

SECURITIES AND EXCHANGE COMMISSION

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

SCUDDER STATE TAX FREE TRUST

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Business Address
160 FEDERAL ST
BOSTON MA 02110
6179511814

Annual Report
October 31, 1996

Pure No-Load(TM) Funds

A fund designed to seek double-tax-free income, exempt from both Massachusetts and regular federal income taxes consistent with a high degree of principal stability.

A pure no-load(TM) fund with no commissions to buy, sell, or exchange shares.

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In Brief

o As of October 31, 1996, Scudder Massachusetts Limited Term Tax Free Fund's 30-day net annualized SEC yield was 4.02%, equivalent to a 7.56% taxable yield for Massachusetts investors subject to the 46.85% combined federal and state income tax rate.

THE PRINTED DOCUMENT CONTAINS A BAR CHART HERE.

BAR CHART TITLE: 30-Day Yield

CHART PERIOD: on October 31, 1996

CHART DATA:

Massachusetts Limited Term Tax Free Fund -----	Taxable Equivalent Yield -----	IBC/Donoghue's Taxable Money Fund Average -----
4.02%	7.56%	4.82%

o For the 12 months ended October 31, 1996, Scudder Massachusetts Limited Term Tax Free Fund posted a total return of 3.98%. This return and the Fund's two-year average annual return of 6.01% both placed the Fund in the top one fifth of its peers according to Lipper. See page 7 for additional information on the Fund's rankings.

2 - Scudder Massachusetts Limited Term Tax Free Fund

Letter From the Fund's President

Dear Shareholders,

We hope you enjoy our newly redesigned shareholder report. The new format, which is being gradually introduced for all Scudder funds, is designed to enhance the usefulness and readability of the reports. Let us know what you think.

We are pleased to report on Scudder Massachusetts Limited Term Tax Free Fund's performance over its most recent fiscal year. The Fund posted a competitive total return of 3.98% over 12 months ended October 31, and its 7.56% tax equivalent yield for investors in the highest combined state and federal tax

brackets is significantly higher than current Massachusetts CD rates. As portfolio managers Philip Condon and Kathleen Meany report in the portfolio management discussion that follows, the Fund continues to pursue a conservative investment strategy, diversifying broadly by investing in a wide variety of Massachusetts municipal bonds. Please read the discussion beginning on page 6 for more information.

We would like to take this opportunity to highlight some additions made this fall to the Scudder Family of Funds. Scudder 21st Century Growth Fund seeks long-term growth by investing primarily in the securities of emerging growth companies poised to be leaders in the 21st century. Scudder Classic Growth Fund seeks long-term growth by investing primarily in common stocks of medium to large U.S. companies; additionally, it seeks to keep the value of its shares more stable than the typical capital growth mutual fund. Most recently, we introduced the Scudder Pathway Series, four portfolios -- Conservative, Balanced, Growth, and International -- each of which include five or more Scudder funds and which together are designed to meet a range of investor needs. For more information on these and other Scudder products, please see page 22.

Thank you for your continued investment in Scudder Massachusetts Limited Term Tax Free Fund. Please do not hesitate to call Scudder Investor Information at 1-800-225-2470 with any questions regarding your account.

Sincerely,

/s/David S. Lee

David S. Lee
 President,
 Scudder Massachusetts Limited Term Tax Free Fund

3 - Scudder Massachusetts Limited Term Tax Free Fund

PERFORMANCE UPDATE as of October 31, 1996

FUND INDEX COMPARISONS

Period Ended	Growth of \$10,000	Total Return	
		Cumulative	Average Annual
SCUDDER MASSACHUSETTS LIMITED TERM TAX FREE FUND			
1 Year	\$10,398	3.98%	3.98%
Life of Fund*	\$11,238	12.38%	4.40%

LEHMAN BROTHERS MUNICIPAL BOND INDEX (3 YEAR)

1 Year	\$10,451	4.51%	4.51%
Life of Fund*	\$11,351	13.51%	4.86%

*The Fund commenced operations on February 15, 1994. Index comparisons begin February 28, 1994.

GROWTH OF A \$10,000 INVESTMENT

A chart in the form of a line graph appears here, illustrating the Growth of a \$10,000 Investment. The data points from the graph are as follows:

SCUDDER MASSACHUSETTS LIMITED TERM TAX FREE FUND

Year	Amount
2/94*	\$10,000
4/94	\$ 9,912
10/94	\$10,030
4/95	\$10,414
10/95	\$10,840
4/96	\$10,997
10/96	\$11,271

LEHMAN BROTHERS MUNICIPAL BOND INDEX
(3 YEAR)

Year	Amount
2/94*	\$10,000
4/94	\$ 9,938
10/94	\$10,056
4/95	\$10,399
10/95	\$10,862
4/96	\$11,051
10/96	\$11,351

The 3-year Lehman Brothers Municipal Bond Index is an unmanaged market-value-weighted measure of the short-term municipal bond market and includes bonds with maturities of two to three years. Index returns assume reinvested dividends and, unlike Fund returns, do not reflect fees or expenses.

RETURNS AND PER SHARE INFORMATION

A chart in the form of a bar graph appears here, illustrating the Fund Total Return (%) and Index Total Return (%) with the exact data points listed in the table below.

