHEAD

The overall direction of interest rates will primarily be determined by the strength of the economy, the trend of inflation and the Federal Reserve Board's responses. These conditions may continue to move interest rates higher through mid-1995. Investor demand for municipal securities should be sustained by significant bond maturities, calls for redemption and diminished new-issue supply. Changing market conditions and the profitability of ARPS are among the factors that will determine the Trust's future level of income and influence the direction of the common stock market price.

The Trust's procedure for reinvestment of all dividends and distributions on common shares is by purchase in the open market. This method helps to support the market value of the Trust's shares. In addition, the Trustees have approved a procedure whereby the Trust, when appropriate, purchases shares in the open market or in privately negotiated transactions at a price not above market value or net asset value, whichever is lower at the time of purchase. The Trust may also utilize procedures to reduce or eliminate the amount of outstanding ARPS, including their purchase in the open market or in privately negotiated transactions. Over the fiscal year, the Trust purchased 1,894,500 shares of common stock at a weighted average discount of 8.32 percent.

We appreciate your ongoing support of InterCapital Quality Municipal Income Trust and look forward to continuing to serve your investment needs.

Very truly yours,

Charles A. Fiumefreddo
Chairman of the Board

INTERCAPITAL QUALITY MUNICIPAL INCOME TRUST
 PORTFOLIO OF INVESTMENTS October 31, 1994

<TABLE>				
<CAPTION>				
Principal Amount (in thousands)		Coupon Rate	Maturity Date	Value
<C>	<S>	<C>	<C>	<C>
MUNICIPAL BONDS (94.0%)				
GENERAL OBLIGATION (12.6%)				
\$ 20,000	Jefferson County School District # R-1, Colorado, Ser 1992 (AMBAC Insured).....	6.00 %	12/15/12	\$ 18,942,400
7,500	District of Columbia, 1992 Ser B (MBIA Insured).....	6.30	6/ 1/12	7,184,550
5,000	Hawaii, 1992 Ser BZ.....	6.00	10/ 1/10	4,806,600
8,000	1992 Ser BZ.....	6.00	10/ 1/11	7,639,920
4,000	Cook County, Illinois, Ser 1992 C (FGIC Insured).....	6.00	11/15/09	3,798,560
4,730	Washoe County School District, Nevada, Ltd Tax Ser 10/1/92 A (AMBAC Insured).....	6.25	4/ 1/11	4,611,372
8,100	Ser 10/1/92 A (AMBAC Insured).....	6.25	4/ 1/13	7,749,836
5,500	New York City, New York, 1993 Ser B.....	7.00	10/ 1/11	5,478,000
2,100	1993 Ser B.....	7.00	10/ 1/13	2,086,791
3,300	1993 Ser B.....	7.00	10/ 1/14	3,278,682
5,000	1993 Ser B.....	6.75	10/ 1/15	4,884,750
2,400	1992 Ser B.....	7.00	2/ 1/20	2,360,544
10,000	San Antonio, Texas, Refg Ser 1992.....	5.75	8/ 1/13	8,963,200
15,000	Washington, Ser 1993 A.....	5.75	10/ 1/17	13,183,050
100,630				94,968,255
EDUCATIONAL FACILITIES REVENUE (2.5%)				
10,000	District of Columbia, Howard University Refg Ser 1992 A.....	6.75	10/ 1/12	9,999,200
2,500	University of Illinois, Auxiliary Ser 1991.....	5.75	4/ 1/22	2,134,450
1,000	New Hampshire Higher Educational & Health Facilities Authority, University of New Hampshire Ser 1992 (MBIA Insured).....	6.25	7/ 1/20	926,690
3,000	Scranton-Lackawanna Health & Welfare Authority, Pennsylvania, University of Scranton 1992 Ser A.....	6.40	3/ 1/07	2,949,540
3,300	University of Scranton 1992 Ser A.....	6.50	3/ 1/13	3,180,012
19,800				19,189,892
ELECTRIC REVENUE (10.1%)				
9,500	Orlando Utilities Commission, Florida, Ser 1991 A.....	5.50	10/ 1/26	7,876,735
10,000	Municipal Electric Authority of Georgia, Power 1992 Ser B.....	6.375	1/ 1/16	9,261,900
5,000	Hastings, Nebraska, Refg Ser 1992.....	6.30	1/ 1/19	4,704,800
10,000	Hamilton! Ohio, Refg 1992 Ser A (FGIC Insured).....	6.00	10/15/23	9,169,200
20,000	Piedmont Municipal Power Agency, South Carolina, Refg 1992 Ser (MBIA Insured).....	6.375	1/ 1/25	18,365,600
8,080	South Carolina Public Service Authority, 1986 Refg Ser C.....	7.30	7/ 1/21	8,190,776
8,220	Grant County Public Utility District #2, Washington, Priest Rapids Hydro Second Ser 1992 A.....	5.00	1/ 1/23	6,136,148
8,000	Wanapum Hydro Second Ser 1992 A.....	6.375	1/ 1/23	7,555,760
5,000	Wanapum Hydro Second Ser 1992 B (AMT).....	6.75	1/ 1/23	4,912,750
83,800				76,173,669

