AUGUST 31, 2013

SEMIANNUAL REPORT AND SHAREHOLDER LETTER

Franklin Arizona Tax-Free Income Fund Franklin Colorado Tax-Free Income Fund Franklin Connecticut Tax-Free Income Fund Franklin Michigan Tax-Free Income Fund Franklin Minnesota Tax-Free Income Fund Franklin Ohio Tax-Free Income Fund Franklin Oregon Tax-Free Income Fund Franklin Pennsylvania Tax-Free Income Fund

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Shareholder Letter

Dear Shareholder:

The six-month period ended August 31, 2013, was challenging for fixed income markets. The municipal bond market posted a correction, fueled mainly by a deep sell-off that began in mid-June and continued through period-end. Fixed income markets began their decline after Federal Reserve Board (Fed) Chairman Ben Bernanke hinted that the Fed may slow bond purchases associated with quantitative easing earlier than it originally expected. The bond markets interpreted Chairman Bernanke's comments as an indication that interest rates would begin to rise, and investors rapidly sold fixed income instruments.

The economy continued to post positive, albeit slow, growth. Corporate earnings for the second calendar quarter were often unimpressive, and many analysts lowered their forecasts for economic and earnings growth for the remainder of the year. The Fed expressed its concerns with "persistently low inflation" while indicating it might start reducing bond purchases as early as September 2013. The Fed still maintained, however, that it did not believe it would start raising short-term rates until 2015. The markets experienced heightened volatility as investors anticipated the timing and magnitude of any Fed actions. Furthermore, unrest in the Middle East weighed on financial markets. Although violent demonstrations in Egypt were worrisome, at period-end, potential U.S. military involvement in Syria created even greater market concern.

In the U.S., a number of factors combined to reduce the annual budget deficit from more than \$1 trillion to approximately \$600 billion. This was good news in the short term, but the longer term financial picture still looked threatening, as entitlement program costs will increase along with the aging population. Additionally, we believe the improving fiscal picture could have the unwanted effect of removing urgency to deal with our structural budget problems for the long term.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Municipal bonds overall maintained their solid fundamental characteristics, with a historically low default rate and income-producing potential, but many investors reacted negatively to headline news. During the market sell-off, investors sold municipal bonds at an unusually fast pace. The municipal market could not accommodate the selling pressure and therefore resulted in lower values for investors. Making matters worse, after decades of deteriorating economic and demographic trends, the City of Detroit, Michigan, filed for bankruptcy on July 18. Even though the process of going through a municipal bankruptcy may take several months or longer, the news of the filing exacerbated investors' concerns about the asset class. The Barclays Municipal Bond Index, which tracks investment-grade municipal securities, had a -5.60% total return for the six-month period.1

Franklin Tax-Free Trust's semiannual report goes into greater detail about municipal bond market conditions during the period under review. In addition, you will find performance data, financial information and a discussion from the portfolio managers. We invite you to periodically check our website, franklintempleton.com, for updated commentary by our municipal bond experts. Please remember all securities markets fluctuate, as do mutual fund share prices. Municipal bonds can provide tax-free income and diversification from equities. Despite periods of volatility, municipal bonds historically have had a solid long-term record of performance, driven mostly by their income component.

As always, we recommend investors seek the advice of qualified financial advisors to help them make the best decisions for the long term. In a constantly changing market environment, we remain committed to our disciplined strategy

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as we manage the Funds, keeping in mind the trust you have placed in us. We appreciate your confidence and encourage you to contact us when you have questions about your Franklin Templeton tax-free investment.

Sincerely,

Rupert H. Johnson, Jr.

Chairman

Franklin Tax-Free Trust

Sheila Amoroso

Rafael R. Costas Jr.

Senior Vice Presidents and Co-Directors Franklin Municipal Bond Department

This letter reflects our analysis and opinions as of August 31, 2013. The information is not a complete analysis of every aspect of any market, country, industry, security or fund. Statements of fact are from sources considered reliable.

Semiannual Report

Municipal Bond Market Overview

During the six-month period ended August 31, 2013, the municipal bond market suffered a sharp sell-off, leading municipal bonds to be among the worst fixed income performers. The Barclays Municipal Bond Index, which tracks investment-grade municipal securities, had a -5.60% total return for the six-month period. In comparison, the Barclays U.S. Treasury Index had a -2.41% six-month return.1

In May, Federal Reserve Board (Fed) Chairman Ben Bernanke spoke to Congress and allowed that the Fed could begin tapering its bond buying in the coming months. As a result of his comments, interest rates rose rapidly and the municipal bond and Treasury markets dramatically lost value. Fears of declining bond prices were heightened when minutes from the Fed's July meeting included more discussion of reduced tapering. Municipal bond mutual funds experienced persistent, large outflows, particularly in the past three months, that accelerated during August. Selling in the Treasury and municipal bond markets caused yields on longer term bonds to rise faster than yields on shorter maturity bonds in both markets, but the yield difference was more pronounced for municipal bond yields. Because bond yields move in the opposite direction from prices, the yield changes led to two significant developments during the six months municipal bonds underperformed Treasury bonds and longer term municipal bonds fared worse than shorter term municipal bonds. Longer term municipal bonds experienced nearly double the loss of the Barclays Municipal Bond Index. The changes in municipal bond yields were noteworthy when weighed against the volume of newly issued municipal bonds. Thus far, 2013 is on pace to be the third consecutive year in which more municipal bonds are redeemed than newly issued. Despite the contraction to the overall size of the municipal bond market, investors continued to drive yields upward, especially for bonds with longer maturities.

Declining municipal bond prices during the period under review were not solely attributable to a general increase in interest rates. Several headline stories shook investor confidence in the municipal bond asset class during the reporting period. The City of Detroit, Michigan, filed for bankruptcy, the largest

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municipal bankruptcy in U.S. history. Independent credit rating agencies Standard & Poor's and Fitch Ratings lowered Puerto Rico general obligation debt to one step above non-investment grade (junk status). The City of Chicago suffered a three-notch downgrade by Moody's Investors Service, another independent credit rating agency. In addition to specific credit rating stories, reports from rating agencies and research organizations cited underfunded pension liabilities among several states and large municipalities that could affect their fiscal stability. Bonds issued by municipalities involved in such stories have often experienced price erosion in secondary trading, but the extent of price erosion and the contagion to related issues have been unpredictable. Fallout from such headlines during the past six months was no exception. Bonds issued by Detroit or closely related issuers sold off sharply, but Michigan bonds included in the Barclay's Municipal Bond Index performed in line with the index. Unlike Detroit, Illinois and Puerto Rico issues sold off more broadly and underperformed the index. For our portfolios, exposure to Detroit and Puerto Rico debt was a source of drag on performance over the past six months. The magnitude of a portfolio's underperformance was related to the portfolio's exposure to affected issues.

As of August 31, 2013, municipal bond yields exceeded those of comparable maturity Treasury bonds and many other high-quality corporate bonds. Their tax-exempt nature and historically low default rate enhanced municipal bonds' relative value.

At period-end, we maintained our positive view of the municipal bond market. We believe municipal bonds continue to be an attractive asset class among fixed income securities, and we intend to follow our solid discipline of investing to help maximize income while seeking value in the municipal bond market.

The foregoing information reflects our analysis, opinions and portfolio holdings as of August 31, 2013, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, state, industry, security or fund. Statements of fact are from sources considered reliable. but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Investment Strategy and Manager's Discussion

Investment Strategy

We use a consistent, disciplined strategy in an effort to maximize tax-exempt income for our shareholders by seeking to maintain exposure to higher coupon securities while balancing risk and return within each Fund's range of allowable investments. We generally employ a buy-and-hold approach and invest in securities we believe should provide the most relative value in the market. We do not use leverage or derivatives, nor do we use hedging techniques that could add volatility and contribute to underperformance in adverse markets.

Manager's Discussion

Based on the combination of our value-oriented philosophy of investing primarily for income and a positive-sloping municipal yield curve, in which vields for longer term bonds are higher than those for shorter term bonds, we favored the use of longer term bonds. Consistent with our strategy, we sought to purchase bonds from 15 to 30 years in maturity with good call features. We believe our conservative, buy-and-hold investment strategy can help us achieve high, current, tax-free income for shareholders.

We invite you to read your Fund report for more detailed performance and portfolio information. Thank you for your participation in Franklin Tax-Free Trust. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of August 31, 2013, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Franklin Arizona Tax-Free Income Fund

Your Fund's Goal and Main Investments: Franklin Arizona Tax-Free Income Fund seeks to provide as high a level of income exempt from federal and Arizona personal income taxes as is consistent with prudent investment management and preservation of capital by investing at least 80% of its net assets in securities that pay interest free from such taxes.¹

Credit Quality Breakdown*

Franklin Arizona Tax-Free Income Fund Based on Total Long-Term Investments as of 8/31/13**



*Standard & Poor's (S&P) is used as the primary independent rating agency source. Moody's is secondary, and Fitch, if available, is used for securities not rated by Moody's or S&P. The ratings are an indication of an issuer's creditworthiness, with long-term ratings typically ranging from AAA (highest) to Below Investment Grade (lowest; includes ratings BB to D). This methodology differs from that used in Fund marketing materials.

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. Please visit franklintempleton.com or call (800) 342-5236 for most recent month-end performance.

This semiannual report for Franklin Arizona Tax-Free Income Fund covers the period ended August 31, 2013.

Performance Overview

The Fund's Class A share price, as measured by net asset value, decreased from \$11.52 on February 28, 2013, to \$10.41 on August 31, 2013. The Fund's Class A shares paid dividends totaling 21.55 cents per share for the

1. For state personal income taxes, the 80% minimum is measured by total Fund assets. For investors subject to alternative minimum tax, a small portion of Fund dividends may be taxable. Distributions of capital gains are generally taxable. To avoid imposition of 28% backup withholding on all Fund distributions and redemption proceeds, U.S. investors must be properly certified on Form W-9 and non-U.S. investors on Form W-8BEN.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 80.

^{**}Does not include short-term investments and other net assets.

Dividend Distributions*

Franklin Arizona Tax-Free Income Fund 3/1/13-8/31/13

	D	Dividend per Share (cents)			
Month	Class A	Class C	Advisor Class		
March	3.65	3.11	3.75		
April	3.65	3.11	3.75		
May	3.60	3.06	3.70		
June	3.55	3.02	3.64		
July	3.55	3.02	3.64		
August	3.55	3.02	3.64		
Total	21.55	18.34	22.12		

^{*}Assumes shares were purchased and held for the entire accrual period. Since dividends accrue daily, your actual distributions will vary depending on the date you purchased your shares and any account activity. All Fund distributions will vary depending upon current market conditions, and past distributions are not indicative of future trends.

same period.² The Performance Summary beginning on page 11 shows that at the end of this reporting period the Fund's Class A shares' distribution rate was 3.92% based on an annualization of the 3.55 cent per share August dividend and the maximum offering price of \$10.87 on August 31, 2013. An investor in the 2013 maximum combined effective federal and Arizona personal income tax bracket of 46.14% (including 3.8% Medicare tax) would need to earn a distribution rate of 7.28% from a taxable investment to match the Fund's Class A tax-free distribution rate. For the Fund's Class C and Advisor shares' performance, please see the Performance Summary. Dividend distributions were affected by lower interest rates early in the period. This and other factors resulted in reduced income for the portfolio and caused dividends to be lower at the end of the period.

State Update

Arizona's diverse economy continued to grow during the six months under review, with the state adding jobs at a faster pace than the nation. The housing market continued to recover as home prices rose and building permit issuance increased. The state still had one of the country's highest foreclosure rates, but the rate slowed during the period. Arizona's total nonfarm jobs rose, led by robust annualized growth in the construction, leisure and hospitality, financial activities, and education and health services sectors. Despite the solid job

^{2.} All Fund distributions will vary depending upon current market conditions, and past distributions are not indicative of future trends.

growth, Arizona's unemployment rate jumped to 8.3% at period-end from 7.9% in February.³ In comparison, the national unemployment rate fell to 7.3% from 7.7%.3

The state finished fiscal year 2013 on June 30 with higher-than-forecast general fund revenue collections resulting largely from individual income tax payments, as the federal budget negotiations in late 2012 prompted many taxpayers to accelerate their capital gains and other investment income into calendar year 2012. State officials estimated to close fiscal year 2013 with a greater-thanbudgeted ending balance, even after replenishing the Budget Stabilization Fund (BSF). The enacted fiscal year 2014 budget was balanced and kept the BSF intact as it modestly increased total spending, primarily on education, child welfare and protection services, and programs for the developmentally disabled. To reduce pressure on the general fund in the long term, the state decided to use federal assistance for its Medicaid program. State officials projected to have a structurally balanced budget by fiscal year 2016.

Arizona does not issue general obligation bonds but instead issues appropriation-backed lease debt and revenue bonds. The state has moderate debt levels, with net tax-supported debt of \$902 per capita and 2.5% of personal income, compared with the national medians of \$1,074 and 2.8%.4 Independent credit rating agency Standard & Poor's (S&P) affirmed the state's issuer rating of AAwith a stable outlook.⁵ The rating reflected S&P's view of Arizona's diverse economy, adequate per-capita personal income, improved finances and a moderate debt burden. S&P noted that challenges included cyclical finances, restricted operational flexibility resulting from voter initiatives and a potential for structural imbalance. The outlook reflected S&P's expectation that Arizona would continue to produce positive fund balances and cash flow, despite the expiration of the temporary one-cent sales tax, and bring recurring revenues and expenditures into structural balance.

Manager's Discussion

We used various investment strategies during the six months under review as we sought to maximize tax-free income for shareholders. During the reporting period, some Puerto Rico issuers experienced downgrades from S&P, Moody's Investors Service and Fitch Ratings that contributed to the underperformance

Portfolio Breakdown

Franklin Arizona Tax-Free Income Fund 8/31/13

% Long-Term Inv	6 of Total estments*
Utilities	20.5%
Hospital & Health Care	18.3%
Subject to Government Appropriations	15.5%
Tax-Supported	12.9%
Higher Education	10.4%
Refunded	5.6%
Transportation	5.6%
Other Revenue	5.6%
General Obligation	3.1%
Housing	2.5%

^{*}Does not include short-term investments and other net assets

^{3.} Source: Bureau of Labor Statistics.

^{4.} Source: Moody's Investors Service, "2013 State Debt Medians Report," 5/29/13.

^{5.} This does not indicate S&P's rating of the Fund.

of Puerto Rico bonds held in the Fund. Puerto Rico's municipal bond market is widely traded because of its dual tax-exemption advantages. By period-end, the Puerto Rico bond market was experiencing a marked decline in prices worsened by negative publicity about the island's fiscal situation. Please read the overview beginning on page 4 for more details.

Thank you for your continued participation in Franklin Arizona Tax-Free Income Fund. We believe our conservative, buy-and-hold investment strategy can help us achieve high, current, tax-free income for shareholders.

The foregoing information reflects our analysis, opinions and portfolio holdings as of August 31, 2013, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, state, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Performance Summary as of 8/31/13

Franklin Arizona Tax-Free Income Fund

Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses of each class. Capital gain distributions are net profits realized from the sale of portfolio securities. The performance table does not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares. Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses.

Price and Distribution Information

Class A (Symbol: FTAZX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.11	\$10.41	\$11.52
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.2155			
Class C (Symbol: FAZIX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.12	\$10.56	\$11.68
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.1834			
Advisor Class (Symbol: FAZZX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.12	\$10.43	\$11.55
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.2212			

Performance Summary (continued)

Performance

Cumulative total return excludes sales charges. Average annual total returns include maximum sales charges. Class A: 4.25% maximum initial sales charge; Class C: 1% contingent deferred sales charge in first year only; Advisor Class: no sales charges.

Class A	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-7.86%	-5.76%	+21.77%	+50.89%
Average Annual Total Return ²	-11.76%	-9.77%	+3.12%	+3.75%
Avg. Ann. Total Return (9/30/13) ³		-8.08%	+4.80%	+3.69%
Distribution Rate ⁴	3.9	2%		
Taxable Equivalent Distribution Rate ⁵	7.2	8%		
30-Day Standardized Yield ⁶	3.7	0%		
Taxable Equivalent Yield ⁵	6.8	7%		
Total Annual Operating Expenses ⁷	0.6	3%		
Class C	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-8.10%	-6.30%	+18.50%	+42.97%
Average Annual Total Return ²	-9.00%	-7.20%	+3.45%	+3.64%
Avg. Ann. Total Return (9/30/13) ³		-5.41%	+5.13%	+3.59%
Distribution Rate ⁴	3.4	3%		
Taxable Equivalent Distribution Rate ⁵	6.3	7%		
30-Day Standardized Yield ⁶	3.2	8%		
Taxable Equivalent Yield ⁵	6.0	9%		
Total Annual Operating Expenses ⁷	1.1	8%		
Advisor Class ⁸	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-7.88%	-5.74%	+22.56%	+51.89%
Average Annual Total Return ²	-7.88%	-5.74%	+4.15%	+4.27%
Avg. Ann. Total Return (9/30/13) ³		-3.90%	+5.84%	+4.22%
Distribution Rate ⁴	4.1	9%		
Taxable Equivalent Distribution Rate ⁵	7.7	8%		
30-Day Standardized Yield ⁶	3.9	8%		
Taxable Equivalent Yield ⁵	7.3	9%		
Taxable Equivalent Tield	, .0			

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com or call (800) 342-5236.

Performance Summary (continued)

Endnotes

All investments involve risks, including possible loss of principal. Because municipal bonds are sensitive to interest rate movements, the Fund's yield and share price will fluctuate with market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. Since the Fund concentrates its investments in a single state, it is subject to greater risk of adverse economic and regulatory changes in that state than a geographically diversified fund. Changes in the credit rating of a bond, or in the credit rating or financial strength of a bond's issuer, insurer or guarantor, may affect the bond's value. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Class C: Prior to 1/1/04, these shares were offered with an initial sales charge; thus actual total returns would have differed. These shares have higher annual fees and expenses than Class A shares.

Advisor Class: Shares are available to certain eligible investors as described in the prospectus.

- 1. Cumulative total return represents the change in value of an investment over the periods indicated.
- 2. Average annual total return represents the average annual change in value of an investment over the periods indicated. Six-month return has not
- 3. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.
- 4. Distribution rate is based on an annualization of the respective class's August dividend and the maximum offering price (NAV for Classes C and Advisor) per share on 8/31/13.
- 5. Taxable equivalent distribution rate and yield assume the published rates as of 6/24/13 for the maximum combined effective federal and Arizona personal income tax rate of 46.14%, based on the federal income tax rate of 39.60% plus 3.8% Medicare tax.
- 6. The 30-day standardized yield for the 30 days ended 8/31/13 reflects an estimated yield to maturity (assuming all portfolio securities are held to maturity). It should be regarded as an estimate of the Fund's rate of investment income, and it may not equal the Fund's actual income distribution rate (which reflects the Fund's past dividends paid to shareholders) or the income reported in the Fund's financial statements.
- 7. Figures are as stated in the Fund's current prospectus. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.
- 8. Effective 7/1/08, the Fund began offering Advisor Class shares, which do not have sales charges or a Rule 12b-1 plan. Performance quotations for this class reflect the following methods of calculation: (a) For periods prior to 7/1/08, a restated figure is used based upon the Fund's Class A performance, excluding the effect of Class A's maximum initial sales charge, but reflecting the effect of the Class A Rule 12b-1 fees; and (b) for periods after 7/1/08, actual Advisor Class performance is used reflecting all charges and fees applicable to that class. Since 7/1/08 (commencement of sales), the cumulative and average annual total returns of Advisor Class shares were +23.11% and +4.11%.

Your Fund's Expenses

Franklin Arizona Tax-Free Income Fund

As a Fund shareholder, you can incur two types of costs:

- Transaction costs, including sales charges (loads) on Fund purchases; and
- Ongoing Fund costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses.

The following table shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a \$1,000 investment held for the six months indicated.

