FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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FILER

MERRILL LYNCH MARYLAND MUNICIPAL BOND FUND OF MLMSMST

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MERRILL
LYNCH
MARYLAND
MUNICIPAL
BOND FUND

Annual Report   July 31, 1994

This report is not authorized for use as an offer of sale or a solicitation of an offer to buy shares of the Fund unless accompanied or preceded by the Fund's current prospectus. Past performance results shown in this report should not be considered a representation of future performance. Investment return and principal value of shares will fluctuate so that shares, when redeemed, may be worth more or less than their original cost.

Merrill Lynch Maryland
Municipal Bond Fund
Merrill Lynch Multi-State
Municipal Series Trust
Box 9011
Princeton, New Jersey
08543-9011

TO OUR SHAREHOLDERS

The expectation of increasing inflationary pressures and higher interest rates initially heightened investor concerns and increased financial market volatility during the July quarter. However, as the quarter progressed, it was the weakness of the US dollar in foreign exchange markets that dominated the financial news and prolonged stock and bond market declines. Although the US dollar had strengthened slightly by July quarter-end, which may have improved investor confidence in the stock and bond markets, the possibility of continued tightening by the Federal Reserve Board resurfaced following Chairman Alan Greenspan's recent congressional testimony. Nevertheless, as the quarter drew to a close, a lower-than-expected rate of growth reported for the US economy during the second calendar quarter allayed investor concerns and led to stock and bond market rallies.

During the July quarter, the US dollar's weakness relative to other major currencies reflected the deteriorating US trade deficit and widening net long-term capital outflows. In 1993, an expanding US economy and recession in other industrial countries led to a higher level of imports and weaker export growth, widening the US trade deficit further. In addition, global investors favored non-US dollar denominated assets throughout 1993, which has further depressed the dollar's value. This trend is not improving significantly thus far in 1994 since foreign inflows into US capital markets continue to decline, although US investors are investing outside of the United States to a lesser degree.

Over the longer term, if the economies of the United States' major trading partners expand (improving the prospects for US export growth), the outlook for the US dollar is likely to improve. In the near term, central banks have attempted to reverse the dollar's decline through currency market intervention. These efforts have met with limited success thus far, giving rise to the concern that the Federal Reserve Board will be forced to continue to raise short-term interest rates to attract investment capital back to the United States and bolster the dollar's value. However, further interest rate increases may jeopardize the US economic expansion. Despite evidence of a moderating trend in the US economy, Federal Reserve Board Chairman Alan Greenspan indicated in his July Humphrey-Hawkins testimony that the central bank would prefer to err on the side of too much monetary tightening rather than too little. In the weeks ahead, investors will continue to assess economic data and inflationary trends as they focus on the US dollar in order to gauge whether further increases in short-term interest rates are imminent.

Continued indications of moderate and sustainable levels of economic growth would be positive for the US capital markets.

The Municipal Market
Long-term tax-exempt bond yields ended the July quarter essentially unchanged. The Bond Buyer Revenue Bond Index rose five basis points (0.05%) to 6.47%. The Index, however, failed to capture the dramatic bond rally on July 29, 1994, when municipal bond yields had their largest one-day decline thus far this year. Responding to reports of a continued mild inflationary outlook and a potentially weakening economy, municipal bond yields declined by approximately 10 basis points. US Treasury bonds displayed a similar pattern over the last three months, ending with an equally dramatic rally on July 29, 1994. Long-term US Treasury bonds ended the quarter yielding approximately 7.40%.

The tax-exempt bond market has continued to be very volatile with yields fluctuating by as much as 15 basis points from week to week. This continued volatility is largely a reflection of the same lack of conviction regarding the near-term direction of interest rates that has prevailed for much of 1994. Throughout this past quarter, the municipal bond market had been unable to maintain a consensus regarding either the potential strength of the current economic recovery or the resultant response by the Federal Reserve Board. However, a number of economic indicators released in late July began to suggest that the robust pace of recent economic growth was slowing. This promoted a more positive market environment, culminating in the market rally on July 29.

