

EATON VANCE MASSACHUSETTS MUNICIPAL INCOME TRUST

Form N-Q

October 28, 2010

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

811-09147

Investment Company Act File Number

Eaton Vance Massachusetts Municipal Income Trust

(Exact Name of Registrant as Specified in Charter)

Two International Place, Boston, Massachusetts 02110

(Address of Principal Executive Offices)

Maureen A. Gemma

Two International Place, Boston, Massachusetts 02110

(Name and Address of Agent for Services)

(617) 482-8260

(Registrant's Telephone Number, Including Area Code)

November 30

Date of Fiscal Year End

August 31, 2010

Date of Reporting Period

Item 1. Schedule of Investments

Eaton Vance Massachusetts Municipal Income Trust

as of August 31, 2010

PORTFOLIO OF INVESTMENTS (Unaudited)

Tax-Exempt Investments 159.4%

Principal

Amount

(000 s

omitted)

Education

Security

Value

43.7%

| | | | | |
|----|-------|--|-----------|-------------------|
| \$ | 2,290 | Massachusetts Development Finance Agency, (Boston University), 5.45%, 5/15/59 | \$ | 2,540,068 |
| | 600 | Massachusetts Development Finance Agency, (Middlesex School), 5.00%, 9/1/33 | | 614,160 |
| | 1,240 | Massachusetts Development Finance Agency, (Milton Academy), 5.00%, 9/1/35 | | 1,345,102 |
| | 1,500 | Massachusetts Development Finance Agency, (Mount Holyoke College), 5.00%, 7/1/36 | | 1,598,385 |
| | 1,000 | Massachusetts Development Finance Agency, (New England Conservatory of Music), 5.25%, 7/1/38 | | 1,006,950 |
| | 1,500 | Massachusetts Development Finance Agency, (Wheeler School), 6.50%, 12/1/29 | | 1,504,500 |
| | 1,500 | Massachusetts Health and Educational Facilities Authority, (Berklee College of Music), 5.00%, 10/1/32 | | 1,552,365 |
| | 1,840 | Massachusetts Health and Educational Facilities Authority, (Boston College), 5.50%, 6/1/35 | | 2,272,639 |
| | 1,500 | Massachusetts Health and Educational Facilities Authority, (Harvard University), 5.00%, 10/1/38 ⁽¹⁾ | | 1,641,510 |
| | 415 | Massachusetts Health and Educational Facilities Authority, (Massachusetts Institute of Technology), 5.00%, 7/1/38 | | 452,919 |
| | 1,350 | Massachusetts Health and Educational Facilities Authority, (Northeastern University), 5.00%, 10/1/35 | | 1,416,461 |
| | 1,750 | Massachusetts Health and Educational Facilities Authority, (Tufts University), 5.375%, 8/15/38 | | 1,949,745 |
| | | | \$ | 17,894,804 |

Electric Utilities 6.9%

| | | | | |
|----|-------|--|-----------|------------------|
| \$ | 1,000 | Massachusetts Development Finance Agency, (Devens Electric System), 6.00%, 12/1/30 | \$ | 1,024,660 |
| | 1,870 | Massachusetts Development Finance Agency, (Dominion Energy Brayton Point), (AMT), 5.00%, 2/1/36 | | 1,809,823 |
| | | | \$ | 2,834,483 |

Escrowed/Prerefunded 1.1%

| | | | | |
|----|-----|---|-----------|----------------|
| \$ | 400 | Massachusetts Development Finance Agency, (Western New England College), Prefunded to 12/1/12, 6.125%, 12/1/32 | \$ | 453,464 |
| | | | \$ | 453,464 |

General Obligations 2.0%

| | | | | |
|----|-----|-----------------------|----|----------------|
| \$ | 750 | Newton, 5.00%, 4/1/36 | \$ | 829,545 |
| | | | \$ | 829,545 |