Actual Fund Expenses

The first line (Actual) for each share class listed in the table provides actual account values and expenses. The "Ending Account Value" is derived from the Fund's actual return, which includes the effect of Fund expenses.

You can estimate the expenses you paid during the period by following these steps. Of course, your account value and expenses will differ from those in this illustration:

- 1. Divide your account value by \$1,000. If an account had an \$8,600 value, then $$8,600 \div $1,000 = 8.6$.
- 2. Multiply the result by the number under the heading "Expenses Paid During Period." If Expenses Paid During Period were \$7.50, then $8.6 \times 7.50 = 64.50$.

In this illustration, the estimated expenses paid this period are \$64.50.

Hypothetical Example for Comparison with Other Funds

Information in the second line (Hypothetical) for each class in the table can help you compare ongoing costs of investing in the Fund with those of other mutual funds. This information may not be used to estimate the actual ending account balance or expenses you paid during the period. The hypothetical "Ending Account Value" is based on the actual expense ratio for each class and an assumed 5% annual rate of return before expenses, which does not represent the Fund's actual return. The figure under the heading "Expenses Paid During Period" shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds.

Your Fund's Expenses (continued)

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transaction costs, such as sales charges. Therefore, the second line for each class is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transaction costs were included, your total costs would have been higher. Please refer to the Fund prospectus for additional information on operating expenses.

Class A	Beginning Account Value 3/1/13	Ending Account Value 8/31/13	Expenses Paid During Period* 3/1/13-8/31/13
Actual	\$1,000	\$ 921.40	\$2.95
Hypothetical (5% return before expenses)	\$1,000	\$1,022.13	\$3.11
Class C			
Actual	\$1,000	\$ 919.00	\$5.61
Hypothetical (5% return before expenses)	\$1,000	\$1,019.36	\$5.90
Advisor Class			
Actual	\$1,000	\$ 921.20	\$2.47
Hypothetical (5% return before expenses)	\$1,000	\$1,022.63	\$2.60

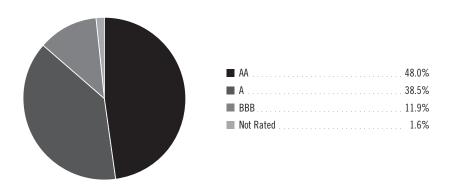
^{*}Expenses are calculated using the most recent six-month expense ratio, annualized for each class (A: 0.61%; C: 1.16%; and Advisor: 0.51%), multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Franklin Colorado Tax-Free Income Fund

Your Fund's Goal and Main Investments: Franklin Colorado Tax-Free Income Fund seeks to provide as high a level of income exempt from federal and Colorado personal income taxes as is consistent with prudent investment management and preservation of capital by investing at least 80% of its net assets in securities that pay interest free from such taxes.1

Credit Quality Breakdown*

Franklin Colorado Tax-Free Income Fund Based on Total Long-Term Investments as of 8/31/13**



*Standard & Poor's (S&P) is used as the primary independent rating agency source. Moody's is secondary, and Fitch, if available, is used for securities not rated by Moody's or S&P. The ratings are an indication of an issuer's creditworthiness, with long-term ratings typically ranging from AAA (highest) to Below Investment Grade (lowest; includes ratings BB to D). This methodology differs from that used in Fund marketing materials.

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. Please visit franklintempleton.com or call (800) 342-5236 for most recent month-end performance.

This semiannual report for Franklin Colorado Tax-Free Income Fund covers the period ended August 31, 2013.

Performance Overview

The Fund's Class A share price, as measured by net asset value, decreased from \$12.44 on February 28, 2013, to \$11.23 on August 31, 2013. The

1. For state personal income taxes, the 80% minimum is measured by total Fund assets. For investors subject to alternative minimum tax, a small portion of Fund dividends may be taxable. Distributions of capital gains are generally taxable. To avoid imposition of 28% backup withholding on all Fund distributions and redemption proceeds, U.S. investors must be properly certified on Form W-9 and non-U.S. investors on Form W-8BEN.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 89.

^{**}Does not include short-term investments and other net assets.

Dividend Distributions*

Franklin Colorado Tax-Free Income Fund 3/1/13-8/31/13

	Di	Dividend per Share (cents)			
Month	Class A	Class C	Advisor Class		
March	3.67	3.09	3.77		
April	3.67	3.09	3.77		
May	3.67	3.09	3.77		
June	3.67	3.11	3.77		
July	3.67	3.11	3.77		
August	3.67	3.11	3.77		
Total	22.02	18.60	22.62		

^{*}Assumes shares were purchased and held for the entire accrual period. Since dividends accrue daily, your actual distributions will vary depending on the date you purchased your shares and any account activity. All Fund distributions will vary depending upon current market conditions, and past distributions are not indicative of future trends.

Fund's Class A shares paid dividends totaling 22.02 cents per share for the same period.² The Performance Summary beginning on page 20 shows that at the end of this reporting period the Fund's Class A shares' distribution rate was 3.75% based on an annualization of the 3.67 cent per share August dividend and the maximum offering price of \$11.73 on August 31, 2013. An investor in the 2013 maximum combined effective federal and Colorado personal income tax bracket of 46.20% (including 3.8% Medicare tax) would need to earn a distribution rate of 6.97% from a taxable investment to match the Fund's Class A tax-free distribution rate. For the Fund's Class C and Advisor shares' performance, please see the Performance Summary.

State Update

Colorado's broad and diverse economy expanded during the six months under review as per-capita personal income remained higher than the national average, consumer spending continued to grow, home prices rose amid fewer foreclosure and distressed sales, and the state's major industries expanded their activities. The state has enjoyed one of the nation's fastest job growth rates, and in June 2013 total nonfarm jobs reached the highest level since May 2008. At period-end, total nonfarm jobs remained near five-year highs as nearly all job sectors generated solid annualized growth, led by construction, leisure and hospitality, professional and business services, and education and health services.

^{2.} All Fund distributions will vary depending upon current market conditions, and past distributions are not indicative of future trends.

Despite the robust job growth, the state's unemployment rate remained elevated as the labor force expanded. However, the high job creation rate enabled the state to absorb the additional job seekers, and in April and May 2013 Colorado's unemployment rate dropped to a multi-year low of 6.9% before ending the period at 7.0%, which was below the nation's 7.3% rate.³

The state experienced stronger-than-budgeted financial results in recent years as revenues trended higher. In its June quarterly forecast, the state estimated that fiscal year 2013 revenue remained strong, partly because of taxpayers' acceleration of capital gains and other investment income into calendar year 2012. The state planned to use the additional revenue to increase its statutory reserve funding and make a sizable transfer to the State Education Fund. The enacted fiscal year 2014 budget recognized that the recent revenue outperformance was one-time in nature and ensured that some of the new spending was on one-time items. Key budget highlights included additional spending for K-12 and higher education, infrastructure construction and maintenance, health services and child welfare, and economic development initiatives such as tourism promotion and incentives for companies to relocate to or expand their workforce in the state. Additionally, the fiscal year 2014 budget increased the state's allocation to the general fund reserve.

Colorado's constitution prohibits the state from issuing long-term general obligation debt, but the state has issued general fund appropriation-backed lease revenue debt for general purposes. Colorado's debt levels were lower than most states, with net tax-supported debt at \$525 per capita and 1.2% of personal income, compared with the \$1,074 and 2.8% national medians.4 Independent credit rating agency Standard & Poor's (S&P) affirmed its Colorado issuer rating of AA with a stable outlook.⁵ The rating and outlook reflected S&P's view of the state's strong economic fundamentals that included above-average employment and per-capita personal income, history of making midvear budget adjustments as required by quarterly revenue forecasts, good financial performance, low debt levels and adequate reserves. According to S&P, challenges included a high level of unfunded pension liabilities and a track record of funding less than the required pension contribution, as well as constitutional restrictions and voter initiatives that limit tax revenue growth and spending flexibility.

- 3. Source: Bureau of Labor Statistics.
- 4. Source: Moody's Investors Service, "2013 State Debt Medians Report," 5/29/13.
- 5. This does not indicate S&P's rating of the Fund.

Manager's Discussion

We used various investment strategies during the six months under review as we sought to maximize tax-free income for shareholders. During the reporting period, some Puerto Rico issuers experienced downgrades from S&P, Moody's Investors Service and Fitch Ratings that contributed to the underperformance of Puerto Rico bonds held in the Fund. Puerto Rico's municipal bond market is widely traded because of its dual tax-exemption advantages. By period-end, the Puerto Rico bond market was experiencing a marked decline in prices worsened by negative publicity about the island's fiscal situation. Please read the overview beginning on page 4 for more details.

Thank you for your continued participation in Franklin Colorado Tax-Free Income Fund. We believe our conservative, buy-and-hold investment strategy can help us achieve high, current, tax-free income for shareholders.

The foregoing information reflects our analysis, opinions and portfolio holdings as of August 31, 2013, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, state, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Portfolio Breakdown

Franklin Colorado Tax-Free Income Fund 8/31/13

% Long-Term Inve	of Total estments*
Hospital & Health Care	16.4%
Tax-Supported	15.5%
Higher Education	15.1%
Utilities	14.3%
Subject to Government Appropriations	13.0%
Refunded	12.9%
Other Revenue	4.5%
Transportation	4.5%
General Obligation	3.8%

^{*}Does not include short-term investments and other net assets.

Performance Summary as of 8/31/13

Franklin Colorado Tax-Free Income Fund

Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses of each class. Capital gain distributions are net profits realized from the sale of portfolio securities. The performance table does not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares. Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses.

Price and Distribution Information

Class A (Symbol: FRCOX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.21	\$11.23	\$12.44
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.2202			
Class C (Symbol: FCOIX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.21	\$11.35	\$12.56
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.1860			
Advisor Class (Symbol: FCOZX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.20	\$11.23	\$12.43
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.2262			

Performance Summary (continued)

Performance

Cumulative total return excludes sales charges. Average annual total returns include maximum sales charges. Class A: 4.25% maximum initial sales charge; Class C: 1% contingent deferred sales charge in first year only; Advisor Class: no sales charges.

Class A	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-8.05%	-6.53%	+20.89%	+48.15%
Average Annual Total Return ²	-11.94%	-10.48%	+2.97%	+3.56%
Avg. Ann. Total Return (9/30/13) ³		-8.45%	+4.77%	+3.54%
Distribution Rate ⁴	3.7	75%		
Taxable Equivalent Distribution Rate ⁵	6.9	97%		
30-Day Standardized Yield ⁶	3.5	56%		
Taxable Equivalent Yield ⁵	6.6	62%		
Total Annual Operating Expenses ⁷	0.6	65%		
Class C	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-8.23%	-6.99%	+17.72%	+40.25%
Average Annual Total Return ²	-9.13%	-7.89%	+3.32%	+3.44%
Avg. Ann. Total Return (9/30/13) ³		-5.91%	+5.11%	+3.42%
Distribution Rate ⁴	3.2	29%		
Taxable Equivalent Distribution Rate ⁵	6.3	11%		
30-Day Standardized Yield ⁶	3.1	16%		
Taxable Equivalent Yield ⁵	5.8	87%		
Total Annual Operating Expenses ⁷	1.2	20%		
Advisor Class ⁸	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-7.93%	-6.43%	+21.39%	+48.76%
Average Annual Total Return ²	-7.93%	-6.43%	+3.95%	+4.05%
Avg. Ann. Total Return (9/30/13) ³		-4.32%	+5.77%	+4.04%
Distribution Rate ⁴	4.0	03%		
Taxable Equivalent Distribution Rate ⁵	7.4	49%		
30-Day Standardized Yield ⁶	3.8	83%		
Taxable Equivalent Yield ⁵	7.3	12%		
Total Annual Operating Expenses ⁷	0.5	55%		

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com or call (800) 342-5236.

Performance Summary (continued)

Endnotes

All investments involve risks, including possible loss of principal. Because municipal bonds are sensitive to interest rate movements, the Fund's yield and share price will fluctuate with market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. Since the Fund concentrates its investments in a single state, it is subject to greater risk of adverse economic and regulatory changes in that state than a geographically diversified fund. Changes in the credit rating of a bond, or in the credit rating or financial strength of a bond's issuer, insurer or guarantor, may affect the bond's value. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Class C: Prior to 1/1/04, these shares were offered with an initial sales charge; thus actual total returns would have differed. These shares have higher annual fees and expenses than Class A shares.

Advisor Class: Shares are available to certain eligible investors as described in the prospectus.

- 1. Cumulative total return represents the change in value of an investment over the periods indicated.
- 2. Average annual total return represents the average annual change in value of an investment over the periods indicated. Six-month return has not
- 3. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.
- 4. Distribution rate is based on an annualization of the respective class's August dividend and the maximum offering price (NAV for Classes C and Advisor) per share on 8/31/13.
- 5. Taxable equivalent distribution rate and yield assume the published rates as of 6/24/13 for the maximum combined effective federal and Colorado personal income tax rate of 46.20%, based on the federal income tax rate of 39.60% plus 3.8% Medicare tax.
- 6. The 30-day standardized yield for the 30 days ended 8/31/13 reflects an estimated yield to maturity (assuming all portfolio securities are held to maturity). It should be regarded as an estimate of the Fund's rate of investment income, and it may not equal the Fund's actual income distribution rate (which reflects the Fund's past dividends paid to shareholders) or the income reported in the Fund's financial statements.
- 7. Figures are as stated in the Fund's current prospectus. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.
- 8. Effective 7/15/09, the Fund began offering Advisor Class shares, which do not have sales charges or a Rule 12b-1 plan. Performance quotations for this class reflect the following methods of calculation: (a) For periods prior to 7/15/09, a restated figure is used based upon the Fund's Class A performance, excluding the effect of Class A's maximum initial sales charge, but reflecting the effect of the Class A Rule 12b-1 fees; and (b) for periods after 7/15/09, actual Advisor Class performance is used reflecting all charges and fees applicable to that class. Since 7/15/09 (commencement of sales), the cumulative and average annual total returns of Advisor Class shares were +19.21% and +4.35%.

Your Fund's Expenses

Franklin Colorado Tax-Free Income Fund

As a Fund shareholder, you can incur two types of costs:

- Transaction costs, including sales charges (loads) on Fund purchases; and
- Ongoing Fund costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses.

The following table shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a \$1,000 investment held for the six months indicated.

Actual Fund Expenses

The first line (Actual) for each share class listed in the table provides actual account values and expenses. The "Ending Account Value" is derived from the Fund's actual return, which includes the effect of Fund expenses.

You can estimate the expenses you paid during the period by following these steps. Of course, your account value and expenses will differ from those in this illustration:

- 1. Divide your account value by \$1,000. If an account had an \$8,600 value, then $$8,600 \div $1,000 = 8.6$.
- 2. Multiply the result by the number under the heading "Expenses Paid During Period." If Expenses Paid During Period were \$7.50, then $8.6 \times 7.50 = 64.50$.

In this illustration, the estimated expenses paid this period are \$64.50.

Hypothetical Example for Comparison with Other Funds

Information in the second line (Hypothetical) for each class in the table can help you compare ongoing costs of investing in the Fund with those of other mutual funds. This information may not be used to estimate the actual ending account balance or expenses you paid during the period. The hypothetical "Ending Account Value" is based on the actual expense ratio for each class and an assumed 5% annual rate of return before expenses, which does not represent the Fund's actual return. The figure under the heading "Expenses Paid During Period" shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds.

Your Fund's Expenses (continued)

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transaction costs, such as sales charges. Therefore, the second line for each class is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transaction costs were included, your total costs would have been higher. Please refer to the Fund prospectus for additional information on operating expenses.

Class A	Beginning Account Value 3/1/13	Ending Account Value 8/31/13	Expenses Paid During Period* 3/1/13-8/31/13
Actual	\$1,000	\$ 919.50	\$3.05
Hypothetical (5% return before expenses)	\$1,000	\$1,022.03	\$3.21
Class C			
Actual	\$1,000	\$ 917.70	\$5.70
Hypothetical (5% return before expenses)	\$1,000	\$1,019.26	\$6.01
Advisor Class			
Actual	\$1,000	\$ 920.70	\$2.57
Hypothetical (5% return before expenses)	\$1,000	\$1,022.53	\$2.70

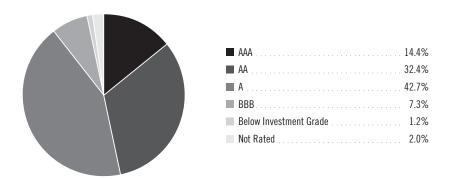
^{*}Expenses are calculated using the most recent six-month expense ratio, annualized for each class (A: 0.63%; C: 1.18%; and Advisor: 0.53%), multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Franklin Connecticut Tax-Free Income Fund

Your Fund's Goal and Main Investments: Franklin Connecticut Tax-Free Income Fund seeks to provide as high a level of income exempt from federal and Connecticut personal income taxes as is consistent with prudent investment management and preservation of capital by investing at least 80% of its net assets in securities that pay interest free from such taxes.1

Credit Quality Breakdown*

Franklin Connecticut Tax-Free Income Fund Based on Total Long-Term Investments as of 8/31/13**



*Standard & Poor's (S&P) is used as the primary independent rating agency source. Moody's is secondary, and Fitch, if available, is used for securities not rated by Moody's or S&P. The ratings are an indication of an issuer's creditworthiness, with long-term ratings typically ranging from AAA (highest) to Below Investment Grade (lowest; includes ratings BB to D). This methodology differs from that used in Fund marketing materials.

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This semiannual report for Franklin Connecticut Tax-Free Income Fund covers the period ended August 31, 2013.

Performance Overview

The Fund's Class A share price, as measured by net asset value, decreased from \$11.43 on February 28, 2013, to \$10.33 on August 31, 2013. The

1. For state personal income taxes, the 80% minimum is measured by total Fund assets. For investors subject to alternative minimum tax, a small portion of Fund dividends may be taxable. Distributions of capital gains are generally taxable. To avoid imposition of 28% backup withholding on all Fund distributions and redemption proceeds, U.S. investors must be properly certified on Form W-9 and non-U.S. investors on Form W-8BEN.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 97.

^{**}Does not include short-term investments and other net assets.

Dividend Distributions*

Franklin Connecticut Tax-Free Income Fund 3/1/13-8/31/13

	Di	Dividend per Share (cents)			
Month	Class A	Class C	Advisor Class		
March	2.99	2.46	3.09		
April	2.99	2.46	3.09		
May	2.99	2.46	3.09		
June	2.99	2.48	3.08		
July	2.99	2.48	3.08		
August	3.19	2.68	3.28		
Total	18.14	15.02	18.71		

^{*}Assumes shares were purchased and held for the entire accrual period. Since dividends accrue daily, your actual distributions will vary depending on the date you purchased your shares and any account activity. All Fund distributions will vary depending upon current market conditions, and past distributions are not indicative of future trends.

Fund's Class A shares paid dividends totaling 18.14 cents per share for the same period.² The Performance Summary beginning on page 29 shows that at the end of this reporting period the Fund's Class A shares' distribution rate was 3.55% based on an annualization of the 3.19 cent per share August dividend and the maximum offering price of \$10.79 on August 31, 2013. An investor in the 2013 maximum combined effective federal and Connecticut personal income tax bracket of 47.45% (including 3.8% Medicare tax) would need to earn a distribution rate of 6.76% from a taxable investment to match the Fund's Class A tax-free distribution rate. For the Fund's Class C and Advisor shares' performance, please see the Performance Summary.

State Update

Connecticut's sizable, diverse economy showed signs of improvement during the six months under review but continued to lag the national recovery. Although the state remained the nation's wealthiest, as measured by per-capita income, its personal income grew at a relatively weak pace. Despite the national housing recovery's increased momentum in the second quarter of 2013, the state's median home values remained relatively flat compared to the prior-year period as slow job growth hampered the state's housing recovery. After a slow annual growth rate through June, however, the state's nonfarm payroll grew faster in July and August as most sectors added jobs. Despite recent job growth,

^{2.} All Fund distributions will vary depending upon current market conditions, and past distributions are not indicative of future trends.