The municipal bond market's technical position has remained supportive. Approximately $40 billion in long-term securities were issued during the three months ended July 31, 1994. This represents a decline of over 50% versus the July quarter from the previous year. As discussed in earlier reports, this reduction in new-issue supply has minimized the selling pressure by larger institutional investors who fear being unable to purchase sizable amounts of securities in the future. Such a significant decline in issuance would normally be expected to trigger a decline in yields as investors chase a commodity in scarce supply. Investor demand, however, has also diminished somewhat in recent months as net flows into long-term municipal bond funds have dramatically slowed or, in some instances, reversed. Consequently, the supply/demand relationship within the municipal bond market has remained in balance, promoting the overall stability in yield levels seen in the past months.

With after-tax equivalents in excess of 10%, long-term tax-exempt bonds continue to represent considerable value relative to other investment alternatives. We continue to anticipate that municipal bond yields will decline further in late 1994 and into 1995. The economic impact of the significant interest rate increases experienced since early February have yet to be totally realized. The resultant drag on the economy should provide the foundation for further interest rate declines. Under such a scenario, current tax-exempt bond yields may prove to represent considerable value.

Fiscal Year In Review
Since the Fund commenced operations on October 29, 1993, the municipal bond market has been on a downward trend. The yield on the Bond Buyer 40 Bond Index increased from 5.48% on the Fund's commencement date to 6.33% as of July 31, 1994. The Fund's high concentration of discount bonds has caused it to underperform relative to the municipal bond market as a whole. With the extreme municipal bond market volatility during the July quarter, our strategy was to maintain a competitive yield. To achieve this goal, we continued to purchase bonds with maturities exceeding 15 years (because of the positively sloped yield curve), as well as bonds that are investment-grade.

The municipal bond market in Maryland has seen very little activity during the July quarter. This is mainly because of the small amount of new issues coming to market in Maryland tax-exempt bonds. As we receive new subscriptions, we purchase bonds with yields matching or exceeding those that are currently owned by the Fund to seek to maintain the Fund's current yield. Responding to conflicting economic data, we became more cautious, sold discount coupons and bought current coupons or premium coupons in order to curtail some of the volatility that occurred during the July quarter.

We appreciate your ongoing interest in Merrill Lynch Maryland Municipal Bond Fund, and we look forward to serving your investment needs and objectives in the months and years to come.

Sincerely,

(Arthur Zeikel)
Arthur Zeikel
President

(Vincent R. Giordano)
Vincent R. Giordano
Vice President and Portfolio Manager

August 23, 1994

IMPORTANT TAX INFORMATION

All of the net investment income distributions paid monthly by Merrill Lynch Maryland Municipal Bond Fund during its taxable year ended July 31, 1994 qualify as tax-exempt interest dividends for Federal income tax purposes.

Additionally, there were no capital gains distributed by the Fund during the year.

Please retain this information for your records.

PERFORMANCE DATA

None of the past results shown should be considered a representation of future performance. Investment return and principal value of Class A and Class B Shares will fluctuate so that shares, when redeemed, may be worth more or less than their original cost.

Aggregate Total Return--Class A Shares*

	% Return Without Sales Charge	% Return With Sales Charge**
Inception (10/29/93) through 6/30/94	-6.48%	-10.22%

[FN]
*Maximum sales charge is 4%.
**Assuming maximum sales charge.

GRAPHIC MATERIAL APPEARS HERE. SEE APPENDIX,
GRAPHIC AND IMAGE MATERIAL: Item 1.

Aggregate Total Return--Class B Shares*

	% Return Without CDSC	% Return With CDSC**
Inception (10/29/93) through 6/30/94	-6.79%	-10.79%

[FN]
*Maximum contingent deferred sales charge is 4% and is reduced to 0% after 4 years.
**Assuming payment of applicable contingent deferred sales charge.

GRAPHIC MATERIAL APPEARS HERE. SEE APPENDIX,
GRAPHIC AND IMAGE MATERIAL: Item 2.