YEARLY PERIODS ENDED OCTOBER 31

	1994*	1995	1996
NET ASSET VALUE...	\$11.64	\$12.02	\$11.99
INCOME DIVIDENDS..	\$.36	\$.54	\$.50
FUND TOTAL			
RETURN (%).....	.00	8.08	3.98
INDEX TOTAL			
RETURN (%).....	.56	8.01	4.51

All performance is historical, assumes reinvestment of all dividends and capital gains, and is not indicative of future results. Investment return and principal value will fluctuate, so an investor's shares, when redeemed, may be worth more or less than when purchased. If the Adviser had not maintained the Fund's expenses, the total return for the one year and life of Fund periods would have been lower.

4 - Scudder Massachusetts Limited Term Tax Free Fund

PORTFOLIO SUMMARY as of October 31, 1996

DIVERSIFICATION

Hospital/Health	31%
Other General Obligation/Lease	22%
Housing Finance Authority	11%
State General Obligation	7%
Higher Education	7%
Student Loans	6%
Pollution Control/Industrial Development	5%
Water/Sewer Revenue	4%
Sales/Special Tax	3%
Miscellaneous Municipal	4%
	100%

A graph in the form of a pie chart appears here, illustrating the exact data points in the above table.

The Fund continues to hold several types of Massachusetts general obligation bonds, which offer attractive value, high overall quality, and relative stability.

QUALITY

AAA	65%
-----	-----

AA	14%
A	7%
BBB	7%
Not Rated	5%
Below Investment Grade	2%

	100%

A graph in the form of a pie chart appears here, illustrating the exact data points in the above table.

WEIGHTED AVERAGE QUALITY: AA

Overall credit quality remains high with 79% of the Fund's portfolio rated AAA or AA.

EFFECTIVE MATURITY

Less than 1 year	19%
1 - 5 years	47%
5 - 10 years	33%
Greater than 10 years	1%

	100%

WEIGHTED AVERAGE EFFECTIVE MATURITY: 4.2 YEARS

Over the Fund's most recent fiscal year we emphasized both ends of its limited maturity range--the shortest maturities for safety and the longest maturities (up to 10 years) for higher yields and possible capital appreciation.

For more complete details about the Fund's investment portfolio, see page 10.

5 - Scudder Massachusetts Limited Term Tax Free Fund

Portfolio Management Discussion

Dear Shareholders,

During a 12-month period that witnessed partial government shutdowns, talk of tax overhaul, and intermittent bond market volatility, Scudder Massachusetts Limited Term Tax Free Fund continued to provide investors with greater share price stability than longer-maturity tax-exempt vehicles as well as an attractive double tax-free yield.

For shareholders subject to the 46.85% maximum combined federal and Massachusetts income tax rate, the Fund's 30-day net annualized SEC yield of 4.02% as of October 31, 1996, was equivalent to a fully taxable 7.56% yield, higher than yields currently provided by comparable taxable investments. The Fund's tax-equivalent yield compares favorably with the 5.40% average yield of 2-year Massachusetts bank certificates of deposit as of October 31, 1996. Of course, unlike fixed-rate CDs, which are FDIC-insured up to certain limits, the Fund's yield and share price fluctuate, and principal investments in the Fund are not insured.

As the graph shows, over the past 12 months, the Fund's tax-equivalent yield has been consistently higher than the yield of the average 2-year CD tracked nationally.

THE PRINTED DOCUMENT CONTAINS A BAR CHART HERE.

CHART TITLE: Scudder Massachusetts Limited Term Tax Free Fund's Tax-Equivalent Yield vs. National Two-Year CD Rates

CHART PERIOD: November 1995 through October 1996

CHART DATA:

	National average of two-year CD yields	SMALTTFF tax-equivalent yield
	-----	-----
11/95	5.01%	7.75%
	4.82	7.60

1/96	4.68	7.22
	4.48	7.07
3/96	4.73	7.04
	4.83	7.36
5/96	4.94	7.45
	5.14	7.32
7/96	5.21	7.09
	5.20	7.13
	5.25	7.62
10/96	5.22	7.56

Source of CD data: BanxQuote.

Tax equivalent yields are for the 46.85% maximum federal and state tax rate.

For the most recent fiscal year ended October 31, 1996, the Fund's net asset value declined \$0.03 to \$11.99 per share, and the Fund provided \$0.50 per share in income distributions, contributing to a total return of 3.98%. This return compares favorably with the 3.48% return of the 37 similar state municipal bond funds tracked by Lipper Analytical Services, Inc. As shown in the chart on page 7, the Fund's average annual total return placed it in the top one fifth of its peer group for one- and two-year periods.

6 - Scudder Massachusetts Limited Term Tax Free Fund

Strong Relative Performance

(Returns for periods ended October 31, 1996)

Period	Scudder Massachusetts Limited Term Tax Free Fund return	Lipper average annual return	Percentile Ranking	Number of Funds tracked
1 year	3.98%	3.48%	Top 19%	37
2 years	6.01	5.42	Top 15%	33

Past performance does not guarantee future results.

An Update on the Massachusetts Economy

Massachusetts' steadily recovering economy has helped the Commonwealth replenish its reserves, while also creating jobs. Fiscal year 1996 operating revenues were up 5.7% while expenditures rose only 4.0%. The state finished its fiscal year with an operating surplus of \$426 million, and the overall Massachusetts taxpayer income tax bill for 1996 will be reduced by \$150 million from 1995. Key industries benefiting from the latest but more modest "Massachusetts miracle" have been computer, mutual fund, consulting, and biotechnology firms.