Connecticut's unemployment rate rose slightly to 8.1% at period-end from 8.0% in February 2013, compared with August's 7.3% national rate.³

The state has made structural adjustments to better align revenues and expenditures, but a slow economic recovery has prevented the state from eliminating the use of nonrecurring measures to balance its budget. For the fiscal 2012–2013 biennium, the state adopted a structurally balanced budget as it financed increased spending through significant income and sales tax increases, reduction or elimination of certain tax credits and exemptions, and labor concessions from state employees. However, revenue underperformance and higher-than-budgeted expenditures consumed projected surpluses despite midyear adjustments, resulting in a budget gap that state officials bridged by using a fiscal year 2011 surplus originally appropriated for the early repayment of economic recovery notes (ERNs). As revenue challenges continued into the first half of fiscal year 2013, the state responded by implementing a deficit mitigation plan. Stronger tax collections toward fiscal year-end, resulting from the effects of federal tax changes on state personal income tax, offset revenue weakness and helped the state close fiscal year 2013 on June 30 with a surplus. Despite adopting a structurally balanced fiscal 2012-2013 biennial budget, the state reverted to using nonrecurring measures to help bridge a large gap in the enacted fiscal 2014-2015 biennial budget, which included fund transfers, maturity extension of 2009 ERNs and appropriation of a large portion of the fiscal year 2013 surplus. Other measures the state employed to balance the budget consisted of revenue enhancements without creating new taxes but encompassed reduced transfers for municipal aid and the special transportation fund, as well as spending cuts resulting largely from changes in the Medicaid cost program.

Connecticut's above-average reliance on economically sensitive industries such as finance, insurance and real estate has resulted in a historically volatile revenue base and has caused the state to increase the issuance of debt to cover operating deficits during difficult economic periods. In addition, the higher level of debt can be attributed to funding education programs and pension liabilities as mandated by Connecticut, while other states may utilize local government contribution for public programs. As a result, Connecticut's debt levels remained among the nation's highest, with net tax-supported debt at 9.1% of personal income and \$5,185 per capita, compared with the 2.8% and \$1,074 national medians.4 Independent credit rating agency Standard & Poor's (S&P) rated the state's general obligation debt AA with a stable outlook.⁵ The rating reflected

^{3.} Source: Bureau of Labor Statistics.

^{4.} Source: Moody's Investors Service, "2013 State Debt Medians Report," 5/29/13.

^{5.} This does not indicate S&P's rating of the Fund.

Portfolio Breakdown

Franklin Connecticut Tax-Free Income Fund 8/31/13

Long-Term I	% of Total nvestments*
Higher Education	25.4%**
Hospital & Health Care	19.7%
Utilities	13.8%
General Obligation	13.2%
Other Revenue	8.1%
Transportation	5.9%
Tax-Supported	5.0%
Refunded	4.0%
Housing	3.8%
Subject to Government Appropriati	ons 1.1%

^{*}Does not include short-term investments and other net assets

S&P's view of the state's diverse economy, high wealth and income levels, flexibility to adjust revenues and manage budget volatility, active monitoring of revenues and expenditures, and adequate operating liquidity. In S&P's view, despite such strong fundamentals, Connecticut's cyclical budget performance has caused it to issue debt to help finance operations during recessionary periods. Additionally, S&P expected the state's significant cost pressure from high debt levels and large unfunded postretirement liabilities to accelerate because of new bond authorizations. The outlook reflected S&P's expectation the state will continue to work on restoring fiscal balance over the next two years.

Manager's Discussion

We used various investment strategies during the six months under review as we sought to maximize tax-free income for shareholders. During the reporting period, some Puerto Rico issuers experienced downgrades from S&P, Moody's Investor's Service and Fitch Ratings that contributed to the underperformance of Puerto Rico bonds held in the Fund. Puerto Rico's municipal bond market is widely traded because of its dual tax-exemption advantages. By period-end, the Puerto Rico bond market was experiencing a marked decline in prices worsened by negative publicity about the island's fiscal situation. Please read the overview beginning on page 4 for more details.

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^{**}The Fund may invest more than 25% in municipal securities that finance similar types of projects such as higher education. A change that affects one project may affect all similar projects, thereby increasing market risk.

Performance Summary as of 8/31/13

Franklin Connecticut Tax-Free Income Fund

Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses of each class. Capital gain distributions are net profits realized from the sale of portfolio securities. The performance table does not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares. Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses.

Price and Distribution Information

Class A (Symbol: FXCTX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.10	\$10.33	\$11.43
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.1814			
Class C (Symbol: FCTIX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.11	\$10.40	\$11.51
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.1502			
Advisor Class (Symbol: FCNZX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.10	\$10.32	\$11.42
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.1871			

Performance Summary (continued)

Performance

Cumulative total return excludes sales charges. Average annual total returns include maximum sales charges. Class A: 4.25% maximum initial sales charge; Class C: 1% contingent deferred sales charge in first year only; Advisor Class: no sales charges.

Class A	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-8.12%	-7.15%	+17.91%	+46.22%
Average Annual Total Return ²	-12.04%	-11.09%	+2.46%	+3.43%
Avg. Ann. Total Return (9/30/13) ³		-9.71%	+3.89%	+3.37%
Distribution Rate ⁴	3.5	55%		
Taxable Equivalent Distribution Rate ⁵	6.7	76%		
30-Day Standardized Yield ⁶	3.6	51%		
Taxable Equivalent Yield ⁵	6.8	87%		
Total Annual Operating Expenses ⁷	0.6	66%		
Class C	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-8.40%	-7.71%	+14.69%	+38.48%
Average Annual Total Return ²	-9.31%	-8.60%	+2.78%	+3.31%
Avg. Ann. Total Return (9/30/13) ³		-7.11%	+4.23%	+3.25%
Distribution Rate ⁴	3.0	09%		
Taxable Equivalent Distribution Rate ⁵	5.8	88%		
30-Day Standardized Yield ⁶	3.2	22%		
Taxable Equivalent Yield ⁵	6.3	13%		
Total Annual Operating Expenses ⁷	1.2	21%		
Advisor Class ⁸	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-8.08%	-7.14%	+18.28%	+46.69%
Average Annual Total Return ²	-8.08%	-7.14%	+3.42%	+3.91%
Avg. Ann. Total Return (9/30/13) ³		-5.61%	+4.86%	+3.85%
Distribution Rate ⁴	3.8	81%		
Taxable Equivalent Distribution Rate ⁵	7.2	25%		
30-Day Standardized Yield ⁶	3.8	87%		
Taxable Equivalent Yield ⁵	7.3	36%		
Total Annual Operating Expenses ⁷		56%		

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com or call (800) 342-5236.

Performance Summary (continued)

Endnotes

All investments involve risks, including possible loss of principal. Because municipal bonds are sensitive to interest rate movements, the Fund's yield and share price will fluctuate with market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. Since the Fund concentrates its investments in a single state, it is subject to greater risk of adverse economic and regulatory changes in that state than a geographically diversified fund. Changes in the credit rating of a bond, or in the credit rating or financial strength of a bond's issuer, insurer or guarantor, may affect the bond's value. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Class C: Prior to 1/1/04, these shares were offered with an initial sales charge; thus actual total returns would have differed. These shares have higher annual fees and expenses than Class A shares.

Advisor Class: Shares are available to certain eligible investors as described in the prospectus.

- 1. Cumulative total return represents the change in value of an investment over the periods indicated.
- 2. Average annual total return represents the average annual change in value of an investment over the periods indicated. Six-month return has not
- 3. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.
- 4. Distribution rate is based on an annualization of the respective class's August dividend and the maximum offering price (NAV for Classes C and Advisor) per share on 8/31/13.
- 5. Taxable equivalent distribution rate and yield assume the published rates as of 6/24/13 for the maximum combined effective federal and Connecticut personal income tax rate of 47.45%, based on the federal income tax rate of 39.60% plus 3.8% Medicare tax.
- 6. The 30-day standardized yield for the 30 days ended 8/31/13 reflects an estimated yield to maturity (assuming all portfolio securities are held to maturity). It should be regarded as an estimate of the Fund's rate of investment income, and it may not equal the Fund's actual income distribution rate (which reflects the Fund's past dividends paid to shareholders) or the income reported in the Fund's financial statements.
- 7. Figures are as stated in the Fund's current prospectus. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.
- 8. Effective 7/15/09, the Fund began offering Advisor Class shares, which do not have sales charges or a Rule 12b-1 plan. Performance quotations for this class reflect the following methods of calculation: (a) For periods prior to 7/15/09, a restated figure is used based upon the Fund's Class A performance, excluding the effect of Class A's maximum initial sales charge, but reflecting the effect of the Class A Rule 12b-1 fees; and (b) for periods after 7/15/09, actual Advisor Class performance is used reflecting all charges and fees applicable to that class. Since 7/15/09 (commencement of sales), the cumulative and average annual total returns of Advisor Class shares were +16.50% and +3.77%.

Your Fund's Expenses

Franklin Connecticut Tax-Free Income Fund

As a Fund shareholder, you can incur two types of costs:

- Transaction costs, including sales charges (loads) on Fund purchases; and
- Ongoing Fund costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses.

The following table shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a \$1,000 investment held for the six months indicated.

Actual Fund Expenses

The first line (Actual) for each share class listed in the table provides actual account values and expenses. The "Ending Account Value" is derived from the Fund's actual return, which includes the effect of Fund expenses.

You can estimate the expenses you paid during the period by following these steps. Of course, your account value and expenses will differ from those in this illustration:

- 1. Divide your account value by \$1,000. If an account had an \$8,600 value, then $$8,600 \div $1,000 = 8.6$.
- 2. Multiply the result by the number under the heading "Expenses Paid During Period." If Expenses Paid During Period were \$7.50, then $8.6 \times 7.50 = 64.50$.

In this illustration, the estimated expenses paid this period are \$64.50.

Hypothetical Example for Comparison with Other Funds

Information in the second line (Hypothetical) for each class in the table can help you compare ongoing costs of investing in the Fund with those of other mutual funds. This information may not be used to estimate the actual ending account balance or expenses you paid during the period. The hypothetical "Ending Account Value" is based on the actual expense ratio for each class and an assumed 5% annual rate of return before expenses, which does not represent the Fund's actual return. The figure under the heading "Expenses Paid During Period" shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds.

Your Fund's Expenses (continued)

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transaction costs, such as sales charges. Therefore, the second line for each class is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transaction costs were included, your total costs would have been higher. Please refer to the Fund prospectus for additional information on operating expenses.

Class A	Beginning Account Value 3/1/13	Ending Account Value 8/31/13	Expenses Paid During Period* 3/1/13-8/31/13
Actual	\$1,000	\$ 918.80	\$3.14
Hypothetical (5% return before expenses)	\$1,000	\$1,021.93	\$3.31
Class C			
Actual	\$1,000	\$ 916.00	\$5.80
Hypothetical (5% return before expenses)	\$1,000	\$1,019.16	\$6.11
Advisor Class			
Actual	\$1,000	\$ 919.20	\$2.66
Hypothetical (5% return before expenses)	\$1,000	\$1,022.43	\$2.80

^{*}Expenses are calculated using the most recent six-month expense ratio, annualized for each class (A: 0.65%; C: 1.20%; and Advisor: 0.55%), multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Franklin Michigan Tax-Free Income Fund

Your Fund's Goal and Main Investments: Franklin Michigan Tax-Free Income Fund seeks to provide as high a level of income exempt from federal and Michigan personal income taxes as is consistent with prudent investment management and preservation of capital by investing at least 80% of its total assets in securities that pay interest free from such taxes.¹

Credit Quality Breakdown*

Franklin Michigan Tax-Free Income Fund 8/31/13

Ratings	% of Total Long-Term Investments**
AAA	2.2%
AA	65.8%
A	30.8%
BBB	0.4%
Not Rated	0.8%

^{*}Standard & Poor's (S&P) is used as the primary independent rating agency source. Moody's is secondary, and Fitch, if available, is used for securities not rated by Moody's or S&P. The ratings are an indication of an issuer's creditworthiness, with long-term ratings typically ranging from AAA (highest) to Below Investment Grade (lowest; includes ratings BB to D). This methodology differs from that used in Fund marketing materials.

This semiannual report for Franklin Michigan Tax-Free Income Fund covers the period ended August 31, 2013.

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. Please visit franklintempleton.com or call (800) 342-5236 for most recent month-end performance.

Performance Overview

The Fund's Class A share price, as measured by net asset value, decreased from \$12.36 on February 28, 2013, to \$11.27 on August 31, 2013. The Fund's Class A shares paid dividends totaling 20.90 cents per share for the same period.² The Performance Summary beginning on page 38 shows that at the end of this reporting period the Fund's Class A shares' distribution rate was 3.82% based on an annualization of the 3.75 cent per share August dividend and the maximum offering price of \$11.77 on August 31, 2013.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 104.

^{**}Does not include short-term investments and other net assets.

^{1.} For investors subject to alternative minimum tax, a small portion of Fund dividends may be taxable. Distributions of capital gains are generally taxable. To avoid imposition of 28% backup withholding on all Fund distributions and redemption proceeds, U.S. investors must be properly certified on Form W-9 and non-U.S. investors on Form W-8BEN. 2. All Fund distributions will vary depending upon current market conditions, and past distributions are not indicative of future trends.

Dividend Distributions*

Franklin Michigan Tax-Free Income Fund 3/1/13-8/31/13

	Div	Dividend per Share (cents)		
Month	Class A	Class C	Advisor Class	
March	3.42	2.83	3.54	
April	3.42	2.83	3.54	
May	3.42	2.83	3.54	
June	3.42	2.86	3.53	
July	3.47	2.91	3.58	
August	3.75	3.19	3.86	
Total	20.90	17.45	21.59	

^{*}Assumes shares were purchased and held for the entire accrual period. Since dividends accrue daily, your actual distributions will vary depending on the date you purchased your shares and any account activity. All Fund distributions will vary depending upon current market conditions, and past distributions are not indicative of future trends.

An investor in the 2013 maximum combined effective federal and Michigan personal income tax bracket of 45.97% (including 3.8% Medicare tax) would need to earn a distribution rate of 7.07% from a taxable investment to match the Fund's Class A tax-free distribution rate. For the Fund's Class C and Advisor shares' performance, please see the Performance Summary.

State Update

Michigan's economy continued to stabilize during the period under review, although it still faced challenges resulting from the auto industry's downsizing during the past decade. The state suffered from one of the nation's highest unemployment rates, reflecting the past recession's ongoing impact on the state's economy, which, although diversified, still relied on automobile manufacturing as a major employment source. Michigan's auto industry has improved in recent years, thanks to emergency federal loans, industry costcutting efforts, the nation's economic recovery and higher car demand. The state's housing market continued to recover as home prices rose, the foreclosure rate declined and construction activities picked up. Nearly all sectors generated solid annualized growth at period-end, led by some of the state's largest private employment sectors — manufacturing, professional and business services, and leisure and hospitality. Despite solid job growth overall, the increase in the number of people actively seeking work caused the state's unemployment rate to rise to 9.0% at period-end from 8.8% in February 2013, which was notably higher than August's 7.3% national rate.³

^{3.} Source: Bureau of Labor Statistics.

Portfolio Breakdown

Franklin Michigan Tax-Free Income Fund 8/31/13

% Long-Term Inv	6 of Total estments*
General Obligation	26.1%
Hospital & Health Care	19.6%
Utilities	15.6%
Higher Education	11.4%
Refunded	9.0%
Subject to Government Appropriations	8.1%
Tax-Supported	6.1%
Transportation	3.7%
Housing	0.4%

^{*}Does not include short-term investments and other net assets.

Michigan's enacted budget for fiscal year 2013 (ended September 30) was structurally balanced, with one-time revenues directed to one-time expenditures. The budget raised spending for education and health and human services, reduced long-term debt and added to the state's reserve fund, all while lowering the personal income tax rate and raising the personal exemption. As of the May 2013 consensus revenue estimates, the state anticipated a better-than-projected fiscal year 2013 budget surplus. The state maintained structural balance with its enacted fiscal year 2014 budget, which included a modest increase in total spending, primarily in public education, roads and public transportation, and revenue sharing to communities. The budget also included a deposit to the state's Budget Stabilization Fund (BSF), which indicated the state's determination to restore a strong financial profile.

Michigan maintained relatively low debt levels, with net tax-supported debt at \$800 per capita and 2.2% of personal income, compared with the national medians of \$1,074 and 2.8%.4 Independent credit rating agency Standard & Poor's (S&P) affirmed its rating of AA- on Michigan's general obligation (GO) bonds and revised the outlook to positive from stable.⁵ The rating reflected S&P's view of the state's recovering cyclical economic base, improving fund balances, good budget management practices, and moderate debt and pension liability levels. S&P noted that challenges included the state's weak economic growth over the past decade, cyclical financial pressures and relatively high other postemployment benefits obligation. S&P's revision of Michigan's GO rating outlook to positive reflected the possibility that the state's continued economic growth, BSF replenishment and structural alignment of ongoing revenues and expenditures could lead to a rating upgrade within S&P's twoyear horizon.

Manager's Discussion

We used various investment strategies during the six months under review as we sought to maximize tax-free income for shareholders. During the reporting period, some Puerto Rico issuers experienced downgrades from S&P, Moody's Investors Service and Fitch Ratings that contributed to the underperformance of Puerto Rico bonds held in the Fund. Puerto Rico's municipal bond market is widely traded because of its dual tax-exemption advantages. By period-end, the Puerto Rico bond market was experiencing a marked decline in prices

^{4.} Source: Moody's Investors Service, "2013 State Debt Medians Report," 5/29/13.

^{5.} This does not indicate S&P's rating of the Fund.

worsened by negative publicity about the island's fiscal situation. Additionally, the City of Detroit's bankruptcy filing contributed to underperformance of Detroit bonds held in the Fund. Detroit GO bonds held in the Fund are either backed by Distributable State Aid revenues from the state of Michigan or carry bond insurance that guarantees the timely payment of principal and interest. Please read the overview beginning on page 4 for more details.

Thank you for your continued participation in Franklin Michigan Tax-Free Income Fund. We believe our conservative, buy-and-hold investment strategy can help us achieve high, current, tax-free income for shareholders.

The foregoing information reflects our analysis, opinions and portfolio holdings as of August 31, 2013, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, state, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Performance Summary as of 8/31/13

Franklin Michigan Tax-Free Income Fund

Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses of each class. Capital gain distributions are net profits realized from the sale of portfolio securities. The performance table does not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares. Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses.

Price and Distribution Information

Class A (Symbol: FTTMX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.09	\$11.27	\$12.36
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.2090			
Class C (Symbol: FRMTX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.10	\$11.42	\$12.52
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.1745			
Advisor Class (Symbol: FMTFX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.09	\$11.30	\$12.39
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.2159			

Performance

Cumulative total return excludes sales charges. Average annual total returns include maximum sales charges. Class A: 4.25% maximum initial sales charge; Class C: 1% contingent deferred sales charge in first year only; Advisor Class: no sales charges.

Class A	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-7.20%	-5.58%	+15.48%	+42.04%
Average Annual Total Return ²	-11.16%	-9.61%	+2.03%	+3.12%
Avg. Ann. Total Return (9/30/13) ³		-8.57%	+3.56%	+3.04%
Distribution Rate ⁴	3.8	2%		
Taxable Equivalent Distribution Rate ⁵	7.0	7%		
30-Day Standardized Yield ⁶	3.5	6%		
Taxable Equivalent Yield ⁵	6.5	9%		
Total Annual Operating Expenses ⁷	0.6	3%		
Class C	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-7.46%	-6.19%	+12.34%	+34.49%
Average Annual Total Return ²	-8.37%	-7.10%	+2.35%	+3.01%
Avg. Ann. Total Return (9/30/13) ³		-5.90%	+3.90%	+2.93%
Distribution Rate ⁴	3.3	5%		
Taxable Equivalent Distribution Rate ⁵	6.2	0%		
30-Day Standardized Yield ⁶	3.1	7%		
Taxable Equivalent Yield ⁵	5.8	7%		
Total Annual Operating Expenses ⁷	1.1	8%		
Advisor Class ⁸	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-7.13%	-5.47%	+16.13%	+43.09%
Average Annual Total Return ²	-7.13%	-5.47%	+3.04%	+3.65%
Avg. Ann. Total Return (9/30/13) ³		-4.32%	+4.58%	+3.57%
Distribution Rate ⁴	4.1	0%		
Taxable Equivalent Distribution Rate ⁵	7.5	9%		
30-Day Standardized Yield ⁶	3.8	2%		
Taxable Equivalent Yield ⁵	7.0	7%		
Total Annual Operating Expenses ⁷	0.5			

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com or call (800) 342-5236.