PERFORMANCE DATA (concluded)

<TABLE>
Recent Performance Results*
<CAPTION>

<S>	7/31/94 <C>	4/30/94 <C>	10/29/93** <C>	Since Inception % Change <C>	3 Month % Change <C>
Class A Shares	$9.20	$9.12	$10.00	-8.00%	+0.88%
Class B Shares	9.20	9.11	10.00	-8.00	+0.99
Class A Shares--Total Return				-4.32(1)	+2.31(2)
Class B Shares--Total Return				-4.68(3)	+2.29(4)
Class A Shares--Standardized 30-day Yield	5.43%				
Class B Shares--Standardized 30-day Yield	5.14%				

<FN>
*Investment results shown for the 3-month and since inception periods are before the deduction of any sales charges.
**Commencement of Operations.
(1) Percent change includes reinvestment of $0.364 per share ordinary income dividends.
(2) Percent change includes reinvestment of $0.129 per share ordinary income dividends.
(3) Percent change includes reinvestment of $0.327 per share ordinary income dividends.
(4) Percent change includes reinvestment of $0.118 per share ordinary income dividends.
</TABLE>

PORTFOLIO ABBREVIATIONS

To simplify the listings of Merrill Lynch Maryland Municipal Bond Fund's portfolio holdings in the Schedule of Investments, we have abbreviated the names of many of the securities according to the list at right.

ALEXS	Adjustable Line Exempt Securities
AMT	Alternative Minimum Tax (subject to)
BAN	Bond Anticipation Notes
M/F	Multi-Family
PCR	Pollution Control Revenue Bonds
S/F	Single-Family
STRIPES	Short-Term Rate Inverse Payment Exempt Securities
TAN	Tax Anticipation Notes
UT	Unlimited Tax
VRDN	Variable Rate Demand Notes

<TABLE>
SCHEDULE OF INVESTMENTS (in Thousands)
<CAPTION>

S&P Ratings	Moody's Ratings	Face Amount	Issue	Value (Note 1a)
Maryland--94.8%				
<S>	<S>	<C>	<S>	<C>
AA+	Aa	$ 400	Anne Arundel County, Maryland, Consolidated Water and Sewer Refunding Bonds, 5.30% due 4/15/2017	$ 366
A	A2	500	Anne Arundel County, Maryland, PCR, Refunding (Baltimore Gas and Electric Company Project), 6% due 4/01/2024	484
AA+	Aaa	500	Baltimore County, Maryland, Refunding Bonds (County Pension Funding), UT, 6.70% due 7/01/2016	526
NR	Aa1	400	Baltimore County, Maryland, Revenue Authority, Lease Revenue Refunding Bonds, 5% due 10/01/2012	352
BBB+	Baa1	500	Baltimore, Maryland, PCR (General Motors Corporation), 5.35% due 4/01/2008	471
AAA	Aaa	1,130	Baltimore, Maryland, Revenue Refunding Bonds (Baltimore City Parking System Facilities), 5% due 7/01/2018 (a)	962
AAA	Aaa	700	Baltimore, Maryland, Revenue Refunding Bonds (Water Projects), Series A, 5% due 7/01/2024 (a)	586
A	A2	500	Calvert County, Maryland, PCR, Refunding (Baltimore Gas and Electric Company Project), 5.55% due 7/15/2014	462
AA-	Aa	400	Carroll County, Maryland, Refunding Bonds, UT, 5.25% due 11/01/2012	364

AAA	Aaa	500	Cumberland County, Maryland, Refunding Bonds, Series A, UT, 5.25% due 5/01/2021 (a)	442
A1+	VMIG1	600	Howard County, Maryland, ALEXS, BAN, 2.75% due 7/01/1995 (b)	600
AA+	Aa1	515	Howard County, Maryland, Refunding Bonds (Consolidated Public Improvement), Series A, UT, 5.25% due 8/15/2009	486
NR	Aa	400	Maryland Community Development Administration, M/F Housing Revenue Refunding Bonds, Insured Mortgage (Department of Housing and Community Development), Series H, 5.60% due 5/15/2026	356
			Maryland Health and Higher Educational Facilities Authority Revenue Bonds:	
NR	VMIG1	200	(Pooled Loan Program), Series A, VRDN, 2.25% due 4/01/2035 (b)	200
BBB	Baa1	400	Refunding (Howard County General Hospital), 5.50% due 7/01/2013	349
A	A	1,400	Refunding (Peninsula Regional Medical Center), 5% due 7/01/2023	1,115
AAA	Aaa	625	(University of Maryland Medical Systems), Series B, 7% due 7/01/2022 (a)	718
AAA	Aaa	500	Maryland State and Local Facilities Loan, Second Series BB, UT, 5.50% due 6/01/2009	491
A+	A1	1,500	Montgomery County, Maryland, PCR, Refunding (Potomac Electric Power Company), 5.37% due 2/15/2024	1,320