Approximately two-thirds of the jobs lost in the last recession have been replaced. The state's unemployment rate in July 1996 of 4.5% -- the lowest since 1989 -- was well below the national average of 5.2%. And Massachusetts continues to be a wealthy state. Per capita income in 1995 was \$26,994, 18% higher than the national average and fourth highest in the country. Debt levels are high, but manageable. Lastly, recent federal welfare reform legislation is not expected to negatively effect the Commonwealth since its own welfare legislation passed in September 1995 is similar.

Economic and Market Review

During the Fund's most recent fiscal year, bonds alternately prospered and languished under differing market influences. As we mentioned in our last report to you, bonds rallied in late 1995 as the Republican-led Congress strove to balance the U.S. budget deficit through a series of partial government shutdowns. The municipal bond market then retreated for a time as these efforts failed and Steve Forbes' presidential campaign temporarily re-floated the "flat tax" idea. Meanwhile the U.S. economy picked up steam in April as snow from heavy winter storms melted, shoppers returned to retail stores, and hiring increased. While many were understandably heartened by this increase in economic momentum, bond market participants feared a pickup in inflation, and bond yields headed higher (and prices lower) during the second quarter of 1996. Bond yields as well as the economy retreated toward the end of the Fund's fiscal year as consumers seemed to feel the weight of their personal debt -- credit card debt service payments as a percentage of disposable income rose to an all-time high

this year, and analysts predicted over a million people will declare bankruptcy in 1996.

7 - Scudder Massachusetts Limited Term Tax Free Fund

Over the past several years, the economy has actually progressed at a fairly consistent pace, with inflation restrained throughout. The bond market, on the other hand, has been quite volatile, constantly anticipating far greater changes than the economy has exhibited. Now, after six years of expansion, the U.S. economy may actually be slowing. Consumers appear to be overburdened, retail sales figures were negative during the third quarter, the government's monetary policy is tight by historical standards (with a Fed Funds rate of 5 1/4%), and business investment is leveling off. In recent months, bond yields have fluctuated, but have generally declined in step with this pullback.

For the 12 months ended October 31, municipal bonds, which typically exhibit less price volatility than Treasury bonds, held their own, thanks to a relatively light supply. While yields of 10-year Treasury bonds rose three tenths of a percentage point and prices declined 2% during the period, yields and prices of 10-year AAA municipal bonds ended essentially unchanged for the same period. Large numbers of municipal bonds were called or matured during the period, especially in June and July. The municipal market continues to be supported both by retail bond buyers and institutions such as insurance companies.

Our Portfolio Strategy

Over the 12 months we continued to emphasize both ends of the Fund's limited maturity range: the shortest maturities for safety and the longest maturities (maximum of 10 years) for higher yields and possible capital appreciation. We pursue this strategy because five- to 10-year bonds currently offer the most attractive after-tax yields and total return potential within the range of maturities in which the Fund is permitted to invest.

The Fund continues to hold several types of Massachusetts general obligation (G.O.) bonds. These bonds offer attractive value, high overall quality, and relative stability. In addition, we hold a large percentage (32% as of October 31) of pre-refunded bonds in the Fund's portfolio. Bonds are pre-refunded when issuers sell new debt at lower prevailing rates and use the proceeds to establish an escrow account of U.S. Treasury bonds designated to retire the original municipal bonds on their future call dates. These bonds offer the highest quality available in the municipal marketplace, yet are typically priced lower than similar bonds of slightly lower quality. The Fund's overall credit quality remains high, with 79% of the bonds in its portfolio rated AAA or AA.

A Further Slowdown?

The U.S. economy is flashing several caution lights. Some companies -- notably fast food outlets and department stores -- are attempting to interest their customers in higher priced items. That these and other companies are even considering raising prices makes us believe that the economy may slow further, because we are confident that the Federal Reserve will raise interest rates at the first signs of any uptick in inflation. Though we believe that any excesses in the U.S. economy would soon be corrected, and that the economy will remain resilient, any further slowdown should benefit the municipal bond market.

8 - Scudder Massachusetts Limited Term Tax Free Fund

We will continue to maintain a conservative investment strategy, including holding premium bonds, diversifying broadly, and keeping the Fund's credit quality high. We will also search for attractive value by weighing the maturity characteristics, credit quality, and income potential of each bond we consider adding to Scudder Massachusetts Limited Term Tax Free Fund's portfolio. Thank you for investing with Scudder.

Sincerely,

Your Portfolio Management Team

/s/Philip G. Condon

/s/Kathleen A. Meany

Philip G. Condon

Kathleen A. Meany

Scudder Massachusetts Limited
Term Tax Free Fund: A Team
Approach to Investing

Scudder Massachusetts Limited Term Tax Free Fund is run by a team of Scudder investment professionals who each play an important role in the Fund's management process. Team members work together to develop investment strategies and select securities for the Fund. They are supported by Scudder's large staff of economists, research analysts, traders, and other investment specialists who work in Scudder's offices across the United States and abroad. We believe our team approach benefits Fund investors by bringing together many disciplines and leveraging Scudder's extensive resources.

Philip G. Condon, Lead Portfolio Manager, joined Scudder in 1983 and has 16 years of experience as a portfolio manager and in municipal research. Phil has managed Scudder Massachusetts Limited Term Tax Free Fund since its inception and Scudder Massachusetts Tax Free Fund since 1989. Kathleen A. Meany, Portfolio Manager, joined Scudder in 1988 and has 19 years of municipal sales and portfolio management experience. Kate has managed Scudder Massachusetts Limited Term Tax Free Fund since its inception and Scudder Massachusetts Tax Free Fund since 1988.