Endnotes

All investments involve risks, including possible loss of principal. Because municipal bonds are sensitive to interest rate movements, the Fund's yield and share price will fluctuate with market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. Since the Fund concentrates its investments in a single state, it is subject to greater risk of adverse economic and regulatory changes in that state than a geographically diversified fund. Changes in the credit rating of a bond, or in the credit rating or financial strength of a bond's issuer, insurer or guarantor, may affect the bond's value. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Class C: Prior to 1/1/04, these shares were offered with an initial sales charge; thus actual total returns would have differed. These shares have higher annual fees and expenses than Class A shares.

Advisor Class: Shares are available to certain eligible investors as described in the prospectus.

- 1. Cumulative total return represents the change in value of an investment over the periods indicated.
- 2. Average annual total return represents the average annual change in value of an investment over the periods indicated. Six-month return has not
- 3. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.
- 4. Distribution rate is based on an annualization of the respective class's August dividend and the maximum offering price (NAV for Classes C and Advisor) per share on 8/31/13.
- 5. Taxable equivalent distribution rate and yield assume the published rates as of 6/24/13 for the maximum combined effective federal and Michigan personal income tax rate of 45.97%, based on the federal income tax rate of 39.60% plus 3.8% Medicare tax.
- 6. The 30-day standardized yield for the 30 days ended 8/31/13 reflects an estimated yield to maturity (assuming all portfolio securities are held to maturity). It should be regarded as an estimate of the Fund's rate of investment income, and it may not equal the Fund's actual income distribution rate (which reflects the Fund's past dividends paid to shareholders) or the income reported in the Fund's financial statements.
- 7. Figures are as stated in the Fund's current prospectus. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.
- 8. Effective 7/1/08, the Fund began offering Advisor Class shares, which do not have sales charges or a Rule 12b-1 plan. Performance quotations for this class reflect the following methods of calculation: (a) For periods prior to 7/1/08, a restated figure is used based upon the Fund's Class A performance, excluding the effect of Class A's maximum initial sales charge, but reflecting the effect of the Class A Rule 12b-1 fees; and (b) for periods after 7/1/08, actual Advisor Class performance is used reflecting all charges and fees applicable to that class. Since 7/1/08 (commencement of sales), the cumulative and average annual total returns of Advisor Class shares were +17.35% and +3.14%.

Your Fund's Expenses

Franklin Michigan Tax-Free Income Fund

As a Fund shareholder, you can incur two types of costs:

- Transaction costs, including sales charges (loads) on Fund purchases; and
- Ongoing Fund costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses.

The following table shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a \$1,000 investment held for the six months indicated.

Actual Fund Expenses

The first line (Actual) for each share class listed in the table provides actual account values and expenses. The "Ending Account Value" is derived from the Fund's actual return, which includes the effect of Fund expenses.

You can estimate the expenses you paid during the period by following these steps. Of course, your account value and expenses will differ from those in this illustration:

- 1. Divide your account value by \$1,000. If an account had an \$8,600 value, then $$8,600 \div $1,000 = 8.6$.
- 2. Multiply the result by the number under the heading "Expenses Paid During Period." If Expenses Paid During Period were \$7.50, then $8.6 \times 7.50 = 64.50$.

In this illustration, the estimated expenses paid this period are \$64.50.

Hypothetical Example for Comparison with Other Funds

Information in the second line (Hypothetical) for each class in the table can help you compare ongoing costs of investing in the Fund with those of other mutual funds. This information may not be used to estimate the actual ending account balance or expenses you paid during the period. The hypothetical "Ending Account Value" is based on the actual expense ratio for each class and an assumed 5% annual rate of return before expenses, which does not represent the Fund's actual return. The figure under the heading "Expenses Paid During Period" shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds.

Your Fund's Expenses (continued)

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transaction costs, such as sales charges. Therefore, the second line for each class is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transaction costs were included, your total costs would have been higher. Please refer to the Fund prospectus for additional information on operating expenses.

Class A	Beginning Account Value 3/1/13	Ending Account Value 8/31/13	Expenses Paid During Period* 3/1/13-8/31/13
Actual	\$1,000	\$ 928.00	\$3.01
Hypothetical (5% return before expenses)	\$1,000	\$1,022.08	\$3.16
Class C			
Actual	\$1,000	\$ 925.40	\$5.68
Hypothetical (5% return before expenses)	\$1,000	\$1,019.31	\$5.96
Advisor Class			
Actual	\$1,000	\$ 928.70	\$2.53
Hypothetical (5% return before expenses)	\$1,000	\$1,022.58	\$2.65

^{*}Expenses are calculated using the most recent six-month expense ratio, annualized for each class (A: 0.62%; C: 1.17%; and Advisor: 0.52%), multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Franklin Minnesota Tax-Free Income Fund

Your Fund's Goal and Main Investments: Franklin Minnesota Tax-Free Income Fund seeks to provide as high a level of income exempt from federal and Minnesota personal income taxes as is consistent with prudent investment management and preservation of capital by investing at least 80% of its total assets in securities that pay interest free from such taxes.¹

Credit Quality Breakdown*

Franklin Minnesota Tax-Free Income Fund 8/31/13

Ratings	% of Total Long-Term Investments**
AAA	12.7%
AA	69.9%
A	17.3%
Not Rated	0.1%

^{*}Standard & Poor's (S&P) is used as the primary independent rating agency source. Moody's is secondary, and Fitch, if available, is used for securities not rated by Moody's or S&P. The ratings are an indication of an issuer's creditworthiness, with long-term ratings typically ranging from AAA (highest) to Below Investment Grade (lowest; includes ratings BB to D). This methodology differs from that used in Fund marketing materials.

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. Please visit franklintempleton.com or call (800) 342-5236 for most recent month-end performance.

This semiannual report for Franklin Minnesota Tax-Free Income Fund covers the period ended August 31, 2013.

Performance Overview

The Fund's Class A share price, as measured by net asset value, decreased from \$12.98 on February 28, 2013, to \$11.97 on August 31, 2013. The Fund's Class A shares paid dividends totaling 19.56 cents per share for the same period.² The Performance Summary beginning on page 47 shows that at the end of this reporting period the Fund's Class A shares' distribution rate

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 112.

^{**}Does not include short-term investments and other net assets.

^{1.} For investors subject to alternative minimum tax, a small portion of Fund dividends may be taxable. Distributions of capital gains are generally taxable. To avoid imposition of 28% backup withholding on all Fund distributions and redemption proceeds, U.S. investors must be properly certified on Form W-9 and non-U.S. investors on Form W-8BEN. 2. All Fund distributions will vary depending upon current market conditions, and past distributions are not indicative of future trends.

Dividend Distributions*

Franklin Minnesota Tax-Free Income Fund 3/1/13-8/31/13

	Di	Dividend per Share (cents)		
Month	Class A	Class C	Advisor Class	
March	3.36	2.75	3.47	
April	3.36	2.75	3.47	
May	3.26	2.65	3.37	
June	3.26	2.67	3.36	
July	3.16	2.57	3.26	
August	3.16	2.57	3.26	
Total	19.56	15.96	20.19	

^{*}Assumes shares were purchased and held for the entire accrual period. Since dividends accrue daily, your actual distributions will vary depending on the date you purchased your shares and any account activity. All Fund distributions will vary depending upon current market conditions, and past distributions are not indicative of future trends.

was 3.03% based on an annualization of the 3.16 cent per share August dividend and the maximum offering price of \$12.50 on August 31, 2013. An investor in the 2013 maximum combined effective federal and Minnesota personal income tax bracket of 48.14% (including 3.8% Medicare tax) would need to earn a distribution rate of 5.84% from a taxable investment to match the Fund's Class A tax-free distribution rate. For the Fund's Class C and Advisor shares' performance, please see the Performance Summary. Dividend distributions were affected by lower interest rates early in the period. This and other factors resulted in reduced income for the portfolio and caused dividends to be lower at the end of the period.

State Update

Minnesota's broad-based economy continued to expand at a faster pace than the nation's during the six months under review, fueled by moderate annualized job growth with contributions from nearly all sectors, an increase in average weekly manufacturing hours and a marked improvement in retail sales. Further supporting growth was the state's housing recovery, which gained momentum as issuance of residential building permits advanced in May and home sales and median prices showed double-digit gains in July. The state's per-capita personal income remained above the national average and contributed to a relatively high wealth level. At period-end, the state's unemployment rate was 5.1%, which remained significantly lower than the 7.3% national average.³

^{3.} Source: Bureau of Labor Statistics.

The state has outperformed its economic and revenue forecasts since July 2011, with the latest economic update indicating better-than-forecast revenues for fiscal year 2013 (ended June 30). Higher-than-expected individual and corporate income tax collections more than offset lower-than-projected sales tax receipts. Strong economic and financial results during the 2012-2013 biennium improved Minnesota's longer term budget projections. The enacted 2014–2015 biennial budget closed a gap that was significantly lower than the prior biennium's using recurring measures that included higher taxes for the state's top 2% income earners, increased cigarette taxes and an expanded sales and corporate tax base. The state projected that revenue growth would more than offset expenditure growth, which included increases in education spending and direct aid to local governments, and result in a positive ending budget balance.

Minnesota's debt levels were \$1,315 per capita and 3.0% of personal income, compared with the national medians of \$1,074 and 2.8%.4 The state's debt increased recently and could likely remain above the national medians as a result of upcoming debt issuance plans. Independent credit rating agency Moody's Investors Service rated Minnesota's general obligation bonds Aa1 and revised the outlook to stable from negative. The rating reflected Moody's view of the state's fundamentally diverse and stable economy, positive revenue trends, manageable debt, satisfactory liquidity and executive authority to enact midyear spending cuts. With its revised outlook, Moody's cited the state's improved revenue performance, replenished budget reserves, recurring solutions for its 2014-2015 biennial budget and low debt service costs as a percentage of revenues. Furthermore, Moody's expected the state to continue employing sound financial practices that could lead to further improvement in its overall balance sheet.

Manager's Discussion

We used various investment strategies during the six months under review as we sought to maximize tax-free income for shareholders. During the reporting period, some Puerto Rico issuers experienced downgrades from Standard & Poor's, Moody's and Fitch Ratings that contributed to the underperformance of Puerto Rico bonds held in the Fund. Puerto Rico's municipal bond market is widely traded because of its dual tax-exemption advantages. By period-end, the Puerto Rico bond market was experiencing a marked decline in prices worsened by negative publicity about the island's fiscal situation. Please read the overview beginning on page 4 for more details.

Portfolio Breakdown

Franklin Minnesota Tax-Free Income Fund 8/31/13

Long-Term I	% of Total nvestments*
General Obligation	37.3%
Hospital & Health Care	18.4%
Utilities	13.5%
Higher Education	7.9%
Transportation	6.1%
Tax-Supported	5.8%
Subject to Government Appropriation	ıs 4.6%
Housing	3.9%
Refunded	1.4%
Other Revenue	1.1%

^{*}Does not include short-term investments and other net assets

^{4.} Source: Moody's Investors Service, "2013 State Debt Medians Report," 5/29/13.

^{5.} This does not indicate Moody's rating of the Fund.

Thank you for your continued participation in Franklin Minnesota Tax-Free Income Fund. We believe our conservative, buy-and-hold investment strategy can help us achieve high, current, tax-free income for shareholders.

The foregoing information reflects our analysis, opinions and portfolio holdings as of August 31, 2013, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, state, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Performance Summary as of 8/31/13

Franklin Minnesota Tax-Free Income Fund

Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses of each class. Capital gain distributions are net profits realized from the sale of portfolio securities. The performance table does not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares. Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses.

Price and Distribution Information

Class A (Symbol: FMINX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.01	\$11.97	\$12.98
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.1956			
Class C (Symbol: FMNIX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.01	\$12.09	\$13.10
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.1596			
Advisor Class (Symbol: FMNZX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.01	\$11.98	\$12.99
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.2019			

Performance

Cumulative total return excludes sales charges. Average annual total returns include maximum sales charges. Class A: 4.25% maximum initial sales charge; Class C: 1% contingent deferred sales charge in first year only; Advisor Class: no sales charges.

Class A	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-6.33%	-4.75%	+21.31%	+48.15%
Average Annual Total Return ²	-10.34%	-8.83%	+3.03%	+3.56%
Avg. Ann. Total Return (9/30/13) ³		-7.43%	+4.50%	+3.55%
Distribution Rate ⁴	3.0	03%		
Taxable Equivalent Distribution Rate ⁵	5.8	34%		
30-Day Standardized Yield ⁶	2.5	56%		
Taxable Equivalent Yield ⁵	4.9	94%		
Total Annual Operating Expenses ⁷	0.6	54%		
Class C	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-6.54%	-5.24%	+18.11%	+40.36%
Average Annual Total Return ²	-7.46%	-6.17%	+3.38%	+3.45%
Avg. Ann. Total Return (9/30/13) ³		-4.75%	+4.84%	+3.44%
Distribution Rate ⁴	2.5	55%		
Taxable Equivalent Distribution Rate ⁵	4.9	92%		
30-Day Standardized Yield ⁶	2.1	10%		
Taxable Equivalent Yield ⁵	4.0	05%		
Total Annual Operating Expenses ⁷	1.1	19%		
Advisor Class ⁸	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-6.28%	-4.58%	+21.91%	+48.87%
Average Annual Total Return ²	-6.28%	-4.58%	+4.04%	+4.06%
Avg. Ann. Total Return (9/30/13) ³		-3.13%	+5.52%	+4.05%
Distribution Rate ⁴	3.2	27%		
Taxable Equivalent Distribution Rate ⁵	6.3	31%		
30-Day Standardized Yield ⁶	2.7	78%		
Taxable Equivalent Yield ⁵	5.3	36%		
Total Annual Operating Expenses ⁷	0.5	54%		

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com or call (800) 342-5236.

Endnotes

All investments involve risks, including possible loss of principal. Because municipal bonds are sensitive to interest rate movements, the Fund's yield and share price will fluctuate with market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. Since the Fund concentrates its investments in a single state, it is subject to greater risk of adverse economic and regulatory changes in that state than a geographically diversified fund. Changes in the credit rating of a bond, or in the credit rating or financial strength of a bond's issuer, insurer or guarantor, may affect the bond's value. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Class C: Prior to 1/1/04, these shares were offered with an initial sales charge; thus actual total returns would have differed. These shares have higher annual fees and expenses than Class A shares.

Advisor Class: Shares are available to certain eligible investors as described in the prospectus.

- 1. Cumulative total return represents the change in value of an investment over the periods indicated.
- 2. Average annual total return represents the average annual change in value of an investment over the periods indicated. Six-month return has not
- 3. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.
- 4. Distribution rate is based on an annualization of the respective class's August dividend and the maximum offering price (NAV for Classes C and Advisor) per share on 8/31/13.
- 5. Taxable equivalent distribution rate and yield assume the published rates as of 6/24/13 for the maximum combined effective federal and Minnesota personal income tax rate of 48.14%, based on the federal income tax rate of 39.60% plus 3.8% Medicare tax.
- 6. The 30-day standardized yield for the 30 days ended 8/31/13 reflects an estimated yield to maturity (assuming all portfolio securities are held to maturity). It should be regarded as an estimate of the Fund's rate of investment income, and it may not equal the Fund's actual income distribution rate (which reflects the Fund's past dividends paid to shareholders) or the income reported in the Fund's financial statements.
- 7. Figures are as stated in the Fund's current prospectus. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.
- 8. Effective 7/1/09, the Fund began offering Advisor Class shares, which do not have sales charges or a Rule 12b-1 plan. Performance quotations for this class reflect the following methods of calculation: (a) For periods prior to 7/1/09, a restated figure is used based upon the Fund's Class A performance, excluding the effect of Class A's maximum initial sales charge, but reflecting the effect of the Class A Rule 12b-1 fees; and (b) for periods after 7/1/09, actual Advisor Class performance is used reflecting all charges and fees applicable to that class. Since 7/1/09 (commencement of sales), the cumulative and average annual total returns of Advisor Class shares were +17.20% and +3.88%.

Your Fund's Expenses

Franklin Minnesota Tax-Free Income Fund

As a Fund shareholder, you can incur two types of costs:

- Transaction costs, including sales charges (loads) on Fund purchases; and
- Ongoing Fund costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses.

The following table shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a \$1,000 investment held for the six months indicated.

Actual Fund Expenses

The first line (Actual) for each share class listed in the table provides actual account values and expenses. The "Ending Account Value" is derived from the Fund's actual return, which includes the effect of Fund expenses.

You can estimate the expenses you paid during the period by following these steps. Of course, your account value and expenses will differ from those in this illustration:

- 1. Divide your account value by \$1,000. If an account had an \$8,600 value, then $$8,600 \div $1,000 = 8.6$.
- 2. Multiply the result by the number under the heading "Expenses Paid During Period." If Expenses Paid During Period were \$7.50, then $8.6 \times 7.50 = 64.50$.

In this illustration, the estimated expenses paid this period are \$64.50.

Hypothetical Example for Comparison with Other Funds

Information in the second line (Hypothetical) for each class in the table can help you compare ongoing costs of investing in the Fund with those of other mutual funds. This information may not be used to estimate the actual ending account balance or expenses you paid during the period. The hypothetical "Ending Account Value" is based on the actual expense ratio for each class and an assumed 5% annual rate of return before expenses, which does not represent the Fund's actual return. The figure under the heading "Expenses Paid During Period" shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds.

Your Fund's Expenses (continued)

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transaction costs, such as sales charges. Therefore, the second line for each class is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transaction costs were included, your total costs would have been higher. Please refer to the Fund prospectus for additional information on operating expenses.

Class A	Beginning Account Value 3/1/13	Ending Account Value 8/31/13	Expenses Paid During Period* 3/1/13-8/31/13
Actual	\$1,000	\$ 936.70	\$3.08
Hypothetical (5% return before expenses)	\$1,000	\$1,022.03	\$3.21
Class C			
Actual	\$1,000	\$ 934.60	\$5.75
Hypothetical (5% return before expenses)	\$1,000	\$1,019.26	\$6.01
Advisor Class			
Actual	\$1,000	\$ 937.20	\$2.59
Hypothetical (5% return before expenses)	\$1,000	\$1,022.53	\$2.70

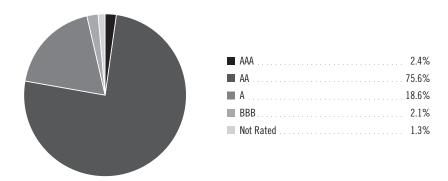
^{*}Expenses are calculated using the most recent six-month expense ratio, annualized for each class (A: 0.63%; C: 1.18%; and Advisor: 0.53%), multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Franklin Ohio Tax-Free Income Fund

Your Fund's Goal and Main Investments: Franklin Ohio Tax-Free Income Fund seeks to provide as high a level of income exempt from federal and Ohio personal income taxes as is consistent with prudent investment management and preservation of capital by investing at least 80% of its total assets in securities that pay interest free from such taxes.1

Credit Quality Breakdown*

Franklin Ohio Tax-Free Income Fund Based on Total Long-Term Investments as of 8/31/13**



*Standard & Poor's (S&P) is used as the primary independent rating agency source. Moody's is secondary, and Fitch, if available, is used for securities not rated by Moody's or S&P. The ratings are an indication of an issuer's creditworthiness, with long-term ratings typically ranging from AAA (highest) to Below Investment Grade (lowest; includes ratings BB to D). This methodology differs from that used in Fund marketing materials.