</TABLE>

<TABLE>
SCHEDULE OF INVESTMENTS (concluded) (in Thousands)
<CAPTION>

S&P Ratings	Moody's Ratings	Face Amount	Issue	Value (Note 1a)
Maryland (concluded)				
<S>	<S>	<C>	<S>	<C>
NR	A	$ 515	Northeast Maryland, Waste Disposal Authority, Solid Waste Revenue Bonds (Montgomery County Resource Recovery Project), Series A, AMT, 6.30% due 7/01/2016	$ 504
AA-	A	500	Prince Georges County, Maryland, Consolidated Public Improvement Refunding Bonds, 5.25% due 10/01/2011	459
NR	A	400	Prince Georges County, Maryland, Housing Authority, M/F Housing Revenue (Emerson House Project), Series A, 7% due 4/15/2019	405
NR	NR	300	Prince Georges County, Maryland, Housing Authority, Mortgage Revenue Bonds (Laurel-Oxford), VRDN, 2.75% due 10/01/2007 (b)	300
AAA	NR	1,000	Prince Georges County, Maryland, Housing Authority, S/F Mortgage Revenue Bonds, Series A, AMT, 6.60% due 12/01/2025 (e)	1,005
NR	A	500	Prince Georges County, Maryland, Revenue Refunding Bonds (Dimensions Health Corporation Project), 5.30% due 7/01/2024	417
AA+	Aa	400	University of Maryland, System Auxiliary Facilities and Tuition Revenue Refunding Bonds, Series C, 5% due 10/01/2011	355
AAA	Aaa	500	Washington, District of Columbia, Metropolitan Area Transportation Authority, Gross Revenue Refunding Bonds, 5.25% due 7/01/2014 (a)	447
			Washington Suburban Sanitation District, Maryland, General Construction Bonds, UT:	
AA	Aa1	500	Refunding, 5% due 6/01/2014	441
AA	Aa1	250	TAN, 7% due 12/01/1994	253
Puerto Rico--9.3%				
A	Baa1	400	Puerto Rico Commonwealth, Refunding Bonds, Series A, 6% due 7/01/2014	395
A-	Baa1	250	Puerto Rico Electric Power Authority, Power Revenue Bonds, Refunding, Series U, 6% due 7/01/2014	245
AAA	Aaa	400	Puerto Rico Electric Power Authority, Power Revenue Bonds, Series T, STRIPES, 8.142% due 7/01/2005 (c) (d)	416
NR	Aaa	500	Puerto Rico, Industrial, Medical and Environmental Pollution Control Facilities, Financing Authority Revenue Bonds, 5.10% due 12/01/2018	444
Total Investments (Cost--$17,900)--104.1%				16,736
Liabilities in Excess of Other Assets--(4.1%)				(663)

Net Assets--100.0%	$16,073
	=======

<FN>
(a) FGIC Insured.
(b) The interest rate is subject to change periodically based on prevailing market rates. The interest rates shown are those in effect at July 31, 1994.
(c) FSA Insured.
(d) The interest rate is subject to change periodically and inversely based on prevailing market rates. The interest rates shown are those in effect at July 31, 1994.
(e) GNMA/FNMA Insured.
Ratings shown have not been audited by Deloitte & Touche LLP.
NR--Not Rated.