INTERCAPITAL QUALITY MUNICIPAL INCOME TRUST
 PORTFOLIO OF INVESTMENTS October 31, 1994 (continued)

<TABLE>
 <CAPTION>

Principal Amount (in thousands)		Coupon Rate	Maturity Date	Value
<C>	<S>	<C>	<C>	<C>
	HOSPITAL REVENUE (10.4%)			
\$ 5,000	Colorado Health Facilities Authority, Sisters of Charity Health Care Systems Inc Ser 1992 A (AMBAC Insured).....	6.00 %	5/15/22	\$ 4,591,750
6,000	Tampa, Florida, Allegany Health/St Joseph's Hospital Ser 1991 (MBIA Insured).....	6.00	12/ 1/21	5,530,260
9,250	Massachusetts Health & Education Facilities Authority, Massachusetts General Hospital Ser F (AMBAC Insured).....	6.00	7/ 1/15	8,520,174
10,000	Missouri Health & Education Facilities Authority, Health Midwest Ser 1992 B (MBIA Insured).....	6.25	2/15/22	9,474,000
10,000	New York State Medical Care Facilities Finance Agency, The Mount Sinai Hospital - FHA Insured Mortgage 1992 Ser C.....	5.75	8/15/19	8,738,000
1,000	Akron, Bath & Copley Joint Township Hospital District, Ohio, Summa Health Ser 1992 A.....	6.25	11/15/07	974,750
4,500	Cuyahoga County, Ohio, Cleveland Clinic Foundation Refg Ser 1992.....	5.50	11/15/11	3,874,005
10,000	Allegheny County Hospital Development Authority, Pennsylvania, Presbyterian University Health Ser 1992 A (MBIA Insured).....	6.25	11/ 1/23	9,295,300
5,000	Dauphin County General Authority, Pennsylvania, HAPSO Group Inc/The Western Pennsylvania Hospital Refg 1992 Ser A (MBIA Insured).....	6.25	7/ 1/16	4,744,100
3,000	Philadelphia Hospitals & Higher Education Facilities Authority, Pennsylvania, Chestnut Hill Hospital Ser of 1992.....	6.375	11/15/11	2,857,770
5,000	South Dakota Health & Educational Facilities Authority, Queen of Peace Hospital Ser 1992 (MBIA Insured).....	6.70	7/ 1/17	4,899,500
15,000	Fredericksburg Industrial Development Authority, MWH Medicorp Obligated Group Ser 1991 A & B (FGIC Insured).....	6.60	8/15/23	14,602,800
83,750				78,102,409
	INDUSTRIAL DEVELOPMENT/POLLUTION CONTROL REVENUE (6.9%)			
6,000	California Pollution Control Financing Authority, Keller Cannon Landfill Co/Browning-Ferris Industries Inc Ser 1992 (AMT).....	6.875	11/ 1/27	5,662,020
5,000	Citrus County, Florida, Florida Power Corp Refg Ser 1992 B.....	6.35	2/ 1/22	4,781,400
3,500	St Lucie County, Florida, Florida Power & Light Co Ser 1991 (AMT).....	7.15	2/ 1/23	3,545,045
5,000	Washoe County, Nevada, Sierra Pacific Power Co Ser 1987 (AMT) (MBIA Insured).....	6.65	6/ 1/17	4,851,950
15,000	Berkeley County, South Carolina, South Carolina Electric & Gas Co Ser 1984.....	6.50	10/ 1/14	14,338,650
10,000	Brazos River Authority, Texas, Houston Lighting & Power Co Ser 1992 B (MBIA Insured).....	6.375	4/ 1/12	9,708,000
10,000	Mason County, West Virginia, Appalachian Power Co Ser J.....	6.60	10/ 1/22	9,214,100
54,500				52,101,165

</TABLE>

INTERCAPITAL QUALITY MUNICIPAL INCOME TRUST
 PORTFOLIO OF INVESTMENTS October 31, 1994 (continued)

Principal Amount (in thousands)		Coupon Rate	Maturity Date	Value
<C>	<S>	<C>	<C>	<C>
	MORTGAGE REVENUE - MULTI-FAMILY (5.7%)			
\$ 7,000	Illinois Housing Development Authority, Ser I.....	6.625%	9/ 1/12	\$ 6,810,230