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. Please visit franklintempleton.com or call (800) 342-5236 for most recent month-end performance.

This semiannual report for Franklin Ohio Tax-Free Income Fund covers the period ended August 31, 2013.

Performance Overview

The Fund's Class A share price, as measured by net asset value, decreased from \$13.12 on February 28, 2013, to \$11.90 on August 31, 2013. The Fund's Class A shares paid dividends totaling 21.60 cents per share for the

1. For investors subject to alternative minimum tax, a small portion of Fund dividends may be taxable. Distributions of capital gains are generally taxable. To avoid imposition of 28% backup withholding on all Fund distributions and redemption proceeds, U.S. investors must be properly certified on Form W-9 and non-U.S. investors on Form W-8BEN.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 122.

^{**}Does not include short-term investments and other net assets.

Dividend Distributions*

Franklin Ohio Tax-Free Income Fund 3/1/13-8/31/13

	Di	Dividend per Share (cents)		
Month	Class A	Class C	Advisor Class	
March	3.60	2.98	3.71	
April	3.60	2.98	3.71	
May	3.60	2.98	3.71	
June	3.60	3.00	3.70	
July	3.60	3.00	3.70	
August	3.60	3.00	3.70	
Total	21.60	17.94	22.23	

^{*}Assumes shares were purchased and held for the entire accrual period. Since dividends accrue daily, your actual distributions will vary depending on the date you purchased your shares and any account activity. All Fund distributions will vary depending upon current market conditions, and past distributions are not indicative of future trends.

same period.² The Performance Summary beginning on page 56 shows that at the end of this reporting period the Fund's Class A shares' distribution rate was 3.48% based on an annualization of the 3.60 cent per share August dividend and the maximum offering price of \$12.43 on August 31, 2013. An investor in the 2013 maximum combined effective federal and Ohio personal income tax bracket of 46.98% (including 3.8% Medicare tax) would need to earn a distribution rate of 6.56% from a taxable investment to match the Fund's Class A tax-free distribution rate. For the Fund's Class C and Advisor shares' performance, please see the Performance Summary.

State Update

Ohio's broad economy continued to grow steadily during the six months under review, although job growth lagged the nation's. The state benefited in recent years from the recovery in automobile manufacturing and the growing exploration of the Marcellus and Utica oil shales, which resulted in private investment in drilling, steel manufacturing, and natural gas and petroleum processing. Solid job gains in three of the largest components of the state's stable economy — education and health services; professional and business services; and trade, transportation and utilities — helped offset weakness in the government and other sectors. At period-end, Ohio's unemployment rate was 7.3%, which matched the 7.3% national rate.3

^{2.} All Fund distributions will vary depending upon current market conditions, and past distributions are not indicative of future trends.

^{3.} Source: Bureau of Labor Statistics.

Portfolio Breakdown

Franklin Ohio Tax-Free Income Fund 8/31/13

Long-Term	% of Total Investments*
General Obligation	26.8%
Hospital & Health Care	14.5%
Higher Education	13.7%
Refunded	12.7%
Utilities	10.4%
Tax-Supported	8.5%
Other Revenue	5.1%
Transportation	4.6%
Subject to Government Appropriation	ons 2.8%
Housing	0.9%

^{*}Does not include short-term investments and other net assets.

The state finished fiscal year 2013 on June 30 with a large surplus resulting from better-than-forecast revenue, lower-than-budgeted spending and the onetime lease payment from private firm JobsOhio for the state's liquor enterprise franchise. Ohio had a sizable fund balance even after funding the Budget Stabilization Fund (BSF) at the 5% statutory target of fiscal year-end revenue for the first time since fiscal year 2000. The state's enacted fiscal 2014–2015 biennial budget included significant tax reform that would negatively impact revenues for the biennium. Key features included a personal income tax rate reduction financed by fiscal year 2013's general fund balance and a sales tax increase. State officials also planned substantial changes to the key budget drivers, Medicaid and education. The state would fund the BSF at the 5% target, which independent credit rating agency Standard & Poor's (S&P) viewed positively for the state's credit rating.

Ohio's net tax-supported debt, at \$1,047 per capita and 2.8% of personal income, was in line with the national medians of \$1,074 and 2.8%.4 S&P affirmed Ohio's AA+ general obligation rating with a stable outlook.⁵ The rating reflected S&P's view of the state's track record of proactive financial and budget management, commitment to funding reserves, improved revenue and budget performance, vast and diverse economic base, moderate debt levels and progress in funding other postemployment benefits. The outlook reflected S&P's assessment of Ohio's progress in achieving structural budget balance through fiscal year 2013, steady economic growth that has led to revenue stabilization and BSF contributions, and proactive responses to budget imbalances.

Manager's Discussion

We used various investment strategies during the six months under review as we sought to maximize tax-free income for shareholders. During the reporting period, some Puerto Rico issuers experienced downgrades from S&P, Moody's Investors Service and Fitch Ratings that contributed to the underperformance of Puerto Rico bonds held in the Fund. Puerto Rico's municipal bond market is widely traded because of its dual tax-exemption advantages. By period-end, the Puerto Rico bond market was experiencing a marked decline in prices worsened by negative publicity about the island's fiscal situation. Please read the overview beginning on page 4 for more details.

^{4.} Source: Moody's Investors Service, "2013 State Debt Medians Report," 5/29/13.

^{5.} This does not indicate S&P's rating of the Fund.

Thank you for your continued participation in Franklin Ohio Tax-Free Income Fund. We believe our conservative, buy-and-hold investment strategy can help us achieve high, current, tax-free income for shareholders.

The foregoing information reflects our analysis, opinions and portfolio holdings as of August 31, 2013, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, state, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Performance Summary as of 8/31/13

Franklin Ohio Tax-Free Income Fund

Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses of each class. Capital gain distributions are net profits realized from the sale of portfolio securities. The performance table does not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares. Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses.

Price and Distribution Information

Class A (Symbol: FTOIX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.22	\$11.90	\$13.12
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.2160			
Class C (Symbol: FOITX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.23	\$12.04	\$13.27
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.1794			
Advisor Class (Symbol: FROZX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.22	\$11.90	\$13.12
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.2223			

Performance

Cumulative total return excludes sales charges. Average annual total returns include maximum sales charges. Class A: 4.25% maximum initial sales charge; Class C: 1% contingent deferred sales charge in first year only; Advisor Class: no sales charges.

Class A	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-7.73%	-6.07%	+17.87%	+45.63%
Average Annual Total Return ²	-11.64%	-10.05%	+2.44%	+3.38%
Avg. Ann. Total Return (9/30/13) ³		-7.77%	+4.29%	+3.45%
Distribution Rate ⁴	3.4	18%		
Taxable Equivalent Distribution Rate ⁵	6.5	56%		
30-Day Standardized Yield ⁶	3.2	27%		
Taxable Equivalent Yield ⁵	6.1	17%		
Total Annual Operating Expenses ⁷	0.6	53%		
Class C	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-7.98%	-6.61%	+14.75%	+37.91%
Average Annual Total Return ²	-8.89%	-7.52%	+2.79%	+3.27%
Avg. Ann. Total Return (9/30/13) ³		-5.19%	+4.61%	+3.34%
Distribution Rate ⁴	2.9	99%		
Taxable Equivalent Distribution Rate ⁵	5.6	54%		
30-Day Standardized Yield ⁶	2.8	37%		
Taxable Equivalent Yield ⁵	5.4	11%		
Total Annual Operating Expenses ⁷	1.1	18%		
Advisor Class ⁸	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-7.68%	-6.05%	+18.45%	+46.38%
Average Annual Total Return ²	-7.68%	-6.05%	+3.45%	+3.88%
Avg. Ann. Total Return (9/30/13) ³		-3.67%	+5.30%	+3.96%
Distribution Rate ⁴	3.7	73%		
Taxable Equivalent Distribution Rate ⁵	7.0)3%		
30-Day Standardized Yield ⁶	3.5	51%		
Taxable Equivalent Yield ⁵	6.6	52%		
Taxable Equitations Trota				

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com or call (800) 342-5236.

Endnotes

All investments involve risks, including possible loss of principal. Because municipal bonds are sensitive to interest rate movements, the Fund's yield and share price will fluctuate with market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. Since the Fund concentrates its investments in a single state, it is subject to greater risk of adverse economic and regulatory changes in that state than a geographically diversified fund. Changes in the credit rating of a bond, or in the credit rating or financial strength of a bond's issuer, insurer or guarantor, may affect the bond's value. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Class C: Prior to 1/1/04, these shares were offered with an initial sales charge; thus actual total returns would have differed. These shares have higher annual fees and expenses than Class A shares.

Advisor Class: Shares are available to certain eligible investors as described in the prospectus.

- 1. Cumulative total return represents the change in value of an investment over the periods indicated.
- 2. Average annual total return represents the average annual change in value of an investment over the periods indicated. Six-month return has not
- 3. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.
- 4. Distribution rate is based on an annualization of the respective class's August dividend and the maximum offering price (NAV for Classes C and Advisor) per share on 8/31/13.
- 5. Taxable equivalent distribution rate and yield assume the published rates as of 6/24/13 for the maximum combined effective federal and Ohio personal income tax rate of 46.98%, based on the federal income tax rate of 39.60% plus 3.8% Medicare tax.
- 6. The 30-day standardized yield for the 30 days ended 8/31/13 reflects an estimated yield to maturity (assuming all portfolio securities are held to maturity). It should be regarded as an estimate of the Fund's rate of investment income, and it may not equal the Fund's actual income distribution rate (which reflects the Fund's past dividends paid to shareholders) or the income reported in the Fund's financial statements.
- 7. Figures are as stated in the Fund's current prospectus. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.
- 8. Effective 7/1/08, the Fund began offering Advisor Class shares, which do not have sales charges or a Rule 12b-1 plan. Performance quotations for this class reflect the following methods of calculation: (a) For periods prior to 7/1/08, a restated figure is used based upon the Fund's Class A performance, excluding the effect of Class A's maximum initial sales charge, but reflecting the effect of the Class A Rule 12b-1 fees; and (b) for periods after 7/1/08, actual Advisor Class performance is used reflecting all charges and fees applicable to that class. Since 7/1/08 (commencement of sales), the cumulative and average annual total returns of Advisor Class shares were +19.67% and +3.54%.

Your Fund's Expenses

Franklin Ohio Tax-Free Income Fund

As a Fund shareholder, you can incur two types of costs:

- Transaction costs, including sales charges (loads) on Fund purchases; and
- Ongoing Fund costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses.

The following table shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a \$1,000 investment held for the six months indicated.

Actual Fund Expenses

The first line (Actual) for each share class listed in the table provides actual account values and expenses. The "Ending Account Value" is derived from the Fund's actual return, which includes the effect of Fund expenses.

You can estimate the expenses you paid during the period by following these steps. Of course, your account value and expenses will differ from those in this illustration:

- 1. Divide your account value by \$1,000. If an account had an \$8,600 value, then $$8,600 \div $1,000 = 8.6$.
- 2. Multiply the result by the number under the heading "Expenses Paid During Period." If Expenses Paid During Period were \$7.50, then $8.6 \times 7.50 = 64.50$.

In this illustration, the estimated expenses paid this period are \$64.50.

Hypothetical Example for Comparison with Other Funds

Information in the second line (Hypothetical) for each class in the table can help you compare ongoing costs of investing in the Fund with those of other mutual funds. This information may not be used to estimate the actual ending account balance or expenses you paid during the period. The hypothetical "Ending Account Value" is based on the actual expense ratio for each class and an assumed 5% annual rate of return before expenses, which does not represent the Fund's actual return. The figure under the heading "Expenses Paid During Period" shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds.

Your Fund's Expenses (continued)

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transaction costs, such as sales charges. Therefore, the second line for each class is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transaction costs were included, your total costs would have been higher. Please refer to the Fund prospectus for additional information on operating expenses.

Class A	Beginning Account Value 3/1/13	Ending Account Value 8/31/13	Expenses Paid During Period* 3/1/13-8/31/13
Actual	\$1,000	\$ 922.70	\$3.00
Hypothetical (5% return before expenses)	\$1,000	\$1,022.08	\$3.16
Class C			
Actual	\$1,000	\$ 920.20	\$5.66
Hypothetical (5% return before expenses)	\$1,000	\$1,019.31	\$5.96
Advisor Class			
Actual	\$1,000	\$ 923.20	\$2.52
Hypothetical (5% return before expenses)	\$1,000	\$1,022.58	\$2.65

^{*}Expenses are calculated using the most recent six-month expense ratio, annualized for each class (A: 0.62%; C: 1.17%; and Advisor: 0.52%), multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Franklin Oregon Tax-Free Income Fund

Your Fund's Goal and Main Investments: Franklin Oregon Tax-Free Income Fund seeks to provide as high a level of income exempt from federal and Oregon personal income taxes as is consistent with prudent investment management and preservation of capital by investing at least 80% of its net assets in securities that pay interest free from such taxes.1

Credit Quality Breakdown*

Franklin Oregon Tax-Free Income Fund 8/31/13

Ratings	% of Total Long-Term Investments**
AAA	14.4%
AA	45.8%
A	25.8%
BBB	12.9%
Below Investment Grade	0.7%
Not Rated	0.4%

^{*}Standard & Poor's (S&P) is used as the primary independent rating agency source. Moody's is secondary, and Fitch, if available, is used for securities not rated by Moody's or S&P. The ratings are an indication of an issuer's creditworthiness, with long-term ratings typically ranging from AAA (highest) to Below Investment Grade (lowest; includes ratings BB to D). This methodology differs from that used in Fund marketing materials.

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. Please visit franklintempleton.com or call (800) 342-5236 for most recent month-end performance.

This semiannual report for Franklin Oregon Tax-Free Income Fund covers the period ended August 31, 2013.

Performance Overview

The Fund's Class A share price, as measured by net asset value, decreased from \$12.58 on February 28, 2013, to \$11.30 on August 31, 2013. The Fund's Class A shares paid dividends totaling 21.12 cents per share for the same period.² The Performance Summary beginning on page 64 shows that at the end of this reporting period the Fund's Class A shares' distribution rate was

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 133.

^{**}Does not include short-term investments and other net assets.

^{1.} For state personal income taxes, the 80% minimum is measured by total Fund assets. For investors subject to alternative minimum tax, a small portion of Fund dividends may be taxable. Distributions of capital gains are generally taxable. To avoid imposition of 28% backup withholding on all Fund distributions and redemption proceeds, U.S. investors must be properly certified on Form W-9 and non-U.S. investors on Form W-8BEN.

^{2.} All Fund distributions will vary depending upon current market conditions, and past distributions are not indicative

Dividend Distributions*

Franklin Oregon Tax-Free Income Fund 3/1/13-8/31/13

	Di	Dividend per Share (cents)		
Month	Class A	Class C	Advisor Class	
March	3.52	2.92	3.62	
April	3.52	2.92	3.62	
May	3.52	2.92	3.62	
June	3.52	2.95	3.62	
July	3.52	2.95	3.62	
August	3.52	2.95	3.62	
Total	21.12	17.61	21.72	

^{*}Assumes shares were purchased and held for the entire accrual period. Since dividends accrue daily, your actual distributions will vary depending on the date you purchased your shares and any account activity. All Fund distributions will vary depending upon current market conditions, and past distributions are not indicative of future trends.

3.58% based on an annualization of the 3.52 cent per share August dividend and the maximum offering price of \$11.80 on August 31, 2013. An investor in the 2013 maximum combined effective federal and Oregon personal income tax bracket of 49.38% (including 3.8% Medicare tax) would need to earn a distribution rate of 7.07% from a taxable investment to match the Fund's Class A tax-free distribution rate. For the Fund's Class C and Advisor shares' performance, please see the Performance Summary.

State Update

Strength in the manufacturing sector helped Oregon's economy grow during the period at a rate near its long-term average. Private sector employment accelerated owing largely to improvements outside the Portland metropolitan area. Housing sector indicators were positive and included double-digit growth in new construction permits and statewide home price gains that outpaced inflation. Although declining agricultural exports led the state's overall exports to decline from a year earlier, exports of computer and electronic products, which represented the largest category of exports, grew modestly.

In July, the Oregon legislature adopted a 2013–2015 biennial budget that represented an increase in overall spending from the 2011-2013 biennium. The budget included a substantial expansion in the state's general fund, which accounted for the bulk of education, corrections and parks spending. In their most recent forecasts, state officials revised expectations upward for personal income tax collections but reduced expectations for corporate income tax collections, citing a court ruling allowing corporations to take credits against the minimum tax.

Oregon's unemployment rate eased from 8.3% to 8.1% during the six months under review, although it remained above the 7.3% national rate.³ The unemployment rate has been particularly important, given Oregon's notable reliance on personal income taxes to provide revenue. Job growth in the leisure and hospitality, information, and professional and business services sectors led the improvement, with most employment sectors also adding jobs during the period. Conversely, mining and logging, the state's smallest job sector, contracted.

Oregon's debt levels remained high, with net tax-supported debt of \$1,945 per capita and 5.2% of personal income compared with the national medians of \$1,074 and 2.8%.4 Independent credit rating agency Standard & Poor's (S&P) affirmed its AA+ rating of Oregon's general obligation debt with a stable outlook.⁵ The rating reflected S&P's view of the state's sound financial practices, willingness to make budget adjustments to correct structural imbalances, mechanisms to capitalize on rainy day funds and above-average pension funding ratio, while the outlook reflected S&P's expectation that the state's sound fiscal policies will help it weather slow, near-term economic and revenue growth.

Manager's Discussion

We used various investment strategies during the six months under review as we sought to maximize tax-free income for shareholders. During the reporting period, some Puerto Rico issuers experienced downgrades from S&P, Moody's Investors Service and Fitch Ratings that contributed to the underperformance of Puerto Rico bonds held in the Fund. Puerto Rico's municipal bond market is widely traded because of its dual tax-exemption advantages. By period-end, the Puerto Rico bond market was experiencing a marked decline in prices worsened by negative publicity about the island's fiscal situation. Please read the overview beginning on page 4 for more details.

Thank you for your continued participation in Franklin Oregon Tax-Free Income Fund. We believe our conservative, buy-and-hold investment strategy can help us achieve high, current, tax-free income for shareholders.

The foregoing information reflects our analysis, opinions and portfolio holdings as of August 31, 2013, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, state, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Portfolio Breakdown

Franklin Oregon Tax-Free Income Fund 8/31/13

Long-Term I	% of Total nvestments*
General Obligation	25.5%
Hospital & Health Care	21.0%
Refunded	11.2%
Transportation	10.3%
Utilities	9.3%
Tax-Supported	8.8%
Higher Education	7.1%
Other Revenue	3.2%
Housing	2.0%
Subject to Government Appropriation	ns 1.6%

^{*}Does not include short-term investments and other net assets

^{3.} Source: Bureau of Labor Statistics.

^{4.} Source: Moody's Investors Service. "2013 State Debt Medians Report." 5/29/13.

^{5.} This does not indicate S&P's rating of the Fund.

Performance Summary as of 8/31/13

Franklin Oregon Tax-Free Income Fund

Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses of each class. Capital gain distributions are net profits realized from the sale of portfolio securities. The performance table does not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares. Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses.

Price and Distribution Information

Class A (Symbol: FRORX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.28	\$11.30	\$12.58
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.2112			
Class C (Symbol: FORIX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.29	\$11.45	\$12.74
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.1761			
Advisor Class (Symbol: FOFZX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.28	\$11.31	\$12.59
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.2172			

Performance

Cumulative total return excludes sales charges. Average annual total returns include maximum sales charges. Class A: 4.25% maximum initial sales charge; Class C: 1% contingent deferred sales charge in first year only; Advisor Class: no sales charges.