Your Portfolio Management Team: Kathleen A. Meany and Philip G. Condon

9 - Scudder Massachusetts Limited Term Tax Free Fund

Investment Portfolio as of October 31, 1996

<TABLE>
<CAPTION>

	Principal Amount (\$)	Credit Rating (b) (Unaudited)	Market Value (\$)
<S>	<C>	<C>	<C>
Short-term Municipal Investments 12.7%			

Massachusetts			
Massachusetts Bay Transportation Authority, 1984 Series-A, Optional Put, 3.625%, 3/1/14*	1,000,000	A-1+	1,000,100
Massachusetts, General Obligation, Dedicated Income Tax, Series B, Daily Demand Note, 3.6%, 12/1/97*	700,000	MIG1	700,000
Massachusetts Health & Educational Facilities Authority:			
Brigham and Women's Hospital, Series A, Weekly Demand Note, 3.55%, 7/1/17* ..	900,000	AA	900,000
Harvard University, Series I, Weekly Demand Note, 3.4%, 2/1/16*	1,150,000	A-1+	1,150,000
Series B, Daily Demand Note, 3.6%, 7/1/05* (c)	300,000	A-1+	300,000
Series D, Capital Asset Program, Weekly Demand Note, 3.55%, 1/1/35* (c)	1,100,000	SP1+	1,100,000
New Bedford, MA, Revenue Anticipation Note, 4.5%, 6/30/97	1,000,000	NR	1,004,590
Springfield, MA, Bond Anticipation Note, 4.25%, 2/14/97	2,000,000	NR	2,003,480
Total Short-term Municipal Investments (Cost \$8,155,401)			8,158,170

Intermediate-term Municipal Investments 87.3%			

Massachusetts			
Lowell, MA, General Obligation, Prerefunded 2/15/01, 8.3%, 2/15/05**	1,635,000	AAA	1,917,839
Massachusetts Educational Loan Authority, Issue E, Series A, 6.7%, 1/1/02 (c) .	450,000	AAA	485,478
Massachusetts General Obligation:			
Series A, 5.25%, 2/1/01 (c)	3,000,000	AAA	3,085,950
Series A, 5.2%, 6/1/04	1,000,000	AA	1,020,670
Series C, 7.5%, 12/1/07, Prerefunded 12/1/00**	750,000	AAA	849,158

Series C, 7%, 12/1/10, Prerefunded 12/1/00**	775,000	AAA	850,129
Massachusetts Health & Educational Facilities Authority:			
Berkshire Health System, Series D, 5.3%, 10/1/03 (c)	1,350,000	AAA	1,391,674
Berkshire Health System, Series C, 5.9%, 10/1/11	1,000,000	BBB	947,100
Central Massachusetts Medical Center, Series B, 6%, 7/1/02 (c)	500,000	AAA	532,995
Daughters of Charity, Carney Hospital, 7.5%, 7/1/05, Prerefunded 7/1/00** ...	1,000,000	AAA	1,120,160
Daughters of Charity, Series D, 4.9%, 7/1/00	700,000	AA	708,379
Medical Academic & Scientific, Series A:			
5.9%, 1/1/00	500,000	A	513,725
6%, 1/1/01	1,000,000	A	1,033,320
6.1%, 1/1/02	500,000	A	520,120
St. Joseph's Hospital, Series C, 9.5%, 10/1/20, Prerefunded 10/1/99**	3,375,000	AAA	3,854,115
Valley Regional Health System, Series C, 5.3%, 7/1/00 (c)	1,500,000	AAA	1,528,875

</TABLE>

The accompanying notes are an integral part of the financial statements.

10 - Scudder Massachusetts Limited Term Tax Free Fund

<TABLE>
<CAPTION>

	Principal Amount (\$)	Credit Rating (b) (Unaudited)	Market Value (\$)
<S>	<C>	<C>	<C>
Wheaton College, Series B, 7.2%, 7/1/09, Prerefunded 7/1/99**	590,000	AAA	644,870
Massachusetts Housing Finance Agency:			
Housing Project Revenue, Series A, 5.2%, 10/1/00	575,000	A	587,006
Multi-Family Housing Project 1988, Series A, 8.7%, 4/1/14, Prerefunded 4/1/98**	1,465,000	A	1,599,428
Multi-Family Housing Project, Series A, 8.8%, 8/1/21	665,000	A	696,800
Single-Family Mortgage Revenue, Series 3, 7.875%, 6/1/14	4,000,000	AA	4,087,320
Massachusetts Industrial Finance Agency:			
Boston Museum of Fine Arts, Series 1996, 5.125%, 1/1/04 (c)	1,000,000	AAA	1,021,270
Cape Cod Health Systems, Series 1990, 8.5%, 11/15/20, Prerefunded 11/15/00**	2,150,000	AAA	2,505,889
College of the Holy Cross, Series 1996, 5.5%, 3/1/06 (c)	1,000,000	AAA	1,035,350
East Boston Neighborhood Project, Series 1996, 7.25%, 7/1/06	1,000,000	BA	1,003,780
Leominster Hospital, Series 1989A, 8.625%, 8/1/09, Prerefunded 8/1/99**	2,000,000	AAA	2,257,080
Milton Academy, Revenue Refunding, Series A, 7.25%, 9/1/19, Prerefunded 9/1/99 (c)**	700,000	AAA	768,642
Resource Recovery, North Andover Solid Waste, Series A:			
6.15%, 7/1/02	750,000	BBB	772,103
6.3%, 7/1/05	2,750,000	BBB	2,877,600
Massachusetts Municipal Wholesale Electric Company, Power Supply System Revenue:			
Series B, 6.3%, 7/1/00	345,000	BBB	363,130
Series B, 6.375%, 7/1/01	1,000,000	BBB	1,065,070
Massachusetts Turnpike Authority, Bond Anticipation Note, Series 1996A, 5%, 6/1/99	2,000,000	AA	2,038,220