20,000	Michigan Housing Development Authority, Rental 1992 Ser A (Bifurcated FSA Insured).....	6.50	4/ 1/23	18,725,400
7,845	Missouri Housing Development Commission, Federally Insured Mortgage Loans Refg Ser 11/15/92...	6.50	7/ 1/16	7,510,646
10,000	Federally Insured Mortgage Loans Refg Ser 11/15/92...	6.60	7/ 1/24	9,489,500
44,845				42,535,776
MORTGAGE REVENUE - SINGLE FAMILY (9.1%)				
7,500	Alaska Housing Finance Corporation, Gen Hsg 1992 Ser A (Crossover Refunded).....	6.60	12/ 1/23	7,907,025
20,000	Connecticut Housing Finance Authority, 1992 Ser B.....	6.70	11/15/12	19,751,800
9,325	Georgia Housing & Finance Authority, Home Ownership 1992 Ser C.....	6.50	12/ 1/11	9,182,701
1,400	Idaho Housing Agency, 1992 Ser E (AMT).....	6.75	7/ 1/12	1,378,566
3,460	Minnesota Housing & Finance Agency, Ser 1992 D - 1.....	6.50	1/ 1/17	3,322,500
7,480	Ser 1992 CD - 1 (AMT).....	6.75	7/ 1/23	7,230,991
20,360	Virginia Housing Development Authority, 1992 Ser B SubSer B - 2 (AMT).....	6.80	7/ 1/21	19,513,228
69,525				68,286,811
NURSING & HEALTH RELATED FACILITIES REVENUE (2.3%)				
6,265	University of Michigan, Medical Service Plan Ser 1991.....	6.50	12/ 1/21	5,995,981
11,250	Minneapolis & Saint Paul Housing & Redevelopment Authority, Minnesota, Group Health Plan Inc Ser 1992.....	6.90	10/15/22	10,944,338
17,515				16,940,319
PUBLIC FACILITIES REVENUE (5.1%)				
9,800	Orlando, Florida, Cap Impr Refg Ser 1992.....	6.00	10/ 1/22	8,880,956
10,000	Atlanta Downtown Development Authority, Georgia, Underground Atlanta Refg Ser 1992.....	6.25	10/ 1/16	9,519,000
5,000	Illinois, Civic Center Ser 1990 A (AMBAC Insured).....	6.00	12/15/15	4,601,550
7,370	Indianapolis Local Public Improvement Bond Bank, Indiana, Ser 1992 D.....	6.75	2/ 1/20	7,026,484
8,550	Maine Municipal Bond Bank, 1992 Ser E.....	6.25	11/ 1/12	8,023,662
40,720				38,051,652
RESOURCE RECOVERY REVENUE (2.8%)				
17,235	Broward County, Florida, Broward Waste Energy Co North Ser 1984.....	7.95	12/ 1/08	18,558,648
2,500	Union County Utilities Authority, New Jersey, Solid Waste 1991 Ser A (AMT).....	7.20	6/15/14	2,473,775
19,735				21,032,423

</TABLE>

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INTERCAPITAL QUALITY MUNICIPAL INCOME TRUST
 PORTFOLIO OF INVESTMENTS October 31, 1994 (continued)

Principal Amount (in thousands)		Coupon Rate	Maturity Date	Value
<C>	<S>	<C>	<C>	<C>
TRANSPORTATION FACILITIES REVENUE (13.5%)				
\$ 10,000	Los Angeles County Transportation Commission, California, Sales Tax Second Sr Ser 1992 - A (Prerefunded).....	6.75 %	7/ 1/19	\$ 10,806,700
3,000	Dade County, Florida, Aviation, 1992 Ser B (MBIA Insured).....	6.55	10/ 1/13	2,967,750
5,000	1992 Ser B (MBIA Insured) (AMT).....	6.60	10/ 1/22	4,905,900
13,250	Chicago, Illinois, Chicago O'Hare Int'l Airport - Int'l Terminal Ser 1992 (AMT) (MBIA Insured).....	6.75	1/ 1/12	13,257,154
20,000	Illinois Toll Highway Authority, Priority 1992 Ser A...	6.375	1/ 1/15	18,657,200
15,000	St Louis, Missouri, Lambert - St Louis Int'l Airport			