Class A	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-8.58%	-7.26%	+19.09%	+49.35%
Average Annual Total Return ²	-12.48%	-11.20%	+2.65%	+3.64%
Avg. Ann. Total Return (9/30/13) ³		-9.66%	+4.23%	+3.60%
Distribution Rate ⁴	3.	58%		
Taxable Equivalent Distribution Rate ⁵	7.0	07%		
30-Day Standardized Yield ⁶	3.3	39%		
Taxable Equivalent Yield ⁵	6.3	70%		
Total Annual Operating Expenses ⁷	0.6	62%		
Class C	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-8.82%	-7.77%	+15.91%	+41.47%
Average Annual Total Return ²	-9.72%	-8.66%	+3.00%	+3.53%
Avg. Ann. Total Return (9/30/13) ³		-7.10%	+4.58%	+3.49%
Distribution Rate ⁴	3.0	09%		
Taxable Equivalent Distribution Rate ⁵	6.	10%		
30-Day Standardized Yield ⁶	2.9	98%		
Taxable Equivalent Yield ⁵	5.8	89%		
Total Annual Operating Expenses ⁷	1.	17%		
Advisor Class ⁸	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-8.53%	-7.16%	+19.67%	+50.08%
Average Annual Total Return ²	-8.53%	-7.16%	+3.66%	+4.14%
Avg. Ann. Total Return (9/30/13) ³		-5.56%	+5.25%	+4.10%
Distribution Rate ⁴	3.8	84%		
Taxable Equivalent Distribution Rate ⁵	7.	59%		
30-Day Standardized Yield ⁶	3.6	63%		
Taxable Equivalent Yield ⁵	7.	17%		

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com or call (800) 342-5236.

Endnotes

All investments involve risks, including possible loss of principal. Because municipal bonds are sensitive to interest rate movements, the Fund's yield and share price will fluctuate with market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. Since the Fund concentrates its investments in a single state, it is subject to greater risk of adverse economic and regulatory changes in that state than a geographically diversified fund. Changes in the credit rating of a bond, or in the credit rating or financial strength of a bond's issuer, insurer or guarantor, may affect the bond's value. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Class C: Prior to 1/1/04, these shares were offered with an initial sales charge; thus actual total returns would have differed. These shares have higher annual fees and expenses than Class A shares.

Advisor Class: Shares are available to certain eligible investors as described in the prospectus.

- 1. Cumulative total return represents the change in value of an investment over the periods indicated.
- 2. Average annual total return represents the average annual change in value of an investment over the periods indicated. Six-month return has not
- 3. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.
- 4. Distribution rate is based on an annualization of the respective class's August dividend and the maximum offering price (NAV for Classes C and Advisor) per share on 8/31/13.
- 5. Taxable equivalent distribution rate and yield assume the published rates as of 6/24/13 for the maximum combined effective federal and Oregon personal income tax rate of 49.38%, based on the federal income tax rate of 39.60% plus 3.8% Medicare tax.
- 6. The 30-day standardized yield for the 30 days ended 8/31/13 reflects an estimated yield to maturity (assuming all portfolio securities are held to maturity). It should be regarded as an estimate of the Fund's rate of investment income, and it may not equal the Fund's actual income distribution rate (which reflects the Fund's past dividends paid to shareholders) or the income reported in the Fund's financial statements.
- 7. Figures are as stated in the Fund's current prospectus. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.
- 8. Effective 7/15/09, the Fund began offering Advisor Class shares, which do not have sales charges or a Rule 12b-1 plan. Performance quotations for this class reflect the following methods of calculation: (a) For periods prior to 7/15/09, a restated figure is used based upon the Fund's Class A performance, excluding the effect of Class A's maximum initial sales charge, but reflecting the effect of the Class A Rule 12b-1 fees; and (b) for periods after 7/15/09, actual Advisor Class performance is used reflecting all charges and fees applicable to that class. Since 7/15/09 (commencement of sales), the cumulative and average annual total returns of Advisor Class shares were +16.80% and +3.83%.

Your Fund's Expenses

Franklin Oregon Tax-Free Income Fund

As a Fund shareholder, you can incur two types of costs:

- Transaction costs, including sales charges (loads) on Fund purchases; and
- Ongoing Fund costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses.

The following table shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a \$1,000 investment held for the six months indicated.

Actual Fund Expenses

The first line (Actual) for each share class listed in the table provides actual account values and expenses. The "Ending Account Value" is derived from the Fund's actual return, which includes the effect of Fund expenses.

You can estimate the expenses you paid during the period by following these steps. Of course, your account value and expenses will differ from those in this illustration:

- 1. Divide your account value by \$1,000. If an account had an \$8,600 value, then $$8,600 \div $1,000 = 8.6$.
- 2. Multiply the result by the number under the heading "Expenses Paid During Period." If Expenses Paid During Period were \$7.50, then $8.6 \times 7.50 = 64.50$.

In this illustration, the estimated expenses paid this period are \$64.50.

Hypothetical Example for Comparison with Other Funds

Information in the second line (Hypothetical) for each class in the table can help you compare ongoing costs of investing in the Fund with those of other mutual funds. This information may not be used to estimate the actual ending account balance or expenses you paid during the period. The hypothetical "Ending Account Value" is based on the actual expense ratio for each class and an assumed 5% annual rate of return before expenses, which does not represent the Fund's actual return. The figure under the heading "Expenses Paid During Period" shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds.

Your Fund's Expenses (continued)

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transaction costs, such as sales charges. Therefore, the second line for each class is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transaction costs were included, your total costs would have been higher. Please refer to the Fund prospectus for additional information on operating expenses.

Class A	Beginning Account Value 3/1/13	Ending Account Value 8/31/13	Expenses Paid During Period* 3/1/13-8/31/13
Actual	\$1,000	\$ 914.20	\$2.94
Hypothetical (5% return before expenses)	\$1,000	\$1,022.13	\$3.11
Class C			
Actual	\$1,000	\$ 911.80	\$5.59
Hypothetical (5% return before expenses)	\$1,000	\$1,019.36	\$5.90
Advisor Class			
Actual	\$1,000	\$ 914.70	\$2.46
Hypothetical (5% return before expenses)	\$1,000	\$1,022.63	\$2.60

^{*}Expenses are calculated using the most recent six-month expense ratio, annualized for each class (A: 0.61%; C: 1.16%; and Advisor: 0.51%), multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Franklin Pennsylvania Tax-Free Income Fund

Your Fund's Goal and Main Investments: Franklin Pennsylvania Tax-Free Income Fund seeks to provide as high a level of income exempt from federal and Pennsylvania personal income taxes as is consistent with prudent investment management and preservation of capital by investing at least 80% of its net assets in securities that pay interest free from such taxes.1

Credit Quality Breakdown*

Franklin Pennsylvania Tax-Free Income Fund 8/31/13

Ratings	% of Total Long-Term Investments**
AAA	0.9%
AA	43.8%
A	40.7%
BBB	13.5%
Below Investment Grade	0.9%
Not Rated	0.2%

^{*}Standard & Poor's (S&P) is used as the primary independent rating agency source. Moody's is secondary, and Fitch, if available, is used for securities not rated by Moody's or S&P. The ratings are an indication of an issuer's creditworthiness, with long-term ratings typically ranging from AAA (highest) to Below Investment Grade (lowest; includes ratings BB to D). This methodology differs from that used in Fund marketing materials.

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. Please visit franklintempleton.com or call (800) 342-5236 for most recent month-end performance.

This semiannual report for Franklin Pennsylvania Tax-Free Income Fund covers the period ended August 31, 2013.

Performance Overview

The Fund's Class A share price, as measured by net asset value, decreased from \$10.94 on February 28, 2013, to \$9.83 on August 31, 2013. The Fund's Class A shares paid dividends totaling 19.52 cents per share for the same period.² The Performance Summary beginning on page 72 shows that at the end of this reporting period the Fund's Class A shares' distribution rate was 3.81% based on an annualization of the 3.26 cent per share August

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 143.

^{**}Does not include short-term investments and other net assets.

^{1.} For state personal income taxes, the 80% minimum is measured by total Fund assets. For investors subject to alternative minimum tax, a small portion of Fund dividends may be taxable. Distributions of capital gains are generally taxable. To avoid imposition of 28% backup withholding on all Fund distributions and redemption proceeds, U.S. investors must be properly certified on Form W-9 and non-U.S. investors on Form W-8BEN.

^{2.} All Fund distributions will vary depending upon current market conditions, and past distributions are not indicative of future trends.

Dividend Distributions*

Franklin Pennsylvania Tax-Free Income Fund 3/1/13-8/31/13

	Div	Dividend per Share (cents)		
Month	Class A	Class C	Advisor Class	
March	3.28	2.78	3.37	
April	3.28	2.78	3.37	
May	3.28	2.78	3.37	
June	3.21	2.72	3.29	
July	3.21	2.72	3.29	
August	3.26	2.77	3.34	
Total	19.52	16.55	20.03	

^{*}Assumes shares were purchased and held for the entire accrual period. Since dividends accrue daily, your actual distributions will vary depending on the date you purchased your shares and any account activity. All Fund distributions will vary depending upon current market conditions, and past distributions are not indicative of future trends.

dividend and the maximum offering price of \$10.27 on August 31, 2013. An investor in the 2013 maximum combined effective federal and Pennsylvania personal income tax bracket of 45.25% (including 3.8% Medicare tax) would need to earn a distribution rate of 6.96% from a taxable investment to match the Fund's Class A tax-free distribution rate. For the Fund's Class C and Advisor shares' performance, please see the Performance Summary. Dividend distributions were affected by lower interest rates early in the period. This and other factors resulted in reduced income for the portfolio and caused dividends to be lower at the end of the period.

Commonwealth Update

Pennsylvania has a diverse and broad economy with wealth levels slightly above the national average. The commonwealth's economic recovery gained momentum during the reporting period as job creation accelerated. Most job sectors added jobs, led by leisure and hospitality, education and health services, and professional and business services. Pennsylvania's unemployment rate improved from 8.1% in February to 7.7% in August, but it remained higher than the 7.3% national rate.3

The commonwealth finished fiscal year 2013 on June 30 with slightly betterthan-estimated general fund collections as tax revenues continued to recover. However, the enacted fiscal year 2014 budget could delay the commonwealth's progress toward achieving structural balance, as it funded spending increases by utilizing most of fiscal year 2013's general fund ending balance instead of

^{3.} Source: Bureau of Labor Statistics.

replenishing the rainy day fund, which could hamper Pennsylvania's future financial flexibility. The budget continued a phase-out of the capital stock and franchise tax, eliminated the inheritance tax for small businesses and featured higher spending levels for education, health and human services, public safety and economic development programs.

Pennsylvania's debt levels were moderate, with net tax-supported debt of \$1,208 per capita and 2.8% of personal income, compared with the \$1,074 and 2.8% national medians.⁴ Independent credit rating agency Standard & Poor's (S&P) rated Pennsylvania's general obligation bonds AA with a negative outlook.5 The rating reflected S&P's view of the commonwealth's diverse economic base, good wealth levels with above-average personal income per capita and moderate debt profile. S&P noted that challenges included weak financial performance and reserves, as well as continued budgetary pressures resulting from growing service demands and an unfunded pension liability. The negative outlook reflected S&P's view that rising cost pressures, mostly regarding pension obligations, together with slow economic growth and limited reserves, could result in a lower rating without faster economic growth or substantial pension reforms.

Manager's Discussion

We used various investment strategies during the six months under review as we sought to maximize tax-free income for shareholders. During the reporting period, some Puerto Rico issuers experienced downgrades from S&P, Moody's Investors Service and Fitch Ratings that contributed to the underperformance of Puerto Rico bonds held in the Fund. Puerto Rico's municipal bond market is widely traded because of its dual tax-exemption advantages. By period-end, the Puerto Rico bond market was experiencing a marked decline in prices worsened by negative publicity about the island's fiscal situation. Please read the overview beginning on page 4 for more details.

Thank you for your continued participation in Franklin Pennsylvania Tax-Free Income Fund. We believe our conservative, buy-and-hold investment strategy can help us achieve high, current, tax-free income for shareholders.

The foregoing information reflects our analysis, opinions and portfolio holdings as of August 31, 2013, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, state, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Portfolio Breakdown

Franklin Pennsylvania Tax-Free Income Fund 8/31/13

% Long-Term Inve	of Total stments*
Higher Education	25.2%**
General Obligation	18.6%
Hospital & Health Care	17.0%
Utilities	15.2%
Tax-Supported	6.0%
Transportation	5.8%
Refunded	3.8%
Subject to Government Appropriations	3.2%
Other Revenue	2.8%
Housing	2.4%

^{*}Does not include short-term investments and other net assets

^{4.} Source: Moody's Investors Service, "2013 State Debt Medians Report," 5/29/13.

^{5.} This does not indicate S&P's rating of the Fund.

^{**}The Fund may invest more than 25% in municipal securities that finance similar types of projects such as higher education. A change that affects one project may affect all similar projects, thereby increasing market risk.

Performance Summary as of 8/31/13

Franklin Pennsylvania Tax-Free Income Fund

Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses of each class. Capital gain distributions are net profits realized from the sale of portfolio securities. The performance table does not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares. Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses.

Price and Distribution Information

Class A (Symbol: FRPAX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.11	\$9.83	\$10.94
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.1952			
Class C (Symbol: FRPTX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.12	\$9.94	\$11.06
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.1655			
Advisor Class (Symbol: FPFZX)		Change	8/31/13	2/28/13
Net Asset Value (NAV)		-\$1.11	\$9.84	\$10.95
Distributions (3/1/13-8/31/13)				
Dividend Income	\$0.2003			

Performance Summary (continued)

Performance

Cumulative total return excludes sales charges. Average annual total returns include maximum sales charges. Class A: 4.25% maximum initial sales charge; Class C: 1% contingent deferred sales charge in first year only; Advisor Class: no sales charges.

Class A	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-8.46%	-6.80%	+20.16%	+46.83%
Average Annual Total Return ²	-12.38%	-10.79%	+2.84%	+3.46%
Avg. Ann. Total Return (9/30/13) ³		-9.38%	+4.63%	+3.44%
Distribution Rate ⁴	3.8	81%		
Taxable Equivalent Distribution Rate ⁵	6.9	96%		
30-Day Standardized Yield ⁶	3.8	87%		
Taxable Equivalent Yield ⁵	7.0	07%		
Total Annual Operating Expenses ⁷	0.6	63%		
Class C	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-8.71%	-7.33%	+17.03%	+39.17%
Average Annual Total Return ²	-9.61%	-8.23%	+3.20%	+3.36%
Avg. Ann. Total Return (9/30/13) ³		-6.80%	+4.98%	+3.33%
Distribution Rate ⁴	3.3	34%		
Taxable Equivalent Distribution Rate ⁵	6.3	10%		
30-Day Standardized Yield ⁶	3.4	48%		
Taxable Equivalent Yield ⁵	6.3	36%		
Total Annual Operating Expenses ⁷	1.3	18%		
Advisor Class ⁸	6-Month	1-Year	5-Year	10-Year
Cumulative Total Return ¹	-8.40%	-6.70%	+20.75%	+47.54%
Average Annual Total Return ²	-8.40%	-6.70%	+3.84%	+3.97%
Avg. Ann. Total Return (9/30/13) ³		-5.23%	+5.65%	+3.94%
Distribution Rate ⁴	4.0	07%		
Taxable Equivalent Distribution Rate ⁵	7.4	43%		
30-Day Standardized Yield ⁶	4.3	11%		
Taxable Equivalent Yield ⁵	7 !	51%		
	/	3170		

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com or call (800) 342-5236.

Performance Summary (continued)

Endnotes

All investments involve risks, including possible loss of principal. Because municipal bonds are sensitive to interest rate movements, the Fund's yield and share price will fluctuate with market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. Since the Fund concentrates its investments in a single state, it is subject to greater risk of adverse economic and regulatory changes in that state than a geographically diversified fund. Changes in the credit rating of a bond, or in the credit rating or financial strength of a bond's issuer, insurer or guarantor, may affect the bond's value. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Class C: Prior to 1/1/04, these shares were offered with an initial sales charge; thus actual total returns would have differed. These shares have higher annual fees and expenses than Class A shares.

Advisor Class: Shares are available to certain eligible investors as described in the prospectus.

- 1. Cumulative total return represents the change in value of an investment over the periods indicated.
- 2. Average annual total return represents the average annual change in value of an investment over the periods indicated. Six-month return has not
- 3. In accordance with SEC rules, we provide standardized average annual total return information through the latest calendar quarter.
- 4. Distribution rate is based on an annualization of the respective class's August dividend and the maximum offering price (NAV for Classes C and Advisor) per share on 8/31/13.
- 5. Taxable equivalent distribution rate and yield assume the published rates as of 6/24/13 for the maximum combined effective federal and Pennsylvania personal income tax rate of 45.25%, based on the federal income tax rate of 39.60% plus 3.8% Medicare tax.
- 6. The 30-day standardized yield for the month ended 8/31/13 reflects an estimated yield to maturity (assuming all portfolio securities are held to maturity). It should be regarded as an estimate of the Fund's rate of investment income, and it may not equal the Fund's actual income distribution rate (which reflects the Fund's past dividends paid to shareholders) or the income reported in the Fund's financial statements.
- 7. Figures are as stated in the Fund's current prospectus. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.
- 8. Effective 7/15/09, the Fund began offering Advisor Class shares, which do not have sales charges or a Rule 12b-1 plan. Performance quotations for this class reflect the following methods of calculation: (a) For periods prior to 7/15/09, a restated figure is used based upon the Fund's Class A performance, excluding the effect of Class A's maximum initial sales charge, but reflecting the effect of the Class A Rule 12b-1 fees; and (b) for periods after 7/15/09, actual Advisor Class performance is used reflecting all charges and fees applicable to that class. Since 7/15/09 (commencement of sales), the cumulative and average annual total returns of Advisor Class shares were +17.99% and +4.09%.

Your Fund's Expenses

Franklin Pennsylvania Tax-Free Income Fund

As a Fund shareholder, you can incur two types of costs:

- Transaction costs, including sales charges (loads) on Fund purchases; and
- Ongoing Fund costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses.

The following table shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a \$1,000 investment held for the six months indicated.

Actual Fund Expenses

The first line (Actual) for each share class listed in the table provides actual account values and expenses. The "Ending Account Value" is derived from the Fund's actual return, which includes the effect of Fund expenses.

You can estimate the expenses you paid during the period by following these steps. Of course, your account value and expenses will differ from those in this illustration:

- 1. Divide your account value by \$1,000. If an account had an \$8,600 value, then $$8,600 \div $1,000 = 8.6$.
- 2. Multiply the result by the number under the heading "Expenses Paid During Period." If Expenses Paid During Period were \$7.50, then $8.6 \times 7.50 = 64.50$.

In this illustration, the estimated expenses paid this period are \$64.50.

Hypothetical Example for Comparison with Other Funds

Information in the second line (Hypothetical) for each class in the table can help you compare ongoing costs of investing in the Fund with those of other mutual funds. This information may not be used to estimate the actual ending account balance or expenses you paid during the period. The hypothetical "Ending Account Value" is based on the actual expense ratio for each class and an assumed 5% annual rate of return before expenses, which does not represent the Fund's actual return. The figure under the heading "Expenses Paid During Period" shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds.

Your Fund's Expenses (continued)

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transaction costs, such as sales charges. Therefore, the second line for each class is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transaction costs were included, your total costs would have been higher. Please refer to the Fund prospectus for additional information on operating expenses.