Hospital 22.5%

| | | | | |
|----|-------|---|----|------------------|
| \$ | 1,000 | Massachusetts Health and Educational Facilities Authority, (Baystate Medical Center, Inc.), 5.75%, 7/1/36 | \$ | 1,079,620 |
| | 400 | Massachusetts Health and Educational Facilities Authority, (Berkshire Health System), 6.25%, 10/1/31 | | 407,412 |
| | 500 | Massachusetts Health and Educational Facilities Authority, (Children's Hospital), 5.25%, 12/1/39 | | 534,720 |
| | 1,135 | Massachusetts Health and Educational Facilities Authority, (Dana-Farber Cancer Institute), 5.00%, 12/1/37 | | 1,187,607 |
| | 885 | Massachusetts Health and Educational Facilities Authority, (Healthcare System-Covenant Health), 6.00%, 7/1/31 | | 905,877 |
| | 755 | Massachusetts Health and Educational Facilities Authority, (Jordan Hospital), 6.75%, 10/1/33 | | 760,036 |
| | 2,000 | Massachusetts Health and Educational Facilities Authority, (Partners Healthcare System), 5.00%, 7/1/32 ⁽¹⁾ | | 2,061,700 |
| | 675 | Massachusetts Health and Educational Facilities Authority, (South Shore Hospital), 5.75%, 7/1/29 | | 678,260 |
| | 1,255 | Massachusetts Health and Educational Facilities Authority, (Southcoast Health System), 5.00%, 7/1/39 | | 1,277,339 |
| | 300 | Massachusetts Health and Educational Facilities Authority, (Winchester Hospital), 5.25%, 7/1/38 ⁽²⁾ | | 301,350 |
| | | | \$ | 9,193,921 |

Housing 13.8%

| | | | | |
|----|-------|---|----|-----------|
| \$ | 2,100 | Massachusetts Housing Finance Agency, (AMT), 4.75%, 12/1/48 | \$ | 1,977,402 |
| | 1,000 | Massachusetts Housing Finance Agency, (AMT), 4.85%, 6/1/40 | | 978,500 |

| Principal Amount (000 s omitted) | Security | Value |
|---|--|---------------------|
| \$ 650 | Massachusetts Housing Finance Agency, (AMT), 5.00%, 12/1/28 | \$ 658,723 |
| 2,000 | Massachusetts Housing Finance Agency, (AMT), 5.10%, 12/1/37 | 2,018,300 |
| | | \$ 5,632,925 |
| Industrial Development Revenue 1.7% | | |
| \$ 695 | Massachusetts Industrial Finance Agency, (American Hingham Water Co.), (AMT), 6.60%, 12/1/15 | \$ 696,293 |
| | | \$ 696,293 |
| Insured-Education 10.9% | | |
| \$ 1,000 | Massachusetts College Building Authority, (XLCA), 5.50%, 5/1/39 | \$ 1,188,970 |
| 1,365 | Massachusetts Development Finance Agency, (College of the Holy Cross), (AMBAC), 5.25%, 9/1/32 ⁽¹⁾ | 1,634,369 |
| 1,600 | Massachusetts Development Finance Agency, (Franklin W. Olin College), (XLCA), 5.25%, 7/1/33 | 1,634,896 |
| | | \$ 4,458,235 |
| Insured-Electric Utilities 1.6% | | |
| \$ 570 | Puerto Rico Electric Power Authority, (NPFPG), 5.25%, 7/1/29 | \$ 637,807 |
| | | \$ 637,807 |
| Insured-General Obligations 3.1% | | |
| \$ 1,000 | Massachusetts, (AMBAC), 5.50%, 8/1/30 ⁽³⁾ | \$ 1,277,550 |
| | | \$ 1,277,550 |
| Insured-Hospital 2.1% | | |
| \$ 400 | Massachusetts Health and Educational Facilities Authority, (Cape Cod Healthcare), (AGC), 5.00%, 11/15/25 | \$ 423,104 |
| 220 | Massachusetts Health and Educational Facilities Authority, (Cape Cod Healthcare), (AGC), 5.00%, 11/15/31 | 228,455 |
| 190 | Massachusetts Health and Educational Facilities Authority, (Cape Cod Healthcare), (AGC), 5.125%, 11/15/35 | 196,899 |
| | | \$ 848,458 |
| Insured-Other Revenue 3.5% | | |
| \$ 1,225 | Massachusetts Development Finance Agency, (WGBH Educational Foundation), (AMBAC), 5.75%, 1/1/42 | \$ 1,438,125 |