25,000	Ser 1992 (AMT) (FGIC Insured).....	6.00	7/ 1/08	14,603,100
	Clark County, Nevada, Las Vegas - McCarran Int'l			
	Airport Passenger Facility Charge 1992 Ser B (AMT)...	6.25	7/ 1/22	22,082,500
	Puerto Rico Highway & Transportation Authority,			
6,000	Refg Ser V.....	6.625	7/ 1/12	5,940,780
7,115	Ser T.....	6.625	7/ 1/18	6,952,209
1,885	Ser T (Prerefunded).....	6.625	7/ 1/18	2,022,511
-----				-----
106,250				102,195,804
-----				-----
	WATER & SEWER REVENUE (10.5%)			
10,000	Central Coast Water Authority, California, Ser 1992			
	(AMBAC Insured).....	6.50	10/ 1/14	9,889,300
	Massachusetts Water Resources Authority,			
15,000	1992 Ser B.....	5.50	11/ 1/15	12,687,900
15,000	1990 Ser A (Prerefunded).....	6.50	12/ 1/19	15,946,050
20,000	New York City Municipal Water Finance Authority, New			
	York, Ser 1993 A.....	6.00	6/15/17	17,951,000
8,000	Houston, Texas, Water & Sewer Lien Jr Refg Ser 1991 C			
	(AMBAC Insured).....	6.375	12/ 1/17	7,695,920
6,000	Fairfax County Water Authority, Virginia, Refg Ser			
	1992.....	6.00	4/ 1/22	5,475,600
8,915	Roanoke County, Virginia, Water Ser 1991 (FGIC Insured)			
	(Prerefunded).....	6.50	7/ 1/21	9,463,362
-----				-----
82,915				79,109,132
-----				-----
	OTHER REVENUE (2.5%)			
	New York Local Government Assistance Corporation,			
2,000	Ser 1991 A.....	7.125	4/ 1/11	2,057,780
15,000	Ser 1991 C (Prerefunded).....	7.00	4/ 1/21	16,414,800
-----				-----
17,000				18,472,580
-----				-----
740,985	TOTAL MUNICIPAL BONDS			
-----	(IDENTIFIED COST \$722,964,360).....			707,159,887

</TABLE>

INTERCAPITAL QUALITY MUNICIPAL INCOME TRUST
 PORTFOLIO OF INVESTMENTS October 31, 1994 (continued)

Principal Amount (in thousands)		Coupon Rate	Maturity Date	Value
-----		-----	-----	-----
<C>	<S>	<C>	<C>	<C>
	SHORT-TERM MUNICIPAL OBLIGATION (1.3%)			
\$ 9,800	Salt Lake County, Utah, Service Station Holdings			
-----	British Petroleum Ser 1994 (Tender 11/1/94)			
	(Identified Cost \$9,800,000).....	3.70 %*	2/11/08	\$ 9,800,000

\$ 750,785	TOTAL INVESTMENTS (IDENTIFIED COST \$732,764,360) (a).....		95.3%	716,959,887
=====				
	CASH AND OTHER ASSETS IN EXCESS OF LIABILITIES.....		4.7	35,719,614
			-----	-----
	NET ASSETS.....		100.0%	\$ 752,679,501
			=====	=====

</TABLE>

 AMT Alternative Minimum Tax.

* Variable or floating rate security. Coupon rate shown reflects current rate.

(a) The aggregate cost for federal income tax purposes is \$732,764,360; the aggregate gross unrealized appreciation is \$5,201,107 and the aggregate gross unrealized depreciation is \$21,005,580, resulting in net unrealized depreciation of \$15,804,473.

 See Notes to Financial Statements

GEOGRAPHIC SUMMARY OF INVESTMENTS
Based on Market Value as a Percent of Net Assets
October 31, 1994

<S>	<C>
Alaska.....	1.1%
California.....	3.5
Colorado.....	3.1
Connecticut.....	2.6
District of Columbia.....	2.3
Florida.....	7.6
Georgia.....	3.7
Hawaii.....	1.7
Idaho.....	0.2%
Illinois.....	6.5
Indiana.....	0.9
Maine.....	1.1
Massachusetts.....	4.9
Michigan.....	3.3
Minnesota.....	2.9
Missouri.....	5.5
Nebraska.....	0.6%
Nevada.....	5.2
New Hampshire.....	0.1
New Jersey.....	0.3
New York.....	8.4
Ohio.....	1.9
Pennsylvania.....	3.1
Puerto Rico.....	2.0
South Carolina.....	5.4%
South Dakota.....	0.7
Texas.....	3.5
Utah.....	1.3
Virginia.....	6.5
Washington.....	4.2
West Virginia.....	1.2

Total.....	95.3%
=====	

</TABLE>

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INTERCAPITAL QUALITY MUNICIPAL INCOME TRUST
FINANCIAL STATEMENTS

<S>	<C>
STATEMENT OF ASSETS AND LIABILITIES	
October 31, 1994	

ASSETS:	
Investments in securities, at value (identified cost \$732,764,360) (Note 1)...	\$ 716,959,887
Cash.....	390,230
Receivable for:	
Investments sold.....	22,851,167
Interest.....	13,216,783
Deferred organizational expenses (Note 1)...	32,048
Prepaid expenses.....	306,998