Massachusetts Water Resource Authority, Series A, 6.75%, 7/15/12 Prerefunded 7/15/02**	1,000,000	AAA	1,125,380
Nantucket, MA, General Obligation, 6.25%, 12/1/02	250,000	A	269,873
New England Education Loan Marketing Corp., Massachusetts Student Loan Revenue Refunding, Issue A, 5.8%, 3/1/02	3,150,000	AAA	3,280,819
South Essex, MA, Sewer District, Series B, 6.75%, 6/1/13, Prerefunded 6/1/04 (c)**	1,000,000	AAA	1,138,700
Southeastern Massachusetts University Building, Series A, 5.5%, 5/1/04 (c)	1,010,000	AAA	1,052,157
Springfield, MA, Municipal Purpose Loan, General Obligation, Series 1996, 6.25%, 8/1/06 (c)	1,000,000	AAA	1,093,020
Worcester, MA, General Obligation, Revenue Refunding, Series G, 6%, 7/1/01 (c)	2,000,000	AAA	2,121,420
Puerto Rico			
Puerto Rico Public Building Authority, 6.75%, 7/1/04 (c)	2,250,000	AAA	2,553,165
Total Intermediate-term Municipal Investments (Cost \$55,269,962)			56,317,779
Total Investment Portfolio - 100.0% (Cost \$63,425,363) (a)			64,475,949

</TABLE>

The accompanying notes are an integral part of the financial statements.

11 - Scudder Massachusetts Limited Term Tax Free Fund

- (a) The cost for federal income tax purposes was \$63,425,363. At October 31, 1996, net unrealized appreciation for all securities was \$1,050,586. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of market value over tax cost of \$1,092,687 and aggregate gross unrealized depreciation for all investment securities in which there was an excess of tax cost over market value of \$42,101.
- (b) All of the securities held have been determined to be of appropriate credit quality as required by the Fund's investment objectives. Credit ratings are either Standard & Poor's Ratings Group, Moody's Investors Service, Inc. or Fitch Investors Services, Inc.
- (c) Bond is insured by one of these companies: AMBAC, HIBI, or MBIA.

* Floating rate and monthly, weekly, or daily demand notes are securities whose yields vary with a designated market index or market rate, such as the coupon-equivalent of the Treasury bill rate. Variable rate demand notes are securities whose yields are periodically reset at levels that are generally comparable to tax-exempt commercial paper. These securities are payable on demand within seven calendar days and normally incorporate an irrevocable letter of credit or line of credit from a major bank. These notes are carried, for purposes of calculating average weighted maturity, at the longer of the period remaining until the next rate change or to the extent of the demand period.

** Prerefunded: Bonds which are prerefunded are collateralized by U.S. Treasury securities which are held in escrow and are used to pay principal and interest on tax-exempt issue and to retire the bonds in full at the earliest refunding date.

The accompanying notes are an integral part of the financial statements.

12 - Scudder Massachusetts Limited Term Tax Free Fund

Financial Statements

Statement of Assets and Liabilities

<TABLE>		<C>
<S>	<C>	<C>
Assets		
Investments, at market (identified cost \$63,425,363) (Note A)		\$ 64,475,949
Cash		97,933
Interest receivable		1,069,306
Receivable for Fund shares sold		11,523
Deferred organizations expenses (Note A)		12,875

Total assets		65,667,586

Liabilities		
Dividends payable	\$	81,368
Payable for Fund shares redeemed		10,290
Accrued management fee (Note C)		21,561
Other accrued expenses (Note C)		49,279

Total liabilities		162,498

Net assets, at market value	\$	65,505,088

Net Assets		
Net assets consist of:		
Unrealized appreciation on investments	\$	1,050,586
Accumulated net realized loss		(152,407)
Paid-in capital		64,606,909

Net assets, at market value	\$	65,505,088

Net Asset Value		
Net Asset Value, offering and redemption price per share (\$65,505,088 / 5,463,378 outstanding shares of beneficial interest, \$.01 par value, unlimited number of shares authorized)	\$	11.99

</TABLE>

The accompanying notes are an integral part of the financial statements.

13 - Scudder Massachusetts Limited Term Tax Free Fund

Statement of Operations
year ended October 31, 1996

<TABLE>		<C>
<S>	<C>	<C>
Investment Income		
Interest	\$	2,977,286

Expenses:		
Management fee (Note C)	\$	370,008
Custodian and accounting fees (Note C)		53,997
Services to shareholders (Note C)		49,710
Trustees' fees and expenses (Note C)		15,078
Auditing		23,694
Legal		3,724
Reports to shareholders		12,309
Registration fees		11,818
Amortization of organization expenses (Note A)		5,640
Other		8,292

Total expenses before reductions		554,270
Expense reductions (Note C)		(138,912)

Expenses, net		415,358

Net investment income		2,561,928

Realized and unrealized loss on investment transactions

Net realized loss from investments	(112,182)
Net unrealized depreciation on investments during the period ...	(97,803)
Net loss on investments	(209,985)
Net increase in net assets resulting from operations	\$ 2,351,943

</TABLE>

The accompanying notes are an integral part of the financial statements.