See Notes to Financial Statements.
</TABLE>

FINANCIAL INFORMATION

<TABLE>
Statement of Assets and Liabilities as of July 31, 1994
<CAPTION>

<S>	<S>	<C>	<C>
Assets:	Investments, at value (identified cost--$17,899,713) (Note 1a)		$16,735,924
	Cash		43,577
	Receivables:		
	Interest	$ 177,336	
	Investment adviser (Note 2)	120,242	
	Beneficial interest sold	75,602	373,180

	Deferred organization expenses (Note 1e)		36,157
	Prepaid expenses and other assets (Note 1e)		12,196

	Total assets		17,201,034
			===========
Liabilities:	Payables:		
	Payable for securities purchased	1,000,000	
	Beneficial interest redeemed	43,481	
	Dividends to shareholders (Note 1f)	13,342	
	Distributor (Note 2)	5,975	1,062,798

	Accrued expenses and other liabilities		65,327

	Total liabilities		1,128,125

Net Assets:	Net assets		$16,072,909
			===========
Net Assets Consist of:	Class A Shares of beneficial interest, $.10 par value, unlimited number of shares authorized		$ 17,270
	Class B Shares of beneficial interest, $.10 par value, unlimited number of shares authorized		157,427
	Paid-in capital in excess of par		17,092,369
	Accumulated realized capital losses--net		(30,368)
	Unrealized depreciation on investments--net		(1,163,789)

	Net assets		$16,072,909
			===========
Net Asset Value:	Class A--Based on net assets of $1,588,605 and 172,695 shares of beneficial interest outstanding		$ 9.20
			===========
	Class B--Based on net assets of $14,484,304 and 1,574,272 shares of beneficial interest outstanding		$ 9.20
			===========

See Notes to Financial Statements.
</TABLE>

FINANCIAL INFORMATION (continued)

<TABLE>

Statement of Operations
<CAPTION>

<S>	<S>	For the Period October 29, 1993++ to July 31, 1994 <C>
Investment Income (Note 1d):	Interest and amortization of premium and discount earned	$ 532,707
Expenses:	Investment advisory fees (Note 2)	55,550
	Distribution fees--Class B (Note 2)	44,448
	Printing and shareholder reports	40,159
	Accounting services (Note 2)	33,005
	Registration fees (Note 1e)	16,102
	Professional fees	10,508
	Transfer agent fees--Class B (Note 2)	7,620
	Amortization of organization expenses (Note 1e)	6,442
	Custodian fees	5,401
	Pricing fees	2,569
	Transfer agent fees--Class A (Note 2)	890
	Trustees' fees and expenses	204
	Other	286
	Total expenses	223,184
	Reimbursement of expenses (Note 2)	(175,792)
	Total expenses after reimbursement	47,392
	Investment income--net	485,315
Realized & Unrealized Loss on Investments - --Net (Notes 1d & 3):	Realized loss on investments--net	(30,368)
	Unrealized depreciation on investments--net	(1,163,789)
	Net Decrease in Net Assets Resulting from Operations	$ (708,842)

<FN>
++Commencement of Operations.

See Notes to Financial Statements.
</TABLE>

FINANCIAL INFORMATION (continued)

<TABLE>
Statements of Changes in Net Assets
<CAPTION>

Increase (Decrease) in Net Assets: <S>	<S>	For the Period October 29, 1993++ to July 31, 1994 <C>
Operations:	Investment income--net	$ 485,315
	Realized loss on investments--net	(30,368)
	Unrealized depreciation on investments--net	(1,163,789)
	Net decrease in net assets resulting from operations	(708,842)
Dividends to Shareholders (Note 1f):	Investment income--net:	
	Class A	(64,177)
	Class B	(421,138)
	Net decrease in net assets resulting from dividends to shareholders	(485,315)
Beneficial Interest Transactions (Note 4):	Net increase in net assets derived from capital share transactions	17,167,066
Net Assets:	Total increase in net assets	15,972,909
	Beginning of period	100,000
	End of period	$16,072,909

<FN>

++Commencement of Operations.

See Notes to Financial Statements.

</TABLE>

FINANCIAL INFORMATION (continued)

<TABLE>

Financial Highlights

<CAPTION>

The following per share data and ratios have been derived from information provided in the financial statements.

Increase (Decrease) in Net Asset Value:		Class A For the Period October 29, 1993++ to July 31, 1994
<S>	<S>	<C>
Per Share Operating Performance:	Net asset value, beginning of period	$ 10.00
	Investment income--net	.37
	Realized and unrealized loss on investments--net	(.80)
	Total from investment operations	(.43)
	Less dividends from investment income--net	(.37)
	Net asset value, end of period	$ 9.20
Total Investment Return:**	Based on net asset value per share	(4.32%)+++
Ratios to Average Net Assets:	Expenses, net of reimbursement	.03%*
	Expenses	1.76%*
	Investment income--net	5.30%*
Supplemental Data:	Net assets, end of period (in thousands)	$ 1,589
	Portfolio turnover	29.40%

<FN>

++Commencement of Operations.