TOTAL ASSETS.....	753,757,113

LIABILITIES:	
Payable for:	
Common shares of beneficial interest purchased.....	733,110
Investment management fee (Note 2).....	239,939
Accrued expenses (Note 3).....	104,563

TOTAL LIABILITIES.....	1,077,612

NET ASSETS:	
Preferred shares of beneficial interest (1,000,000 shares authorized of non- participating \$.01 par value, 4,825 shares outstanding) (Note 4).....	241,250,000
Common shares of beneficial interest (unlimited shares authorized of \$.01 par value, 37,562,613 shares outstanding) (Note 5).....	523,048,221
Net unrealized depreciation on investments.....	(15,804,473)
Accumulated undistributed net investment income.....	4,933,610
Accumulated net realized loss on investments.....	(747,857)
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS.....	511,429,501
TOTAL NET ASSETS.....	\$ 752,679,501

NET ASSET VALUE PER COMMON SHARE (\$511,429,501 divided by 37,562,613 common shares outstanding).....	\$13.62
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STATEMENT OF OPERATIONS

For the year ended October 31, 1994

INVESTMENT INCOME:	
INTEREST INCOME.....	\$ 52,668,011
EXPENSES	
Investment management fee (Note 2).....	3,034,081
Auction commission fees.....	819,097
Transfer agent fees and expenses (Note 3).....	243,109
Professional fees.....	115,406
Auction agent fees.....	81,985
Shareholder reports and notices.....	78,320
Registration fees.....	35,866
Trustees' fees and expenses (Note 3)....	29,424
Organizational expenses (Note 1).....	10,994
Other.....	54,638
TOTAL EXPENSES.....	4,502,920
NET INVESTMENT INCOME.....	48,165,091
NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS (Note 1):	
Net realized loss on investments.....	(747,857)
Net change in unrealized appreciation on investments.....	(105,098,168)
NET LOSS ON INVESTMENTS.....	(105,846,025)
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS.....	\$ (57,680,934)

</TABLE>

See Notes to Financial Statements

INTERCAPITAL QUALITY MUNICIPAL INCOME TRUST
FINANCIAL STATEMENTS (continued)

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

For the year For the year

<u><S></u>	ended October 31, 1994	ended October 31, 1993
<u><C></u>	<u><C></u>	<u><C></u>
INCREASE (DECREASE) IN NET ASSETS:		
Operations:		
Net investment income.....	\$ 48,165,091	\$ 48,188,896
Net realized gain (loss) on investments.....	(747,857)	1,259,985
Net change in unrealized appreciation on investments.....	(105,098,168)	97,226,437
	-----	-----
Net increase (decrease) in net assets resulting from operations.....	(57,680,934)	146,675,318
	-----	-----
Dividends to preferred shareholders from net investment income.....	(8,532,844)	(8,158,203)
Dividends and distributions to common shareholders from:		
Net investment income.....	(40,390,228)	(35,839,484)
Net realized gain on investments.....	(1,218,012)	--
	-----	-----
Total dividends and distributions.....	(50,141,084)	(43,997,687)
	-----	-----
Increase (decrease) from transactions in shares of beneficial interest (Notes 4 & 5):		
Common.....	(25,658,544)	(6,118,244)
Preferred.....	(38,750,000)	280,000,000
	-----	-----
Total transactions.....	(64,408,544)	273,881,756
	-----	-----
Total increase (decrease).....	(172,230,562)	376,559,387
	-----	-----
NET ASSETS:		
Beginning of period.....	924,910,063	548,350,676
	-----	-----
END OF PERIOD (including undistributed net investment income of \$4,933,610 and \$5,691,591, respectively).....	\$752,679,501	\$924,910,063
	=====	=====

</TABLE>

See Notes to Financial Statements

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INTERCAPITAL QUALITY MUNICIPAL INCOME TRUST
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND ACCOUNTING POLICIES -- InterCapital Quality Municipal Income Trust (the "Trust") is registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end management investment company. The Trust was organized as a Massachusetts business trust on March 12, 1992 and commenced operations on September 29, 1992.