14 - Scudder Massachusetts Limited Term Tax Free Fund

Statements of Changes in Net Assets

<TABLE>

<CAPTION>

Increase (Decrease) in Net Assets	Years Ended October 31,	
	1996	1995
<S>	<C>	<C>
Operations:		
Net investment income	\$ 2,561,928	\$ 2,266,506
Net realized gain (loss) on investments	(112,182)	52,320
Net unrealized appreciation (depreciation) on investments during the period	(97,803)	1,598,035
Net increase in net assets resulting from operations	2,351,943	3,916,861
Distributions to shareholders from net investment income ...	(2,561,928)	(2,266,506)
Fund share transactions:		
Proceeds from shares sold	39,513,439	51,219,003
Net asset value of shares issued to shareholders in reinvestment of distributions	1,674,479	1,558,937
Cost of shares redeemed	(30,966,008)	(34,483,113)
Net increase in net assets from Fund share transactions ...	10,221,910	18,294,827
Increase in net assets	10,011,925	19,945,182
Net assets at beginning of period	55,493,163	35,547,981
Net assets at end of period	\$ 65,505,088	\$ 55,493,163

Other Information

Increase (decrease) in Fund shares		
Shares outstanding at beginning of period	4,615,167	3,052,899
Shares sold	3,294,988	4,365,476
Shares issued to shareholders in reinvestment of distributions	139,573	131,715
Shares redeemed	(2,586,350)	(2,934,923)
Net increase in Fund shares	848,211	1,562,268
Shares outstanding at end of period	5,463,378	4,615,167

</TABLE>

The accompanying notes are an integral part of the financial statements.

15 - Scudder Massachusetts Limited Term Tax Free Fund

Financial Highlights

The following table includes selected data for a share outstanding throughout each period and other performance information derived from the financial statements.

<TABLE>

<CAPTION>

For the Period
February 15, 1994

	Years Ended October 31,		(commencement of operations) to
	1996	1995	October 31, 1994
<S>	<C>	<C>	<C>
Net asset value, beginning of period	\$12.02	\$11.64	\$12.00
Income from investment operations:			
Net investment income50	.54	.36
Net realized and unrealized gain (loss) on investment transactions	(.03)	.38	(.36)
Total from investment operations47	.92	.00
Less distributions from net investment income ...	(.50)	(.54)	(.36)
Net asset value, end of period	\$11.99	\$12.02	\$11.64
Total Return (%) (a)	3.98	8.08	0.00**
Ratios and Supplemental Data			
Net assets, end of period (\$ millions)	66	55	36
Ratio of operating expenses, net to average daily net assets (%)67	.24	--
Ratio of operating expenses before expense reductions, to average daily net assets (%)	.90	.92	1.44*
Ratio of net investment income to average daily net assets (%)	4.16	4.56	4.45*
Portfolio turnover rate (%)	12.4	27.4	26.3*

</TABLE>

(a) Total returns would have been lower had certain expenses not been reduced.

* Annualized

** Not annualized

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Notes to Financial Statements

A. Significant Accounting Policies

Scudder Massachusetts Limited Term Tax Free Fund (the "Fund") is a non-diversified series of Scudder State Tax Free Trust, a Massachusetts business trust (the "Trust"), which is registered under the Investment Company Act of 1940, as amended, as an open-end management investment company. There are currently six series in the Trust.

The Fund's financial statements are prepared in accordance with generally accepted accounting principles which require the use of management estimates. The policies described below are followed consistently by the Fund in the preparation of its financial statements.

Security Valuation. Portfolio debt securities with remaining maturities greater than sixty days are valued by pricing agents approved by the officers of the Fund, which quotations reflect broker/dealer-supplied valuations and electronic data processing techniques. If the pricing agents are unable to provide such quotations, the most recent bid quotation supplied by a bona fide market maker shall be used. All other debt securities are valued at their fair value as determined in good faith by the Valuation Committee of the Trustees. Short-term investments having a maturity of sixty days or less are valued at amortized cost.

Amortization and Accretion. All premiums and original issue discounts are amortized/accreted for both tax and financial reporting purposes.

Federal Income Taxes. The Fund's policy is to comply with the requirements of the Internal Revenue Code which are applicable to regulated investment companies and to distribute all of its taxable and tax-exempt income to its shareholders. The Fund accordingly paid no federal income taxes and no provision for federal income taxes was required.

At October 31, 1996, the Fund had a net tax basis capital loss carryforward of approximately \$141,000 which may be applied against any realized net taxable capital gains of each succeeding year until fully utilized or until October 31, 2002, (26,000) and October 31, 2004 (115,000), the respective expiration dates, whichever occurs first.

Distribution of Income and Gains. All of the net investment income of the Fund is declared as a dividend to shareholders of record as of the close of business each day and is paid to shareholders monthly. During any particular year, net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to the Fund if not distributed and, therefore, will be distributed to shareholders. An additional distribution may be made to the extent necessary to avoid the payment of a four percent federal excise tax.

The timing and characterization of certain income and capital gains distributions are determined annually in accordance with federal tax regulations which may differ from generally accepted accounting principles. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Fund may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Fund.