Class A	Beginning Account Value 3/1/13	Ending Account Value 8/31/13	Expenses Paid During Period* 3/1/13-8/31/13
Actual	\$1,000	\$ 915.40	\$2.99
Hypothetical (5% return before expenses)	\$1,000	\$1,022.08	\$3.16
Class C			
Actual	\$1,000	\$ 912.90	\$5.64
Hypothetical (5% return before expenses)	\$1,000	\$1,019.31	\$5.96
Advisor Class			
Actual	\$1,000	\$ 916.00	\$2.51
Hypothetical (5% return before expenses)	\$1,000	\$1,022.58	\$2.65

^{*}Expenses are calculated using the most recent six-month expense ratio, annualized for each class (A: 0.62%; C: 1.17%; and Advisor: 0.52%), multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Financial Highlights

Franklin Arizona Tax-Free Income Fund

	Six Months Ended August 31, 2013 Year Ended February 28,					
Class A	(unaudited)	2013	2012a	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$11.52	\$11.28	\$10.30	\$10.78	\$10.18	\$10.30
Income from investment operations ^b :						
Net investment income ^c	0.22	0.45	0.47	0.47	0.48	0.47
Net realized and unrealized gains (losses)	(1.11)	0.23	0.99	(0.47)	0.60	(0.12)
Total from investment operations	(0.89)	0.68	1.46	_	1.08	0.35
Less distributions from net investment income	(0.22)	(0.44)	(0.48)	(0.48)	(0.48)	(0.47)
Redemption feesd	_	_	_	_	_	е
Net asset value, end of period	\$10.41	\$11.52	\$11.28	\$10.30	\$10.78	\$10.18
Total return ^f	(7.86)%	6.14%	14.44%	(0.09)%	10.84%	3.42%
Ratios to average net assets ^g						
Expenses	0.61%	0.63%	0.64%	0.62%	0.63%	0.62%
Net investment income	3.88%	3.93%	4.40%	4.40%	4.55%	4.61%
Supplemental data						
Net assets, end of period (000's)	\$841,934	\$982,621	\$920,194	\$844,627	\$982,080	\$920,248
Portfolio turnover rate	12.34%	6.40%	13.19%	13.61%	8.37%	21.01%

^aFor the year ended February 29.

bThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

cBased on average daily shares outstanding.

dEffective September 1, 2008, the redemption fee was eliminated.

eAmount rounds to less than \$0.01 per share.

Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

gRatios are annualized for periods less than one year.

Financial Highlights (continued)

Franklin Arizona Tax-Free Income Fund

	Six Months End August 31, 201		Yea	r Ended Febr	uary 28,	
Class C	(unaudited)	2013	2012a	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$11.68	\$11.43	\$10.44	\$10.91	\$10.29	\$10.41
Income from investment operations ^b :						
Net investment income ^c	0.19	0.39	0.42	0.42	0.43	0.42
Net realized and unrealized gains (losses)	(1.13)	0.24	0.99	(0.47)	0.62	(0.13)
Total from investment operations	(0.94)	0.63	1.41	(0.05)	1.05	0.29
Less distributions from net investment income	(0.18)	(0.38)	(0.42)	(0.42)	(0.43)	(0.41)
Redemption feesd	_	_	_	_	_	е
Net asset value, end of period	\$10.56	\$11.68	\$11.43	\$10.44	\$10.91	\$10.29
Total return ^f	(8.10)%	5.56%	13.74%	(0.56)%	10.32%	2.82%
Ratios to average net assets ^g						
Expenses	1.16%	1.18%	1.19%	1.17%	1.18%	1.17%
Net investment income	3.33%	3.38%	3.85%	3.85%	4.00%	4.06%
Supplemental data						
Net assets, end of period (000's)	\$112,848	\$150,778	\$118,448	\$99,856	\$109,679	\$78,805
Portfolio turnover rate	12.34%	6.40%	13.19%	13.61%	8.37%	21.01%

^aFor the year ended February 29.

bThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

cBased on average daily shares outstanding.

dEffective September 1, 2008, the redemption fee was eliminated.

eAmount rounds to less than \$0.01 per share.

Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

gRatios are annualized for periods less than one year.

Financial Highlights (continued)

Franklin Arizona Tax-Free Income Fund

	Six Months Ended August 31, 2013		Year	Ended Febru	ary 28,	
Advisor Class	(unaudited)	2013	2012ª	2011	2010	2009₺
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$11.55	\$11.30	\$10.32	\$10.80	\$10.18	\$10.64
Income from investment operations ^c :						
Net investment income ^d	0.22	0.46	0.48	0.49	0.50	0.33
Net realized and unrealized gains (losses)	(1.12)	0.24	0.99	(0.48)	0.62	(0.47)
Total from investment operations	(0.90)	0.70	1.47	0.01	1.12	(0.14)
Less distributions from net investment income	(0.22)	(0.45)	(0.49)	(0.49)	(0.50)	(0.32)
Redemption feese						f
Net asset value, end of period	\$10.43	\$11.55	\$11.30	\$10.32	\$10.80	\$10.18
Total return ^g	(7.88)%	6.33%	14.52%	0.02%	11.15%	(1.28)%
Ratios to average net assets ^h						
Expenses	0.51%	0.53%	0.54%	0.52%	0.53%	0.52%
Net investment income	3.98%	4.03%	4.50%	4.50%	4.65%	4.71%
Supplemental data						
Net assets, end of period (000's)	\$34,101	\$36,297	\$20,862	\$5,697	\$4,530	\$5
Portfolio turnover rate	12.34%	6.40%	13.19%	13.61%	8.37%	21.01%

^aFor the year ended February 29.

^bFor the period July 1, 2008 (effective date) to February 28, 2009.

The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

dBased on average daily shares outstanding.

eEffective September 1, 2008, the redemption fee was eliminated.

fAmount rounds to less than \$0.01 per share.

gTotal return is not annualized for periods less than one year.

hRatios are annualized for periods less than one year.

Statement of Investments, August 31, 2013 (unaudited)