The following is a summary of significant accounting policies:

A. Valuation of Investments -- Portfolio securities are valued for the Trust by an outside independent pricing service approved by the Trustees. The pricing service has informed the Trust that in valuing the Trust's portfolio securities, it uses both a computerized matrix of tax-exempt securities and evaluations by its staff, in each case based on information concerning market transactions and quotations from dealers which reflect the bid side of the market each day. The Trust's portfolio securities are thus valued by reference to a combination of transactions and quotations for the same or other securities believed to be comparable in quality, coupon, maturity, type of issue, call provisions, trading characteristics and other features deemed to be relevant. Short-term debt securities having a maturity date of more than sixty days at time of purchase are valued on a mark-to-market basis until sixty days prior to maturity and thereafter at amortized cost based on their value on the 61st day. Short-term debt securities having a maturity date of sixty days or less at the time of purchase are valued at amortized cost.

B. Accounting for Investments -- Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Realized gains and losses on security transactions are determined on the identified cost method. The Trust amortizes premiums and discounts on securities purchased over the life of the respective securities. Interest income is accrued daily.

C. Federal Income Tax Status -- It is the Trust's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable and nontaxable

income to its shareholders. Accordingly, no federal income tax provision is required.

D. Dividends and Distributions to Shareholders -- The Trust records dividends and distributions to its shareholders on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations which may differ from generally accepted accounting principles. These "book/tax" differences are either considered temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal tax-basis treatment; temporary differences do not require reclassification. Dividends and distributions which exceed net investment income and net realized capital gains for financial reporting purposes but not for tax purposes are reported as dividends in excess of net investment income or distributions in excess of net realized capital gains. To the extent they exceed net investment income and net realized capital gains for tax purposes, they are reported as distributions of paid-in-capital.

INTERCAPITAL QUALITY MUNICIPAL INCOME TRUST
NOTES TO FINANCIAL STATEMENTS (continued)

E. Organizational and Offering Expenses -- Dean Witter InterCapital Inc. (the "Investment Manager") paid the organizational and offering expenses of the Trust's common shares in the amounts of \$55,000 and \$670,362, respectively and \$453,881 in offering expenses of the Trust's preferred shares. Organizational expenses have been reimbursed by the Trust of the full amount thereof and are being amortized by the straight-line method over a period not to exceed five years from the commencement of operations. Offering expenses have been reimbursed by the Trust and were charged to capital at the time of issuance of the Trust's respective shares.

2. INVESTMENT MANAGEMENT AGREEMENT -- Pursuant to an Investment Management Agreement, the Trust pays its Investment Manager a management fee, calculated weekly and payable monthly, by applying the annual rate of 0.35% to the Trust's average weekly net assets.

Under the terms of the Agreement, the Investment Manager maintains certain of the Trust's books and records and furnishes, at its own expense, office space, facilities, equipment, clerical, bookkeeping and certain legal services and pays the salaries of all personnel, including officers of the Trust who are employees of the Investment Manager. The Investment Manager also bears the cost of telephone services, heat, light, power and other utilities provided to the Trust.

3. SECURITY TRANSACTION AND TRANSACTIONS WITH AFFILIATES -- The cost of purchases and proceeds from sales of portfolio securities, excluding short-term investments, for the year ended October 31, 1994 aggregated \$17,006,250 and \$111,886,005, respectively.

Dean Witter Trust Company, an affiliate of the Investment Manager, is the Trust's transfer agent. At October 31, 1994, the Trust had transfer agent fees and expenses payable of approximately \$22,400.

On January 1, 1994, the Trust adopted an unfunded noncontributory defined benefit pension plan covering all independent Trustees of the Trust who will have served as an independent Trustee for at least five years at the time of retirement. Benefits under this plan are based on years of service and compensation during the last five years of service. Aggregate pension costs for the year ended October 31, 1994, included in Trustee's fees and expenses in the Statement of Operations amounted to \$9,946. At October 31, 1994, the Trust had an accrued pension liability of \$9,848 which is included in accrued expenses in the Statement of Assets and Liabilities.

Dean Witter Distributors Inc., the Trust's principal underwriter and an affiliate of the Investment Manager, has informed the Trust that it received \$4,900,000 in underwriting discounts and commissions in connection with the offering of the preferred shares.

4. PREFERRED SHARES OF BENEFICIAL INTEREST -- The Trust is authorized to issue up to 1,000,000 non-participating preferred shares of beneficial interest having a par value of \$.01 per share, in one or more series, with rights as determined by the Trustees, without approval of the common shareholders. On November 12, 1992, the Trust issued 1,120 shares each of Series 1 through 5 Auction Rate Preferred Shares ("Preferred Shares") for gross total proceeds of \$280,000,000.

Underwriting discounts and commissions were charged to capital at the time of issuance. The preferred shares have a liquidation value of \$50,000 per share plus the redemption premium, if any, plus accumulated but unpaid dividends (whether or not declared) thereon to the date of distribution. The Trust may redeem such shares, in whole or in part, at the original purchase price of \$50,000 per share plus accumulated but unpaid dividends (whether or not declared) thereon to the date of redemption.