The Fund uses the specific identification method for determining realized gain or loss on investments for both financial and federal income tax reporting purposes.

Organization Cost. Costs incurred by the Fund in connection with its organization and initial registration of shares have been deferred and are being amortized on a straight-line basis over a five-year period.

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Other. Investment transactions are accounted for on a trade date basis. Distributions of net realized gains to shareholders are recorded on the ex-dividend date. Interest income is accrued pro rata to the earlier of the call or maturity date.

B. Purchases and Sales of Securities

For the year ended October 31, 1996, purchases and sales of investments (excluding short-term) aggregated \$19,038,003 and \$6,057,700, respectively.

C. Related Parties

Under the Investment Management Agreement (the "Agreement") with Scudder, Stevens & Clark, Inc. (the "Adviser"), the Fund agrees to pay the Adviser a fee equal to an annual rate of 0.60% of the Fund's average daily net assets, computed and accrued daily and payable monthly. As manager of the assets of the Fund, the Adviser directs the investments of the Fund in accordance with its investment objectives, policies, and restrictions. The Adviser determines the securities, instruments, and other contracts relating to investments to be purchased, sold or entered into by the Fund. In addition to portfolio management services, the Adviser provides certain administrative services in accordance with the Agreement. The Agreement also provides that if the Fund's expenses, exclusive of taxes, interest, and extraordinary expenses, exceed specified limits, such excess, up to the amount of the management fee, will be paid by the Adviser. For the period August 1, 1995 to February 29, 1996, the Adviser agreed to maintain the annualized expenses at 0.50% of average daily net assets. Effective March 1, 1996, the Adviser agreed to maintain the annualized expenses at 0.75% of average daily net assets until July 31, 1997. For the year ended October 31, 1996, the Adviser imposed fees amounting to \$231,096 and the portion not imposed amounted to \$138,912 at October 31, 1996.

Scudder Service Corporation ("SSC"), a subsidiary of the Adviser, is the transfer, dividend paying and shareholder service agent for the Fund. For the year ended October 31, 1996, the amount charged to the Fund by SSC aggregated \$36,098 of which \$3,101 was unpaid at October 31, 1996.

Scudder Fund Accounting Corporation ("SFAC"), a subsidiary of the Adviser, is responsible for determining the daily net asset value per share and maintaining the portfolio and general accounting records of the Fund. For the year ended October 31, 1996, the amount charged to the Fund by SFAC aggregated \$36,000, of which \$3,000 was unpaid at October 31, 1996.

The Trust pays each Trustee not affiliated with the Adviser \$12,000 annually, divided equally among the series of the Trust, plus specified amounts for attended board and committee meetings. For the year ended October 31, 1996, Trustees' fees aggregated \$15,078.

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Report of Independent Accountants

To the Trustees of Scudder State Tax Free Trust and to the Shareholders of
Scudder Massachusetts Limited Term Tax Free Fund:

We have audited the accompanying statement of assets and liabilities of Scudder Massachusetts Limited Term Tax Free Fund, including the investment portfolio, as of October 31, 1996, and the related statement of operations for the year then ended, the statements of changes in 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 February 15, 1994 (commencement of operations) to October 31, 1994. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits 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 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 as of October 31, 1996, 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Scudder Massachusetts Limited Term Tax Free Fund as of October 31, 1996, 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 February 15, 1994 (commencement of operations) to October 31, 1994 in conformity with generally accepted accounting principles.

Boston, Massachusetts
December 18, 1996

COOPERS & LYBRAND L.L.P.

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Tax Information

Of the dividends paid by the Scudder Massachusetts Limited Term Tax Free Fund from net investment income for the taxable year ended October 31, 1996, 100% constituted exempt interest dividends for regular federal income tax and Massachusetts state income tax purposes.

Please consult a tax adviser if you have any questions about federal or state income tax laws, or on how to prepare your tax returns. If you have specific questions about your Scudder Fund account, please call a Scudder Investor Relations Representative at 1-800-225-5163.

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Officers and Trustees

David S. Lee*
President and Trustee

Henry P. Becton, Jr.
Trustee; President and General Manager, WGBH Educational Foundation

Dawn-Marie Driscoll
Trustee; Attorney and Corporate Director

Peter B. Freeman
Trustee; Corporate Director and Trustee

Dudley H. Ladd*
Trustee

Wesley W. Marple, Jr.
Trustee; Professor of Business Administration, Northeastern University

Juris Padegs*
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Vice President and Secretary

Pamela A. McGrath*
Vice President and Treasurer

Edward J. O'Connell*
Vice President and Assistant Treasurer

Coleen Downs Dinneen*
Assistant Secretary

*Scudder, Stevens & Clark, Inc.