| | | | |
|--|-------|---|---------------------|
| | | | \$ 1,438,125 |
| Insured-Special Tax Revenue 13.7% | | | |
| \$ | 1,450 | Martha s Vineyard Land Bank, (AMBAC), 5.00%, 5/1/32 | \$ 1,487,541 |
| | 1,000 | Massachusetts, Special Obligation, Dedicated Tax Revenue, (FGIC), (NPF), 5.50%, 1/1/29 | 1,205,910 |
| | 1,340 | Massachusetts School Building Authority, Dedicated Sales Tax Revenue, (AMBAC), 5.00%, 8/15/37 ⁽¹⁾ | 1,435,341 |
| | 7,595 | Puerto Rico Sales Tax Financing Corp., (AMBAC), 0.00%, 8/1/54 | 523,523 |
| | 2,525 | Puerto Rico Sales Tax Financing Corp., (NPF), 0.00%, 8/1/44 | 347,920 |
| | 3,005 | Puerto Rico Sales Tax Financing Corp., (NPF), 0.00%, 8/1/45 | 385,692 |
| | 1,905 | Puerto Rico Sales Tax Financing Corp., (NPF), 0.00%, 8/1/46 | 227,590 |
| | | | \$ 5,613,517 |
| Insured-Student Loan 6.0% | | | |
| \$ | 485 | Massachusetts Educational Financing Authority, (AGC), (AMT), 6.35%, 1/1/30 | \$ 525,827 |
| | 1,985 | Massachusetts Educational Financing Authority, (AMBAC), (AMT), 4.70%, 1/1/33 | 1,934,224 |
| | | | \$ 2,460,051 |
| Insured-Transportation 3.6% | | | |
| \$ | 385 | Massachusetts Port Authority, (Bosfuel Project), (FGIC), (NPF), (AMT), 5.00%, 7/1/32 | \$ 392,223 |
| | 1,070 | Massachusetts Port Authority, (Bosfuel Project), (FGIC), (NPF), (AMT), 5.00%, 7/1/38 | 1,080,721 |
| | | | \$ 1,472,944 |
| Nursing Home 1.3% | | | |
| \$ | 550 | Massachusetts Health and Educational Facilities Authority, (Christopher House), 6.875%, 1/1/29 | \$ 550,930 |
| | | | \$ 550,930 |

| Principal Amount (000 s omitted) | Security | Value |
|---|---|----------------------|
| Other Revenue 1.4% | | |
| \$ 500 | Massachusetts Health and Educational Facilities Authority, (Isabella Stewart Gardner Museum), 5.00%, 5/1/22 | \$ 565,205 |
| | | \$ 565,205 |
| Senior Living/Life Care 5.6% | | |
| \$ 250 | Massachusetts Development Finance Agency, (Berkshire Retirement Community, Inc.), 5.15%, 7/1/31 | \$ 229,910 |
| 1,500 | Massachusetts Development Finance Agency, (Berkshire Retirement Community, Inc.), 5.625%, 7/1/29 | 1,476,780 |
| 125 | Massachusetts Development Finance Agency, (Carleton-Willard Village), 5.625%, 12/1/30 | 129,501 |
| 140 | Massachusetts Development Finance Agency, (First Mortgage VOA Concord), 5.125%, 11/1/27 | 113,756 |
| 475 | Massachusetts Development Finance Agency, (First Mortgage VOA Concord), 5.20%, 11/1/41 | 354,312 |
| | | \$ 2,304,259 |
| Special Tax Revenue 6.8% | | |
| \$ 1,665 | Massachusetts Bay Transportation Authority, Sales Tax Revenue, 0.00%, 7/1/31 | \$ 636,230 |
| 5,195 | Massachusetts Bay Transportation Authority, Sales Tax Revenue, 0.00%, 7/1/34 | 1,695,232 |
| 75 | Virgin Islands Public Finance Authority, 5.00%, 10/1/39 | 76,036 |
| 335 | Virgin Islands Public Finance Authority, 6.75%, 10/1/37 | 379,665 |
| | | \$ 2,787,163 |
| Transportation 5.7% | | |
| \$ 1,500 | Massachusetts Department of Transportation, (Metropolitan Highway System), 5.00%, 1/1/37 | \$ 1,587,030 |
| 670 | Massachusetts Port Authority, 5.00%, 7/1/34 | 730,541 |
| | | \$ 2,317,571 |
| Water and Sewer 2.4% | | |
| \$ 1,000 | Massachusetts Water Resources Authority, 4.00%, 8/1/46 | \$ 981,810 |
| | | \$ 981,810 |
| Total Tax-Exempt Investments (identified cost \$62,496,064) 159.4% | | \$ 65,249,060 |

| | | |
|--|----------------|------------------------|
| Auction Preferred Shares Plus Cumulative Unpaid Dividends | (49.0)% | \$ (20,050,219) |
| Other Assets, Less Liabilities | (10.4)% | \$ (4,277,136) |
| Net Assets Applicable to Common Shares | 100.0% | \$ 40,921,705 |

The percentage shown for each investment category in the Portfolio of Investments is based on net assets applicable to common shares.

AGC - Assured Guaranty Corp.

AMBAC - AMBAC Financial Group, Inc.

AMT - Interest earned from these securities may be considered a tax preference item for purposes of the Federal Alternative Minimum Tax.

FGIC - Financial Guaranty Insurance Company

NPFG - National Public Finance Guaranty Corp.