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INTERCAPITAL QUALITY MUNICIPAL INCOME TRUST
 NOTES TO FINANCIAL STATEMENTS (continued)

 During the year ended October 31, 1994, the Trust purchased and retired preferred shares as follows:

<TABLE>
 <CAPTION>

Series	Shares	Amount
2	328	\$16,400,000
5	447	22,350,000
Total	775	\$38,750,000

</TABLE>

Dividends, which are cumulative, are reset through auction procedures.

<TABLE>
 <CAPTION>

Shares*	Series	Rate*	Reset Date	Ranges of Dividend Rates**
1,120	1	3.69%	5/1/95	2.97% - 3.75%
792	2	2.95	11/2/94	1.84 - 3.70
1,120	3	3.39	2/1/95	2.75 - 3.39
1,120	4	3.85	7/5/95	2.93 - 3.85
673	5	3.05	11/3/94	2.85 - 3.50

</TABLE>

* As of October 31, 1994.

** For the year ended October 31, 1994.

Subsequent to October 31, 1994 and up through December 12, 1994, the Trust paid dividends to Series 1, 3 and 4 at a rate of 3.69%, 3.39% and 3.85%, respectively, and to each of the Series 2 and 5 at rates ranging from 2.875% to 3.65%, and 2.95% to 3.80%, respectively in the aggregate amount of \$1,186,135.

The Trust is subject to certain restrictions relating to the preferred shares. Failure to comply with these restrictions could preclude the Trust from declaring any distributions to common shareholders or purchasing common shares and/or could trigger the mandatory redemption of preferred shares at liquidation value.

The preferred shares, which are entitled to one vote per share, generally vote with the common shares but vote separately as a class to elect two Trustees and on any matters affecting the rights of the preferred shares.

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INTERCAPITAL QUALITY MUNICIPAL INCOME TRUST
 NOTES TO FINANCIAL STATEMENTS (continued)

 5. COMMON SHARES OF BENEFICIAL INTEREST -- Transactions in common shares of beneficial interest were as follows:

<TABLE>
 <CAPTION>

Capital Paid
 in

	Shares	Par Value	Excess of Par Value
<S>	<C>	<C>	<C>
Balance, October 31, 1992*.....	39,507,113	\$ 395,071	\$ 554,429,938
Offering costs and underwriting discounts associated with the issuance of preferred shares.....			(5,379,244)
Treasury shares purchased and retired (weighted average discount 6.04%)**.....	(50,000)	(500)	(738,500)
Balance, October 31, 1993.....	39,457,113	394,571	548,312,194
Treasury shares purchased and retired (weighted average discount 8.32%)**.....	(1,894,500)	(18,945)	(25,639,599)
Balance, October 31, 1994.....	37,562,613	\$ 375,626	\$ 522,672,595

</TABLE>

* Net of offering costs of \$670,362.

** The Trustees have voted to retire the shares purchased.

6. FEDERAL INCOME TAX STATUS -- At October 31, 1994, the Trust had a net capital loss carryover of approximately \$747,900 which will be available through October 31, 2002, to offset future capital gains, to the extent provided by regulations.

7. DIVIDENDS TO COMMON SHAREHOLDERS -- The Trust has declared the following dividends from net investment income:

Declaration Date	Amount per Share	Record Date	Payable Date
<S>	<C>	<C>	<C>
November 1, 1994	\$ 0.0825	November 11, 1994	November 25, 1994
November 29, 1994	\$ 0.0825	December 9, 1994	December 23, 1994

</TABLE>

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INTERCAPITAL QUALITY MUNICIPAL INCOME TRUST
NOTES TO FINANCIAL STATEMENTS (continued)

8. SELECTED QUARTERLY FINANCIAL DATA -- (unaudited)

	Quarters Ended*							
	10/31/94		7/31/94		4/30/94		1/31/94	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Total investment income...	\$ 13,220	\$ 0.34	\$ 12,842	\$ 0.33	\$ 13,038	\$ 0.34	\$ 13,568	\$ 0.35
Net investment income.....	12,069	0.31	11,766	0.31	11,934	0.30	12,396	0.32
Net realized and unrealized gain (loss) on investments.....	(44,296)	(1.11)	9,135	0.24	(77,138)	(1.96)	6,453	0.16

</TABLE>

<TABLE>

<CAPTION>

	Quarters Ended*							
	10/31/93		7/31/93		4/30/93		1/31/93	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Total investment income...	\$ 13,682	\$ 0.35	\$ 13,417	\$ 0.34	\$ 13,500	\$ 0.34	\$ 11,879	\$ 0.30
Net investment income.....	12,517	0.32	12,406	0.31	12,382	0.31	10,884	0.28

Net realized and
 unrealized gain on
 investments..... 25,269 0.64 14,922 0.38 25,090 0.64 33,205 0.84
 </TABLE>

* Totals expressed in thousands of dollars.