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Investment Products and Services

The Scudder Family of Funds+++

Money Market

Scudder U.S. Treasury Money Fund
Scudder Cash Investment Trust

Tax Free Money Market+

Scudder Tax Free Money Fund

Scudder California Tax Free Money Fund*
Scudder New York Tax Free Money Fund*

Tax Free+

Scudder Limited Term Tax Free Fund
Scudder Medium Term Tax Free Fund
Scudder Managed Municipal Bonds
Scudder High Yield Tax Free Fund

Scudder California Tax Free Fund*
Scudder Massachusetts Limited Term
Tax Free Fund*
Scudder Massachusetts Tax Free Fund*
Scudder New York Tax Free Fund*
Scudder Ohio Tax Free Fund*
Scudder Pennsylvania Tax Free Fund*

U. S. Income

Scudder Short Term Bond Fund
Scudder GNMA Fund

Scudder Income Fund
Scudder Zero Coupon 2000 Fund
Scudder High Yield Bond Fund

Global Income

Scudder Global Bond Fund
Scudder International Bond Fund
Scudder Emerging Markets Income Fund

Asset Allocation

Scudder Pathway Conservative Portfolio
Scudder Pathway Balanced Portfolio
Scudder Pathway Growth Portfolio
Scudder Pathway International Portfolio

U.S. Growth and Income

Scudder Balanced Fund
Scudder Growth and Income Fund

U.S. Growth

Value
Scudder Capital Growth Fund
Scudder Value Fund
Scudder Small Company Value Fund
Scudder Micro Cap Fund

Growth
Scudder Classic Growth Fund
Scudder Quality Growth Fund
Scudder Development Fund
Scudder 21st Century Growth Fund

Global Growth

Worldwide
Scudder Global Fund
Scudder International Fund
Scudder Global Discovery Fund
Scudder Gold Fund

Regional
Scudder Greater Europe Growth Fund
Scudder Emerging Markets Growth Fund
Scudder Pacific Opportunities Fund
Scudder Latin America Fund
The Japan Fund

Retirement Programs

IRA
SEP IRA
SIMPLE IRA
Keogh Plan
401(k), 403(b) Plans
Scudder Horizon Plan *+++ +++
(a variable annuity)

Closed-End Funds#

The Argentina Fund, Inc.
The Brazil Fund, Inc.
The First Iberian Fund, Inc.
The Korea Fund, Inc.
The Latin America Dollar Income Fund, Inc.
Montgomery Street Income Securities, Inc.
Scudder New Asia Fund, Inc.
Scudder New Europe Fund, Inc.
Scudder World Income Opportunities
Fund, Inc.

For complete information on any of the above Scudder funds, including management fees and expenses, call or write for a free prospectus. Read it carefully before you invest or send money. +++Funds within categories are listed from expected least to most risk. +A portion of the income from the tax-free funds may be subject to federal, state, and local taxes. *Not available in all states. +++ +++A no-load variable annuity contract provided by Charter National Life Insurance Company and its affiliate, offered by Scudder's insurance agencies,

1-800-225-2470. #These funds, advised by Scudder, Stevens & Clark, Inc., are traded on various stock exchanges.

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How to Contact Scudder

Account Service and Information

For existing account services and transactions

Scudder Investor Relations -- 1-800-225-5163

For 24 hour account information, fund information, exchanges, and an overview of all the services available to you

Scudder Electronic Account Services -- <http://funds.scudder.com>

For information about your Scudder accounts, exchanges and redemptions

Scudder Automated Information Line (SAIL) -- 1-800-343-2890

Investment Information

For information about the Scudder funds, including additional applications and prospectuses, or for answers to investment questions

Scudder Investor Relations -- 1-800-225-2470
Investor_Relations@scudder.com

Scudder's World Wide Web Site -- <http://funds.scudder.com>

For establishing 401(k) and 403(b) plans

Scudder Defined Contribution Services -- 1-800-323-6105

Scudder Brokerage Services

To receive information about this discount brokerage service and to obtain an application

Scudder Brokerage Services* -- 1-800-700-0820

Please address all correspondence to

The Scudder Funds
P.O. Box 2291
Boston, Massachusetts
02107-2291

Or Stop by a Scudder Funds Center

Many shareholders enjoy the personal, one-on-one service of the Scudder Funds Centers. Check for a Funds Center near you--they can be found in the following cities:

Boca Raton	Chicago	San Francisco
Boston	New York	

For information on Scudder Treasurers Trust(TM), an institutional cash management service for corporations, non-profit organizations and trusts which utilizes certain portfolios of Scudder Fund, Inc.* (\$100,000 minimum), call: 1-800-541-7703.

For information on Scudder Institutional Funds**, funds designed to meet the broad investment management and service needs of banks and other institutions, call: 1-800-854-8525.

Scudder Investor Relations and Scudder Funds Centers are services provided through Scudder Investor Services, Inc., Distributor.

* Scudder Brokerage Services, Inc., 42 Longwater Drive, Norwell, MA 02061 -- Member NASD/SIPC

** Contact Scudder Investor Services, Inc., Distributor, to receive a prospectus with more complete information, including management fees and expenses. Please read it carefully before you invest or send money.

Celebrating Over 75 Years of Serving Investors

Established in 1919 by Theodore Scudder, Sidney Stevens, and F. Haven Clark, Scudder, Stevens & Clark was the first independent investment counsel firm in the United States. Since its birth, Scudder's pioneering spirit and commitment to professional long-term investment management have helped shape the investment industry. In 1928, we introduced the nation's first no-load mutual fund. Today we offer over 40 pure no load(TM) funds, including the first international mutual fund offered to U.S. investors.

Over the years, Scudder's global investment perspective and dedication to research and fundamental investment disciplines have helped us become one of the largest and most respected investment managers in the world. Though times have changed since our beginnings, we remain committed to our long-standing principles: managing money with integrity and distinction; keeping the interests of our clients first; providing access to investments and markets that may not be easily available to individuals; and making investing as simple and convenient as possible through friendly, comprehensive service.

This information must be preceded or accompanied by a current prospectus.

Portfolio changes should not be considered recommendations for action by individual investors.