+++Aggregate total investment return.

*Annualized.

**Total investment returns exclude the effects of sales loads.

See Notes to Financial Statements.

</TABLE>

FINANCIAL INFORMATION (concluded)

<TABLE>

Financial Highlights (concluded)

<CAPTION>

The following per share data and ratios have been derived from information provided in the financial statements.

Increase (Decrease) in Net Asset Value:		Class B For the Period October 29, 1993++ to July 31, 1994
<S>	<S>	<C>
Per Share Operating Performance:	Net asset value, beginning of period	$ 10.00
	Investment income--net	.33
	Realized and unrealized loss on investments--net	(.80)
	Total from investment operations	(.47)
	Less dividends from investment income--net	(.33)
	Net asset value, end of period	$ 9.20
Total Investment Return:**	Based on net asset value per share	(4.68%)+++

Ratios to Average Net Assets:	Expenses, excluding distribution fees and net of reimbursements	.03%*
	Expenses, net of reimbursement	.53%*
	Expenses	2.27%*
	Investment income--net	4.74%*
Supplemental Data:	Net assets, end of period (in thousands)	$ 14,484
	Portfolio turnover	29.40%

<FN>
++Commencement of Operations.
+++Aggregate total investment return.
*Annualized.
**Total investment returns exclude the effects of sales loads.

See Notes to Financial Statements.
</TABLE>

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies:
Merrill Lynch Maryland Municipal Bond Fund (the "Fund") is part of Merrill Lynch Multi-State Municipal Series Trust (the "Trust"). The Fund is registered under the Investment Company Act of 1940 as a non-diversified, open-end management investment company. Prior to commencement of operations on October 29, 1993, the Fund had no operations other than those relating to organizational matters and the issuance of 5,000 Class A Shares of beneficial interest and 5,000 Class B Shares of beneficial interest of the Fund to Fund Asset Management, L.P. ("FAM") for $100,000. The Fund offers both Class A and Class B Shares. Class A Shares are sold with a front-end sales charge. Class B Shares may be subject to a contingent deferred sales charge. Both classes of shares have identical voting, dividend, liquidation and other rights and the same terms and conditions, except that Class B Shares bear certain expenses related to the distribution of such shares and have exclusive voting rights with respect to matters relating to such distribution expenditures. The following is a summary of significant accounting policies followed by the Fund.

(a) Valuation of investments--Municipal bonds and other portfolio securities in which the Fund invests are traded primarily in the over-the-counter municipal bond and money markets and are valued at the last available bid price in the over-the-counter market or on the basis of yield equivalents as obtained from one or more dealers that make markets in the securities. Financial futures contracts and options thereon, which are traded on exchanges, are valued at their settlement prices as of the close of such exchanges. Short-term investments with a remaining maturity of sixty days or less are valued on an amortized cost basis, which approximates market value. Options, which are traded on exchanges, are valued at their last sale price as of the close of such exchanges or, lacking any sales, at the last available bid price. Securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of the Board of Trustees of the Trust, including valuations furnished by a pricing service retained by the Trust, which may utilize a matrix system for valuations. The procedures of the pricing service and its valuations are reviewed by the officers of the Trust under the general supervision of the Trustees.

(b) Financial futures contracts--The Fund may purchase or sell interest rate futures contracts and options on such futures contracts for the purpose of hedging the market risk on existing securities or the intended purchase of securities. Futures contracts are contracts for delayed delivery of securities at a specific future date and at a specific price or yield. Upon entering into a contract, the Fund deposits and maintains as collateral such initial margin as required by the exchange on which the transaction is effected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

(c) Income taxes--It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no Federal income tax provision is required.

(d) Security transactions and investment income--Security transactions are recorded on the dates the transactions are entered into (the trade dates). Interest income is recognized on the accrual basis. Discounts and market premiums are amortized into interest income. Realized gains and losses on security transactions are determined on the identified cost basis.