XLCA - XL Capital Assurance, Inc.

The Trust invests primarily in debt securities issued by Massachusetts municipalities. The ability of the issuers of the debt securities to meet their obligations may be affected by economic developments in a specific industry or municipality. In order to reduce the risk associated with such economic developments, at August 31, 2010, 27.9% of total investments are backed by bond insurance of various financial institutions and financial guaranty assurance agencies. The aggregate percentage insured by an individual financial institution ranged from 2.1% to 14.9% of total investments.

- (1) Security represents the underlying municipal bond of an inverse floater.
- (2) When-issued security.
- (3) Security (or a portion thereof) has been segregated to cover payable for when-issued securities.

A summary of financial instruments outstanding at August 31, 2010 is as follows:

Interest Rate Swaps

| Counterparty | Notional Amount | Annual Fixed Rate Paid By Trust | Floating Rate Paid To Trust | Effective Date/ Termination Date | Net Unrealized Depreciation |
|--|--------------------|--|-----------------------------------|--|-----------------------------------|
| JPMorgan Chase Co. | \$ 787,500 | 4.046% | 3-month USD- LIBOR-BBA | September 17, 2010 / September 17, 2040 | \$ (140,157) |
| Merrill Lynch Capital Services, Inc. | 1,250,000 | 3.374 | 3-month USD- LIBOR-BBA | November 24, 2010 / November 24, 2040 | (48,383) |
| | | | | | \$ (188,540) |

The effective date represents the date on which the Trust and the counterparty to the interest rate swap contract begin interest payment accruals.

At August 31, 2010, the Trust had sufficient cash and/or securities to cover commitments under these contracts.

The Trust is subject to interest rate risk in the normal course of pursuing its investment objectives. Because the Trust holds fixed rate bonds, the value of these bonds may decrease if interest rates rise. To hedge against this risk, the Trust may enter into interest rate swap contracts.

At August 31, 2010, the aggregate fair value of derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) in a liability position and whose primary underlying risk exposure is interest rate risk was \$188,540.

The cost and unrealized appreciation (depreciation) of investments of the Trust at August 31, 2010, as determined on a federal income tax basis, were as follows:

| | |
|------------------------------------|----------------------|
| Aggregate cost | \$ 57,561,915 |
| Gross unrealized appreciation | \$ 3,671,338 |
| Gross unrealized depreciation | (869,193) |
| Net unrealized appreciation | \$ 2,802,145 |

Under generally accepted accounting principles for fair value measurements, a three-tier hierarchy to prioritize the assumptions, referred to as inputs, is used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 significant unobservable inputs (including a fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

At August 31, 2010, the inputs used in valuing the Trust's investments, which are carried at value, were as follows:

| Asset Description | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
|------------------------------|---|---|--|----------------------|
| Tax-Exempt Investments | \$ | \$ 65,249,060 | \$ | \$ 65,249,060 |
| Total Investments | \$ | \$ 65,249,060 | \$ | \$ 65,249,060 |
| Liability Description | | | | |
| Interest Rate Swaps | \$ | \$ (188,540) | \$ | \$ (188,540) |
| Total | \$ | \$ (188,540) | \$ | \$ (188,540) |

The Trust held no investments or other financial instruments as of November 30, 2009 whose fair value was determined using Level 3 inputs.

For information on the Trust's policy regarding the valuation of investments and other significant accounting policies, please refer to the Trust's most recent financial statements included in its semiannual or annual report to shareholders.

Item 2. Controls and Procedures

(a) It is the conclusion of the registrant's principal executive officer and principal financial officer that the effectiveness of the registrant's current disclosure controls and procedures (such disclosure controls and procedures having been evaluated within 90 days of the date of this filing) provide reasonable assurance that the information required to be disclosed by the registrant has been recorded, processed, summarized and reported within the time period specified in the Commission's rules and forms and that the information required to be disclosed by the registrant has been accumulated and communicated to the registrant's principal executive officer and principal financial officer in order to allow timely decisions regarding required disclosure.

(b) There have been no changes in the registrant's internal controls over financial reporting during the fiscal quarter for which the report is being filed that have materially affected, or are reasonably likely to materially affect the registrant's internal control over financial reporting.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Eaton Vance Massachusetts Municipal Income Trust

By: /s/ Thomas M. Metzold

Thomas M. Metzold
President

Date: October 25, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Thomas M. Metzold

Thomas M. Metzold
President

Date: October 25, 2010

By: /s/ Barbara E. Campbell

Barbara E. Campbell
Treasurer

Date: October 25, 2010