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INTERCAPITAL QUALITY MUNICIPAL INCOME TRUST
 FINANCIAL HIGHLIGHTS

Selected ratios and per share data for a common share of beneficial interest
 outstanding throughout each period:

<TABLE>
 <CAPTION>

	For the year ended October 31,		For the period September 29, 1992* through October 31, 1992**
	1994**	1993**	
<S>	<C>	<C>	<C>
PER SHARE OPERATING PERFORMANCE:			
Net asset value, beginning of period.....	\$ 16.34	\$ 13.88	\$ 14.06
Net investment income.....	1.24	1.22	0.04
Net realized and unrealized (loss) gain on investments.....	(2.67)	2.50	(0.20)
Total from investment operations.....	(1.43)	3.72	(0.16)
Less dividends and other charges:			
Dividends from net investment income.....	(1.04)	(0.91)	--
Common share equivalent of dividends paid to preferred shareholders.....	(0.22)	(0.21)	--
Distributions to common shareholders....	(0.03)	--	(0.02)
Offering costs charged against capital...	--	(0.14)	(0.02)
Total dividends and other charges.....	(1.29)	(1.26)	(0.02)
Net asset value, end of period.....	\$ 13.62	\$ 16.34	\$ 13.88
Market value, end of period.....	\$ 11.875	\$ 15.875	\$ 15.125
TOTAL INVESTMENT RETURN+.....	(19.30)%	11.41%	0.83%(1)
RATIOS/SUPPLEMENTAL DATA:			
Net assets, end of period (in thousands)...	\$ 752,680	\$ 924,910	\$ 548,350
Ratios to average net assets of common shareholders:			
Total expenses.....	0.75%	0.71%	0.42%(2)
Net investment income before preferred stock dividends.....	8.06%	7.95%	3.29%(2)
Preferred stock dividends.....	1.43%	1.35%	N/A
Net investment income available to common shareholders.....	6.63%	6.60%	3.29%(2)
Asset coverage on preferred shares at end of period.....	311%	330%	N/A
Portfolio turnover rate.....	2%	4%	4%(1)

* Commencement of operations.

** The per share amounts were computed using an average number of shares
 outstanding during the period.

+ Total investment return is based upon the current market value on the last
 day of each period reported. Dividends and distributions are assumed to be
 reinvested at the prices obtained under the Trust's dividend reinvestment
 plan. Total investment return does not reflect sales charges or brokerage

commissions.

(1) Not annualized.

(2) Annualized.

See Notes to Financial Statements

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INTERCAPITAL QUALITY MUNICIPAL INCOME TRUST
REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Trustees of InterCapital Quality Municipal Income Trust

In our opinion, the accompanying statement of assets and liabilities, including the portfolio of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of InterCapital Quality Municipal Income Trust (the "Trust") at October 31, 1994, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the two years in the period then ended and for the period September 29, 1992 (commencement of operations) through October 31, 1992, in conformity with generally accepted accounting principles. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Trust's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities owned at October 31, 1994, by correspondence with the custodian, provide a reasonable basis for the opinion expressed above.

PRICE WATERHOUSE LLP
New York, New York
December 12, 1994

1994 FEDERAL TAX NOTICE (unaudited)

During the year ended October 31, 1994, the Trust paid the following per share amounts from tax - exempt income: \$1.04 to common shareholders, \$1,527 to series 1 preferred shareholders, \$1,231 to series 2 preferred shareholders, \$1,368 to series 3 preferred shareholders, \$1,581 to series 4 preferred shareholders, \$1,412 to series 5 preferred shareholders.

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TRUSTEES
Jack F. Bennett
Michael Bozic
Charles A. Fiumefreddo
Edwin J. Garn
John R. Haire
Dr. Manuel H. Johnson
Paul Kolton
Michael E. Nugent
Philip J. Purcell
John L. Schroeder

OFFICERS

Charles A. Fiumefreddo
Chairman and Chief Executive Officer

Sheldon Curtis
Vice President, Secretary and General Counsel

James F. Willison
Vice President

Thomas F. Caloia
Treasurer

TRANSFER AGENT

Dean Witter Trust Company
Harborside Financial Center - Plaza Two
Jersey City, New Jersey 07311

INDEPENDENT ACCOUNTANTS

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New York, New York 10036

INVESTMENT MANAGER

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New York, New York 10048

INTERCAPITAL

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TRUST

Annual Report
October 31, 1994