(e) Deferred organization expenses and prepaid registration fees--Deferred organization expenses are charged to expense on a straight-line basis over a five-year period. Prepaid registration fees are charged to expense as the related shares are issued.

(f) Dividends and distributions--Dividends from net investment income are declared daily and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates.

2. Investment Advisory Agreement and
Transactions with Affiliates:
The Fund has entered into an Investment Advisory Agreement with FAM. Effective January 1, 1994, the investment advisory business of FAM was reorganized from a corporation to a limited partnership. Both prior to and after the reorganization, ultimate control of FAM was vested with Merrill Lynch & Co., Inc. ("ML & Co."). The general partner of FAM is Princeton Services, Inc. ("PSI"), an indirect wholly-owned subsidiary of ML & Co. The limited partners are ML & Co. and Fund Asset Management, Inc. ("FAMI"), which is also an indirect wholly-owned subsidiary of ML & Co. The Fund has also entered into Distribution Agreements and a Distribution Plan with Merrill Lunch Funds Distributor, Inc. ("MLFD" or "Distributor"), a wholly-owned subsidiary of Merrill Lynch Investment Management, Inc. ("MLIM"), which is also an indirect wholly-owned subsidiary of ML & Co.

FAM is responsible for the management of the Fund's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Fund. For such services, the Fund pays a monthly fee based upon the average daily value of the Fund's net assets at the following annual rates: 0.55% of the Fund's average daily net assets not exceeding $500 million; 0.525% of average daily net assets in excess of $500 million but not exceeding $1 billion; and 0.50% of average daily net assets in excess of $1 billion. For the period October 29, 1993 to July 31, 1994, FAM earned fees of $55,550, all of which was voluntarily waived. FAM also voluntarily reimbursed the Fund additional expenses of $120,242.

The Fund has adopted a Plan of Distribution (the "Plan") in accordance with Rule 12b-1 under the Investment Company Act of 1940, pursuant to which the Fund pays the Distributor an ongoing account maintenance fee and distribution fees relating to Class B Shares, which are accrued daily and paid monthly at the annual rates of 0.25% and 0.25%, respectively, of the average daily net assets of the Class B Shares of the Fund. Pursuant to a sub-agreement with the Distributor, Merrill Lynch, Pierce, Fenner & Smith Inc. ("MLPF&S"), an affiliate of ML & Co., also provides account maintenance and distribution services to the Fund. The ongoing account maintenance fee compensates the Distributor and MLPF&S for providing account maintenance services to Class B shareholders. The distribution fee is to compensate the Distributor for services provided and the expenses borne by the Distributor under the Distribution Agreement. As authorized by the Plan, the Distributor has entered into an agreement with MLPF&S, which provides for the \compensation of MLPF&S for providing distribution-related services to the Fund. For the period October 29, 1993 to July 31, 1994, MLFD earned underwriting discounts of $2,668, and MLPF&S earned dealer concessions of $54,822 on sales of the Fund's Class A Shares.

MLPF&S also received contingent deferred sales charges of $9,047 relating to Class B Share transactions during the period.

Financial Data Services, Inc. ("FDS"), a wholly-owned subsidiary of ML & Co., is the Fund's transfer agent.

Accounting services are provided to the Fund by FAM at cost.

Certain officers and/or trustees of the Fund are officers and/or directors of FAM, FAMI, PSI, MLIM, MLFD, FDS, MLPF&S, and/or ML & Co.

NOTES TO FINANCIAL STATEMENTS (concluded)

3. Investments:
Purchases and sales of investments, excluding short-term securities, for the period ended July 31, 1994 were $19,777,594 and $3,481,821, respectively.

Net realized and unrealized gains (losses) as of July 31, 1994 were as follows:

	Realized Gains (Losses)	Unrealized Losses
Long-term investments	$ (146,038)	$(1,163,789)
Short-term investments	141	--
Financial futures contracts	115,529	--
Total	$ (30,368)	$(1,163,789)

As of July 31, 1994, net unrealized depreciation for Federal income tax purposes aggregated $1,163,789, of which $56,591 related to appreciated securities and $1,220,380 related to depreciated securities. The aggregate cost of investments at July 31, 1994 for Federal income tax purposes was $17,899,713.

4. Beneficial Interest Transactions:
Net increase in net assets derived from beneficial interest transactions was $17,167,066 for the period ended July 31, 1994.

Transactions in shares of beneficial interest for Class A and Class B Shares were as follows:

Class A Shares for the Period Oct. 29, 1993++ to July 31, 1994	Shares	Dollar Amount
Shares sold	386,420	$ 3,845,684
Shares issued to shareholders in reinvestment of dividends and distributions	4,247	39,820
Total issued	390,667	3,885,504
Shares redeemed	(222,972)	(2,132,507)
Net increase	167,695	$ 1,752,997

[FN]
++Prior to October 29, 1993 (commencement of operations), the Fund issued 5,000 shares to FAM for $50,000.

Class B Shares for the Period Oct. 29, 1993++ to July 31, 1994	Shares	Dollar Amount
Shares sold	1,674,753	$16,422,297
Shares issued to shareholders in reinvestment of dividends and distributions	19,843	187,176
Total issued	1,694,596	16,609,473
Shares redeemed	(125,324)	(1,195,404)
Net increase	1,569,272	$15,414,069

[FN]
++Prior to October 29, 1993 (commencement of operations), the Fund

issued 5,000 shares to FAM for $50,000.

<AUDIT-REPORT>
INDEPENDENT AUDITORS' REPORT

The Board of Trustees and Shareholders,
Merrill Lynch Maryland Municipal Bond Fund of Merrill Lynch Multi-State Municipal Series Trust:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Merrill Lynch Maryland Municipal Bond Fund of Merrill Lynch Multi-State Municipal Series Trust as of July 31, 1994, the related statements of operations and changes in net assets, and the financial highlights for the period October 29, 1993 (commencement of operations) to July 31, 1994. These financial statements and the financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and the financial highlights based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at July 31, 1994 by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements and financial highlights present fairly, in all material respects, the financial position of Merrill Lynch Maryland Municipal Bond Fund of Merrill Lynch Multi-State Municipal Series Trust as of July 31, 1994, the results of its operations, the changes in its net assets, and the financial highlights for the period October 29, 1993 to July 31, 1994 in conformity with generally accepted accounting principles.

Deloitte & Touche LLP
Princeton, New Jersey
August 29, 1994
<AUDIT-REPORT>

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APPENDIX: GRAPHIC AND IMAGE MATERIAL.

Item 1:

Total Return Based on a $10,000 Investment--Class A Shares*

A line graph depicting the growth of an investment in the Fund's Class A Shares compared to growth of an investment in the Lehman Brothers Municipal Bond Index. Beginning and ending values are:

	10/29/93**	7/94
ML Maryland Municipal Bond Fund++	$ 9,600	$ 9,186
Lehman Brothers Municipal Bond Index++++	$10,000	$ 9,848

[FN]
*Assuming maximum sales charge, transaction costs and other operating expenses including advisory fees.
**Commencement of Operations.
++ML Maryland Municipal Bond Fund invests primarily in long-term investment-grade obligations issued by or on behalf of the State of Maryland, its political subdivisions, agencies and instrumentalities and obligations of other qualifying issuers.
++++This unmanaged Index consists of long-term revenue bonds, prerefunded bonds, general obligation bonds and insured bonds.

Item 2:

Total Return Based on a $10,000 Investment--Class B Shares*

A line graph depicting the growth of an investment in the Fund's Class B Shares compared to growth of an investment in the Lehman Brothers Municipal Bond Index. Beginning and ending values are:

	10/29/93**	7/94
ML Maryland Municipal Bond Fund++	$10,000	$ 9,164
Lehman Brothers Municipal Bond Index++++	$10,000	$ 9,848

[FN]
*Assuming maximum sales charge, transaction costs and other operating expenses including advisory fees.
**Commencement of Operations.
++ML Maryland Municipal Bond Fund invests primarily in long-term investment-grade obligations issued by or on behalf of the State of Maryland, its political subdivisions, agencies and instrumentalities and obligations of other qualifying issuers.
++++This unmanaged Index consists of long-term revenue bonds, prerefunded bonds, general obligation bonds and insured bonds.