Municipal Bonds 97.9% Arizona 95.5% Arizona 95.5% Arizona 95.5% Arizona 69.5% Arizona 69.5% Arizona 69.5% Arizona 69.5% Arizona 69.5% Arizona 69.5% Arizona 69.0% Ariz	Franklin Arizona Tax-Free Income Fund	Principal Amount	Value
Arizona Board of Regents COP, University of Arizona, Refunding, Series C, 5.00%, 6/01/29 \$3,000,000 \$3,050,760 6/01/30 \$8,995,000 \$8,673,129 6/01/31 7,025,000 7,049,166 Arizona Health Facilities Authority Revenue. Banner Health, Series D, BHAC Insured, 5.50%, 1/01/38 15,000,000 15,141,000 9,944,700 Banner Health, Series D, 5.00%, 1/01/38 17,500,000 17,821,475 Catholic Healthcare West, Series B, AGMC Insured, 5.00%, 3/01/41 5,000,000 9,944,700 Arizona School Facilities Board COP, 5.50%, 9/01/23 10,000,000 10,917,800 Arizona School Facilities Board COP, 5.50%, 9/01/23 10,000,000 10,917,800 Arizona School Facilities Board COP, 5.50%, 9/01/23 10,000,000 10,917,800 Arizona School Facilities Board COP, 5.50%, 9/01/23 10,000,000 10,917,800 Arizona School Facilities Board COP, 5.50%, 9/01/23 10,000,000 10,917,800 Arizona School Facilities Board COP, 5.50%, 9/01/23 10,000,000 10,917,800 Arizona School Facilities Board COP, 5.00%, 9/01/23 10,000,000 10,917,800 Arizona School Facilities Board COP, 5.00%, 9/01/23 10,000,000 10,917,800 Arizona State Board of Regents Arizona State University System Revenue, Polytechnic Campus Project, Series C, 6.00%, 7/01/27 3,000,000 2,755,150 Polytechnic Campus Project, Series C, 6.00%, 7/01/27 3,000,000 3,285,360 Polytechnic Campus Project, Series C, 6.00%, 7/01/27 3,000,000 3,285,360 Polytechnic Campus Project, Series C, 6.00%, 7/01/28 3,350,000 3,365,0160 Refunding, Series A, 5.00%, 6/01/37 3,665,000 3,275,0142 10,000,000 10,041,800 Arizona State Board of Regents University of Arizona System Revenue, Refunding, Series A, 5.00%, 6/01/39 8,600 3,3727,012 Series A, 6/00 10,00	Municipal Bonds 97.9%		
\$601/29	Arizona 89.5%		
\$601/29	Arizona Board of Regents COP, University of Arizona, Refunding, Series C, 5.00%,		
Arizona Health, Refunding, Series D, BHAC Insured, 5.50%, 1/01/38		\$ 3,000,000	\$ 3,050,760
Arizona Health Facilities Authority Revenue, Banner Health, Series D, BHAC Insured, 5.50%, 1/01/38 15,000,000 15,416,100 Banner Health, Series D, 5.50%, 1/01/35 10,000,000 17,821,475 Catholic Healthcare West, Series B, AGMC Insured, 5.00%, 3/01/41 5,000,000 17,821,475 Catholic Healthcare West, Series B, Sub Series B-1, 5.25%, 3/01/39 10,000,000 9,793,600 Arizona School Facilities Board COP, 5.50%, 9/01/23 10,000,000 10,917,800 Arizona School Facilities Board COP, 5.50%, 9/01/23 10,000,000 10,917,800 Arizona Storts and Tourism Authority Senier Revenue, Multipurpose Stadium Facility Project, Refunding, Series A, 5.00%, 7/01/36 Arizona State Board of Regents Arizona State University System Revenue, Polytechnic Campus Project, Series C, 6.00%, 7/01/27 3,000,000 3,285,360 Polytechnic Campus Project, Series C, 6.00%, 7/01/27 3,000,000 3,285,360 Refunding, Series A, 5.00%, 7/01/42 10,000,000 10,041,800 Arizona State Board of Regents University of Arizona System Revenue, Refunding, Series A, 5.00%, 6/01/37 3,665,000 3,565,0160 Refunding, Series A, 5.00%, 6/01/37 3,665,000 3,727,012 Series A, 5.00%, 6/01/37 3,665,000 3,727,012 Series A, 5.00%, 6/01/39 3,000,000 3,727,012 Series A, 6/01/30 3,000,000 3,000,000 3,000,000 3,000,000	6/01/30	8,595,000	8,673,129
Banner Health, Refunding, Series A, 5.00%, 1/01/35 10,000.00 9,344,700 Banner Health, Series A, 5.00%, 1/01/35 17,500,000 17,821,475 Catholic Healthcare West, Series B, McMC Insured, 5.00%, 3/01/41 5,000,000 4,728,850 Catholic Healthcare West, Series B, BAGMC Insured, 5.00%, 3/01/41 5,000,000 4,728,850 Catholic Healthcare West, Series B, BAGMC Insured, 5.00%, 3/01/41 5,000,000 9,793,600 Arizona School Facilities Board COP, 5.50%, 9/01/23 10,000,000 10,917,800 Arizona School Facilities Board COP, 5.50%, 9/01/23 10,000,000 10,917,800 Arizona Storts and Tourism Authority Senior Revenue, Multipurpose Stadium Facility Project, Refunding, Series A, 5.00%, 7/01/36 5,000,000 4,847,450 Arizona State Board of Regents Arizona State University System Revenue, Polytechnic Campus Project, Series C, 6.00%, 7/01/27 3,000,000 3,285,360 Polytechnic Campus Project, Series C, 6.00%, 7/01/28 3,350,000 3,650,160 Refunding, Series A, 5.00%, 7/01/42 10,000,000 10,041,800 Arizona State Board of Regents University of Arizona System Revenue, Refunding, Series A, 5.00%, 6/01/37 3,665,000 3,727,012 Series A, 5.00%, 6/01/39 3,650,000 7,01/42 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 10,150,000 10,041,800 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 10,150,000 10,035,508 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 10,150,000 10,035,508 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 10,150,000 10,035,508 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 10,150,000 10,035,508 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 10,000 10	6/01/31	7,025,000	7,049,166
Banner Health, Series D, 5.00%, 1/01/38 Catholic Healthcare West, Series B, 6.00%, 3/01/41 Catholic Healthcare West, Series B, Sub Series B-1, 5.25%, 3/01/39 Catholic Healthcare West, Series B, Sub Series B-1, 5.25%, 3/01/39 Arizona School Facilities Board CoP, 5.50%, 9/01/23 Arizona Sports and Tourism Authority Senior Revenue, Multipurpose Stadium Facility Project, Refunding, Series A, 5.00%, 7/01/36 Arizona Sports and Tourism Authority Senior Revenue, Multipurpose Stadium Facility Project, Refunding, Series A, 5.00%, 7/01/36 Arizona State Board of Regents Arizona State University System Revenue, Polytechnic Campus Project, Series C, 6.00%, 7/01/26 Polytechnic Campus Project, Series C, 6.00%, 7/01/27 3,000,000 3,285,360 Polytechnic Campus Project, Series C, 6.00%, 7/01/28 3,350,000 3,350,000 3,285,360 Refunding, Series A, 5.00%, 7/01/42 Arizona State Board of Regents University of Arizona System Revenue, Refunding, Series A, 5.00%, 6/01/37 Refunding, Series A, 5.00%, 6/01/37 Similus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 Series A, 5.00%, 6/01/37 Refunding, Series A, 5.00%, 10/01/27 Refunding, Series A, 5.00%, 10/01/27 Refunding, Series A, 5.00%, 10/01/27 Refunding, Series A, 5.00%, 10/01/29 Series B, AGMC Insured, 5.00%, 10/01/28 Series B, AGMC Insured, 5.00%, 10/01/29 Series B,	Arizona Health Facilities Authority Revenue,		
Bamer Health, Series D, 5.50%, 1/01/38	Banner Health, Refunding, Series D, BHAC Insured, 5.50%, 1/01/38	15,000,000	15,416,100
Catholic Healthcare West, Series B, AGMC Insured, 5.00%, 3/01/41 5,000,000 4,728,850 Catholic Healthcare West, Series B, Sub Series B-1, 5.25%, 3/01/39 10,000,000 10,000,000 10,917,800 Arizona School Facilities Board COP, 5.05%, 9/01/23 10,000,000 10,007,800 Arizona Sports and Tourism Authority Senior Revenue, Multipurpose Stadium Facility Project, Refunding, Series A, 5.00%, 7/01/36 5,000,000 2,755,150 Arizona State Board of Regents Arizona State University System Revenue, Polytechnic Campus Project, Series C, 6.00%, 7/01/26 2,500,000 2,755,150 Polytechnic Campus Project, Series C, 6.00%, 7/01/27 3,000,000 3,285,360 Polytechnic Campus Project, Series C, 6.00%, 7/01/28 3,350,000 3,650,160 Refunding, Series A, 5.00%, 7/01/42 10,000,000 10,041,800 Arizona State Board of Regents University of Arizona System Revenue, Refunding, Series A, 5.00%, 6/01/37 3,000,000 3,727,012 8cries A, 5.00%, 6/01/39 8,650,000 8,756,914 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/43 9,430,000 9,285,627 Arizona State COP, Department of Administration, Refunding, Series A, 5.00%, 10/01/28 1,000,000 1,130,657 Refunding, Series A, 5.00%, 10/01/28 1,000,000 1,018,960 Series A, 5.00%, 10/01/28 1,000,000 1,018,960 Series A, AGMC Insured, 5.25%, 10/01/26 8,500,000 9,006,430 Series A, AGMC Insured, 5.25%, 10/01/29 5,855,000 5,974,559 Series B, AGMC Insured, 5.00%, 10/01/28 5,000,000 3,065,580 Arizona State Health Facilities Authority Healthcare Education Facilities Revenue, Kirkwille College of Osteopathic Medicine Inc., Arizona School of Health Sciences Project, 5.125%, 1/01/30 1,000,000 1,000,000 1,000,000 1,000,000	Banner Health, Series A, 5.00%, 1/01/35	10,000,000	9,844,700
Catholic Healthcare West, Series B, Sub Series B-1, 5.25%, 3/01/39 10,000,000 10,973,600 Arizona School Facilities Board COP, 5.50%, 9/01/23 10,000,000 10,917,800 Arizona School Facilities Board COP, 5.50%, 9/01/36 5,000,000 4,847,450 Arizona State Board of Regents Arizona State University System Revenue, Polytechnic Campus Project, Series C, 6.00%, 7/01/26 2,500,000 3,285,360 Polytechnic Campus Project, Series C, 6.00%, 7/01/27 3,000,000 3,285,360 Polytechnic Campus Project, Series C, 6.00%, 7/01/28 3,350,000 3,650,160 Refunding, Series A, 5.00%, 7/01/42 10,000,000 10,041,800 Arizona State Board of Regents University of Arizona System Revenue, Refunding, Series A, 5.00%, 7/01/42 3,000,000 3,285,360 Refunding, Series A, 5.00%, 7/01/42 3,000,000 10,041,800 Arizona State Board of Regents University of Arizona System Revenue, Refunding, Series A, 5.00%, 6/01/37 3,000,6/01/37 3,655,000 3,727,012 Series A, 5.00%, 6/01/39 3,650,000 3,727,012 Series A, 5.00%, 6/01/39 3,000,000 3,727,012 Series A, 5.00%, 6/01/39 3,000,000 3,727,012 Series A, 5.00%, 6/01/39 3,000,000 3,727,012 Series A, 5.00%, 10,000,000 10,000,000 10,000,000 3,000,000 3,000,000 3,000,000 3,000,000	Banner Health, Series D, 5.50%, 1/01/38	17,500,000	17,821,475
Arizona School Facilities Board COP, 5.50%, 9/01/23 Arizona Sports and Tourism Authority Senior Revenue, Multipurpose Stadium Facility Project, Refunding, Series A, 5.00%, 7/01/36 Arizona State Board of Regents Arizona State University System Revenue, Polytechnic Campus Project, Series C, 6.00%, 7/01/27 Polytechnic Campus Project, Series C, 6.00%, 7/01/27 3,000,000 3,285,360 Polytechnic Campus Project, Series C, 6.00%, 7/01/28 3,350,000 3,650,160 Refunding, Series A, 5.00%, 7/01/42 Arizona State Board of Regents University of Arizona System Revenue, Refunding, Series A, 5.00%, 6/01/37 Series A, 5.00%, 6/01/37 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 Arizona State COP, Department of Administration, Refunding, Series A, 5.00%, 10/01/27 Refunding, Series A, 5.00%, 10/01/27 Refunding, Series A, 5.00%, 10/01/27 Refunding, Series A, 5.00%, 10/01/28 Series A, AGMC Insured, 5.00%, 10/01/28 Series A, AGMC Insured, 5.00%, 10/01/28 Arizona State COP, Department of Administration, Refunding, Series A, 5.00%, 10/01/28 Series A, AGMC Insured, 5.00%, 10/01/28 Arizona State Health Facilities Authority Healthcare Education Facilities Revenue, Kirksville College of Osteopathic Medicine Inc., Arizona School of Health Sciences Project, 5.125%, 1/01/30 Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, Refunding, Series A, 5.00%, 2/01/42 Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, Refunding, Series A, 5.00%, 2/01/42 Arizona State Health Facilities Authority Hospital Revenue, Sirvis Hospital, Refunding, Series A, 5.00%, 2/01/42 Arizona State Health Facilities Authority Hospital Revenue, Sirvis Hospital, Refunding, Series A, 5.00%, 2/01/42 Arizona State Health Facilities Authority Hospital Revenue, Sirvis Hospital, Refunding, Series A, 5.00%, 2/01/42 Arizona State International Program COP, Refunding, Series 14, AMBAC Insured, 5.00%, 7/01/	Catholic Healthcare West, Series B, AGMC Insured, 5.00%, 3/01/41	5,000,000	4,728,850
Arizona Sports and Tourism Authority Senior Revenue, Multipurpose Stadium Facility Project, Refunding, Series A, 5.00%, 7/01/36	Catholic Healthcare West, Series B, Sub Series B-1, 5.25%, 3/01/39	10,000,000	9,793,600
Refunding, Series A, 5.00%, 7/01/36 5,000,000 4,847,450 Arizona State Board of Regents Arizona State University System Revenue, 2,500,000 2,755,150 Polytechnic Campus Project, Series C, 6.00%, 7/01/27 3,000,000 3,285,360 Polytechnic Campus Project, Series C, 6.00%, 7/01/28 3,350,000 3,650,160 Refunding, Series A, 5.00%, 7/01/42 10,000,000 10,041,800 Arizona State Board of Regents University of Arizona System Revenue, 8,650,000 8,756,914 Series A, 5.00%, 6/01/37 3,665,000 8,756,914 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 10,150,000 10,035,508 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/43 9,430,000 9,285,627 Arizona State COP, Department of Administration, Refunding, Series A, 5.00%, 10/01/27 1,100,000 1,130,657 Refunding, Series A, 5.00%, 10/01/28 1,000,000 1,018,960 Series B, A, GMC Insured, 5.25%, 10/01/26 8,500,000 9,064,30 Series B, A, GMC Insured, 5.00%, 10/01/29 5,855,000 5,974,559 Series B, A, GMC Insured, 5.00%, 10/01/29 5,000,000 3,000,000 3,065,580 <td>Arizona School Facilities Board COP, 5.50%, 9/01/23</td> <td>10,000,000</td> <td>10,917,800</td>	Arizona School Facilities Board COP, 5.50%, 9/01/23	10,000,000	10,917,800
Arizona State Board of Regents Arizona State University System Revenue, Polytechnic Campus Project, Series C, 6.00%, 7/01/26 2,500,000 3,285,360 Polytechnic Campus Project, Series C, 6.00%, 7/01/27 3,000,000 3,285,360 Polytechnic Campus Project, Series C, 6.00%, 7/01/28 3,350,000 3,650,160 Refunding, Series A, 5.00%, 7/01/42 10,000,000 10,041,800 Arizona State Board of Regents University of Arizona System Revenue, Refunding, Series A, 5.00%, 6/01/37 3,665,000 3,727,012 Series A, 5.00%, 6/01/39 3,665,000 8,766,911 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/43 10,150,000 10,035,508 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/43 9,430,000 9,285,627 Arizona State COP, Department of Administration, Refunding, Series A, 5.00%, 10/01/27 1,100,000 1,130,657 Refunding, Series A, 5.00%, 10/01/28 1,000,000 1,018,960 Series A, AGMC Insured, 5.00%, 10/01/28 1,000,000 1,018,960 Series A, AGMC Insured, 5.00%, 10/01/29 5,855,000 5,974,559 Series B, AGMC Insured, 5.00%, 10/01/29 3,000,000 5,143,550 Series B, AGMC Insured, 5.00%, 10/01/29 3,000,000 5,143,550 Series B, AGMC Insured, 5.00%, 10/01/29 3,000,000 5,143,550 Arizona State Health Facilities Authority Healthcare Education Facilities Revenue, Kirksville College of Osteopathic Medicine Inc., Arizona School of Health Sciences Project, 5.125%, 1/01/20 2,2250,000 2,214,405 Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, Refunding, Series A, 5.00%, 2/01/42 Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, Refunding, Series A, 5.00%, 2/01/42 Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, Refunding, Series A, 5.00%, 2/01/42 Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, Refunding, Series A, 5.00%, 2/01/42 Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, Refunding, Series A, 5.00%, 2/01/42 Arizona State Transportation	Arizona Sports and Tourism Authority Senior Revenue, Multipurpose Stadium Facility Project,		
Polytechnic Campus Project, Series C, 6.00%, 7/01/26 Polytechnic Campus Project, Series C, 6.00%, 7/01/27 Polytechnic Campus Project, Series C, 6.00%, 7/01/28 Polytechnic Campus Project, Series C, 6.00%, 7/01/28 Refunding, Series A, 5.00%, 7/01/42 10,000,000 10,041,800 Arizona State Board of Regents University of Arizona System Revenue, Refunding, Series A, 5.00%, 6/01/37 Series A, 5.00%, 6/01/39 Series A, 5.00%, 6/01/39 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 Stimulus Plan for Economic Administration, Refunding, Series A, 5.00%, 10/01/27 Refunding, Series A, 5.00%, 10/01/27 Refunding, Series A, 5.00%, 10/01/28 Series A, AGMC Insured, 5.25%, 10/01/26 Series A, AGMC Insured, 5.00%, 10/01/29 Series B, AGMC Insured, 5.00%, 10/01/28 Series B, AGMC Insured, 5.00%, 10/01/29 Series B, AGMC Insured, 5.00%, 2/01/42 Series	Refunding, Series A, 5.00%, 7/01/36	5,000,000	4,847,450
Polytechnic Campus Project, Series C, 6.00%, 7/01/27	Arizona State Board of Regents Arizona State University System Revenue,		
Polytechnic Campus Project, Series C, 6.00%, 7/01/28 Refunding, Series A, 5.00%, 7/01/42 Arizona State Board of Regents University of Arizona System Revenue, Refunding, Series A, 5.00%, 6/01/37 Series A, 5.00%, 6/01/39 Series A, 5.00%, 6/01/39 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/33 Refunding, Series A, 5.00%, 10/01/27 Refunding, Series A, 5.00%, 10/01/28 Series A, AGMC Insured, 5.00%, 10/01/28 Series A, AGMC Insured, 5.00%, 10/01/29 Series B, AGMC Insured, 5.00%, 10/01/28 Series B, AGMC Insured, 5.	Polytechnic Campus Project, Series C, 6.00%, 7/01/26	2,500,000	2,755,150
Refunding, Series A, 5.00%, 7/01/42 10,000,000 10,041,800 Arizona State Board of Regents University of Arizona System Revenue, 3,665,000 3,727,012 Series A, 5.00%, 6/01/39 8,650,000 8,756,914 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 10,150,000 10,035,508 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/43 9,430,000 9,285,627 Arizona State COP, Department of Administration, Refunding, Series A, 5.00%, 10/01/27 1,100,000 1,130,657 Refunding, Series A, 5.00%, 10/01/28 1,000,000 1,018,960 Series A, AGMC Insured, 5.25%, 10/01/26 8,500,000 9,006,430 Series B, AGMC Insured, 5.00%, 10/01/29 5,855,000 5,974,559 Series B, AGMC Insured, 5.00%, 10/01/28 5,000,000 5,143,550 Series B, AGMC Insured, 5.00%, 10/01/29 3,000,000 3,065,580 Arizona State Health Facilities Authority Healthcare Education Facilities Revenue, Kirksville 2,250,000 2,214,405 College of Osteopathic Medicine Inc., Arizona School of Health Sciences Project, 5.125%, 1/01/30 8,000,000 7,174,880 Arizona State Lottery Revenue, Series A, AGMC Insured, 5.00%, 7/01/29 <td>Polytechnic Campus Project, Series C, 6.00%, 7/01/27</td> <td>3,000,000</td> <td>3,285,360</td>	Polytechnic Campus Project, Series C, 6.00%, 7/01/27	3,000,000	3,285,360
Arizona State Board of Regents University of Arizona System Revenue, Refunding, Series A, 5.00%, 6/01/37 Series A, 5.00%, 6/01/39 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/33 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/33 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/33 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/33 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/33 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/36 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/36 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/33 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/33 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/36 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/36 Stimulus Plan for Economic Administration, 8/7501/36 Stimulus Plan for Economic Admin	Polytechnic Campus Project, Series C, 6.00%, 7/01/28	3,350,000	3,650,160
Refunding, Series A, 5.00%, 6/01/39 3,727,012 Series A, 5.00%, 6/01/39 8,650,000 8,756,914 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 10,150,000 10,035,508 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/43 9,430,000 9,285,627 Arizona State COP, Department of Administration, Refunding, Series A, 5.00%, 10/01/27 1,100,000 1,130,657 Refunding, Series A, 5.00%, 10/01/28 1,000,000 1,018,960 Series A, AGMC Insured, 5.25%, 10/01/26 8,500,000 9,006,430 Series A, AGMC Insured, 5.00%, 10/01/29 5,855,000 5,974,559 Series B, AGMC Insured, 5.00%, 10/01/29 5,000,000 5,143,550 Series B, AGMC Insured, 5.00%, 10/01/29 3,000,000 3,065,580 Arizona State Health Facilities Authority Healthcare Education Facilities Revenue, Kirksville 2,250,000 2,214,405 Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, 8,000,000 7,174,880 Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, 15,540,000 7,174,880 Arizona State Health Facilities Authority Hospital Revenue, Flounding, Series A, 5,00%,<	Refunding, Series A, 5.00%, 7/01/42	10,000,000	10,041,800
Series A, 5.00%, 6/01/39 8,650,000 8,756,914 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 10,150,000 10,035,508 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/43 9,430,000 9,285,627 Arizona State COP, Department of Administration, Refunding, Series A, 5.00%, 10/01/27 1,100,000 1,130,657 Refunding, Series A, 5.00%, 10/01/28 1,000,000 1,018,960 Series A, AGMC Insured, 5.25%, 10/01/29 8,500,000 9,006,430 Series B, AGMC Insured, 5.00%, 10/01/29 5,855,000 5,974,559 Series B, AGMC Insured, 5.00%, 10/01/29 3,000,000 3,065,580 Arizona State Health Facilities Authority Healthcare Education Facilities Revenue, Kirksville College of Osteopathic Medicine Inc., Arizona School of Health Sciences Project, 5.125%, 1/01/30 2,250,000 2,214,405 Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, Refunding, Series A, 5.00%, 2/01/42 8,000,000 7,174,880 Arizona State Lottery Revenue, Series A, AGMC Insured, 5.00%, 7/01/28 15,540,000 7,679,025 Arizona State Municipal Financing Program COP, Refunding, Series 14, AMBAC Insured, 5.00%, 8/01/33 8,000,000 1,000,000 1,000,640	Arizona State Board of Regents University of Arizona System Revenue,		
Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38 10,150,000 10,035,508 Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/43 9,430,000 9,285,627 Arizona State COP, Department of Administration, 1,100,000 1,130,657 Refunding, Series A, 5.00%, 10/01/27 1,100,000 1,018,960 Series A, AGMC Insured, 5.25%, 10/01/26 8,500,000 9,006,430 Series A, AGMC Insured, 5.00%, 10/01/29 5,855,000 5,974,559 Series B, AGMC Insured, 5.00%, 10/01/29 3,000,000 3,065,580 Arizona State Health Facilities Authority Healthcare Education Facilities Revenue, Kirksville 2,250,000 2,214,405 College of Osteopathic Medicine Inc., Arizona School of Health Sciences Project, 5.125%, 1/01/30 2,250,000 2,214,405 Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, Refunding, Series A, 5.00%, 2/01/42 8,000,000 7,174,880 Arizona State Lottery Revenue, Series A, AGMC Insured, 5.00%, 7/01/29 7,500,000 7,679,025 Arizona State Municipal Financing Program COP, Refunding, Series 14, AMBAC Insured, 5.00%, 7/01/35 1,000,000 1,000,640 Arizona State Transportation Board Highway Revenue, Subordinated, Refunding, Serie	Refunding, Series A, 5.00%, 6/01/37	3,665,000	3,727,012
Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/43 9,430,000 9,285,627 Arizona State COP, Department of Administration, Refunding, Series A, 5.00%, 10/01/27 1,100,000 1,130,657 Refunding, Series A, 5.00%, 10/01/28 1,000,000 1,018,960 Series A, AGMC Insured, 5.25%, 10/01/26 8,500,000 9,006,430 Series B, AGMC Insured, 5.00%, 10/01/29 5,855,000 5,974,559 Series B, AGMC Insured, 5.00%, 10/01/29 3,000,000 3,065,580 Arizona State Health Facilities Authority Healthcare Education Facilities Revenue, Kirksville 5,000,000 2,240,000 College of Osteopathic Medicine Inc., Arizona School of Health Sciences Project, 5.125%, 1/01/30 2,250,000 2,214,405 Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, Refunding, Series A, 5.00%, 2/01/42 8,000,000 7,174,880 Arizona State Lottery Revenue, Series A, AGMC Insured, 5.00%, 7/01/29 7,500,000 7,679,025 Arizona State Municipal Financing Program COP, Refunding, Series 14, AMBAC Insured, 5.00%, 8/01/33 1,000,000 1,000,640 Arizona State Transportation Board Highway Revenue, Subordinated, Refunding, Series A, 5.00%, 7/01/36 10,000,000 8,206,080 7/01/	Series A, 5.00%, 6/01/39	8,650,000	8,756,914
Arizona State COP, Department of Administration, Refunding, Series A, 5.00%, 10/01/27 Refunding, Series A, 5.00%, 10/01/28 Series A, AGMC Insured, 5.25%, 10/01/26 Series A, AGMC Insured, 5.25%, 10/01/29 Series B, AGMC Insured, 5.00%, 10/01/29 Arizona State Health Facilities Authority Healthcare Education Facilities Revenue, Kirksville College of Osteopathic Medicine Inc., Arizona School of Health Sciences Project, 5.125%, 1/01/30 Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, Refunding, Series A, 5.00%, 2/01/42 Refunding, Series A, 5.00%, 2/01/42 Arizona State Lottery Revenue, Series A, AGMC Insured, 5.00%, 7/01/28 T/01/29 Arizona State Municipal Financing Program COP, Refunding, Series 14, AMBAC Insured, 5.00%, 8/01/33 Arizona State Transportation Board Highway Revenue, Subordinated, Refunding, Series A, 5.00%, 7/01/36 Refunding, Series A, 5.00%, 2/01/40 Arizona State University COP, Research Infrastructure Projects, AMBAC Insured, 5.00%, 9/01/30 Arizona State University COP, Research Infrastructure Projects, AMBAC Insured, 5.00%, 9/01/30 12,184,323	Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/38	10,150,000	10,035,508
Refunding, Series A, 5.00%, 10/01/27 1,100,000 1,130,657 Refunding, Series A, 5.00%, 10/01/28 1,000,000 1,018,960 Series A, AGMC Insured, 5.25%, 10/01/26 8,500,000 9,006,430 Series A, AGMC Insured, 5.00%, 10/01/29 5,855,000 5,974,559 Series B, AGMC Insured, 5.00%, 10/01/28 5,000,000 3,000,000 3,065,580 Arizona State Health Facilities Authority Healthcare Education Facilities Revenue, Kirksville College of Osteopathic Medicine Inc., Arizona School of Health Sciences Project, 5.125%, 1/01/30 2,250,000 2,214,405 Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, Refunding, Series A, 5.00%, 2/01/42 8,000,000 7,174,880 Arizona State Lottery Revenue, Series A, AGMC Insured, 5.00%, 7/01/28 15,540,000 16,014,125 7/01/29 7,500,000 7,679,025 Arizona State Municipal Financing Program COP, Refunding, Series 14, AMBAC Insured, 5.00%, 8/01/33 1,000,000 1,000,640 Arizona State Transportation Board Highway Revenue, Subordinated, Refunding, Series A, 5.00%, 7/01/36 8,000,000 8,206,080 7/01/36 10,000,000 6,000,000 6,137,100 Arizona State University COP, Research Infrastructure Projects, AMBAC Insured, 5.00%, 9/01/30 12,184,323 <td>Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/43</td> <td>9,430,000</td> <td>9,285,627</td>	Stimulus Plan for Economic and Educational Development, SPEED, 5.00%, 8/01/43	9,430,000	9,285,627
Refunding, Series A, 5.00%, 10/01/28 1,000,000 1,018,960 Series A, AGMC Insured, 5.25%, 10/01/26 8,500,000 9,006,430 Series A, AGMC Insured, 5.00%, 10/01/29 5,855,000 5,974,559 Series B, AGMC Insured, 5.00%, 10/01/28 5,000,000 5,143,550 Series B, AGMC Insured, 5.00%, 10/01/29 3,000,000 3,065,580 Arizona State Health Facilities Authority Healthcare Education Facilities Revenue, Kirksville 2,250,000 2,214,405 Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, 8,000,000 7,174,880 Arizona State Lottery Revenue, Series A, AGMC Insured, 5.00%, 15,540,000 7,174,880 Arizona State Lottery Revenue, Series A, AGMC Insured, 5.00%, 7,701/28 15,540,000 16,014,125 7/01/29 7,500,000 7,679,025 Arizona State Municipal Financing Program COP, Refunding, Series 14, AMBAC Insured, 5.00%, 1,000,000 1,000,640 Arizona State Transportation Board Highway Revenue, Subordinated, Refunding, Series A, 5.00%, 8,000,000 8,206,080 7/01/36 8,000,000 10,272,900 7/01/36 10,000,000 10,272,900 7/01/36 6,000,000 6,137,100 Ariz	Arizona State COP, Department of Administration,		
Series A, AGMC Insured, 5.25%, 10/01/26 8,500,000 9,006,430 Series A, AGMC Insured, 5.00%, 10/01/29 5,855,000 5,974,559 Series B, AGMC Insured, 5.00%, 10/01/28 5,000,000 5,143,550 Series B, AGMC Insured, 5.00%, 10/01/29 3,000,000 3,065,580 Arizona State Health Facilities Authority Healthcare Education Facilities Revenue, Kirksville 2,250,000 2,214,405 College of Osteopathic Medicine Inc., Arizona School of Health Sciences Project, 5.125%, 1/01/30 2,250,000 2,214,405 Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, Refunding, Series A, 5.00%, 2/01/42 8,000,000 7,174,880 Arizona State Lottery Revenue, Series A, AGMC Insured, 5.00%, 7/01/28 15,540,000 16,014,125 7,679,025 Arizona State Municipal Financing Program COP, Refunding, Series 14, AMBAC Insured, 5.00%, 8/01/33 1,000,000 1,000,640 Arizona State Transportation Board Highway Revenue, Subordinated, Refunding, Series A, 5.00%, 7/01/35 8,000,000 8,206,080 7/01/36 10,000,000 10,272,900 7/01/36 6,000,000 6,137,100 Arizona State University COP, Research Infrastructure Projects, AMBAC Insured, 5.00%, 9/01/30 12,065,000 12,184,323	Refunding, Series A, 5.00%, 10/01/27	1,100,000	1,130,657
Series A, AGMC Insured, 5.00%, 10/01/29 5,855,000 5,974,559 Series B, AGMC Insured, 5.00%, 10/01/28 5,000,000 5,143,550 Series B, AGMC Insured, 5.00%, 10/01/29 3,000,000 3,065,580 Arizona State Health Facilities Authority Healthcare Education Facilities Revenue, Kirksville 2,250,000 2,214,405 College of Osteopathic Medicine Inc., Arizona School of Health Sciences Project, 5.125%, 1/01/30 2,250,000 2,214,405 Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, Refunding, Series A, 5.00%, 2/01/42 8,000,000 7,174,880 Arizona State Lottery Revenue, Series A, AGMC Insured, 5.00%, 7/01/28 15,540,000 16,014,125 7,500,000 7,679,025 Arizona State Municipal Financing Program COP, Refunding, Series 14, AMBAC Insured, 5.00%, 8/01/33 1,000,000 1,000,640 Arizona State Transportation Board Highway Revenue, Subordinated, Refunding, Series A, 5.00%, 7/01/35 8,000,000 8,206,080 7/01/36 10,000,000 10,272,900 7/01/36 6,000,000 6,137,100 Arizona State University COP, Research Infrastructure Projects, AMBAC Insured, 5.00%, 9/01/30 12,065,000 12,184,323	Refunding, Series A, 5.00%, 10/01/28	1,000,000	1,018,960
Series B, AGMC Insured, 5.00%, 10/01/28 5,000,000 5,143,550 Series B, AGMC Insured, 5.00%, 10/01/29 3,000,000 3,065,580 Arizona State Health Facilities Authority Healthcare Education Facilities Revenue, Kirksville 2,250,000 2,214,405 College of Osteopathic Medicine Inc., Arizona School of Health Sciences Project, 5.125%, 1/01/30 2,250,000 2,214,405 Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, Refunding, Series A, 5.00%, 2/01/42 8,000,000 7,174,880 Arizona State Lottery Revenue, Series A, AGMC Insured, 5.00%, 7/01/29 15,540,000 16,014,125 7,500,000 7,679,025 Arizona State Municipal Financing Program COP, Refunding, Series 14, AMBAC Insured, 5.00%, 8/01/33 1,000,000 1,000,640 Arizona State Transportation Board Highway Revenue, Subordinated, Refunding, Series A, 5.00%, 7/01/35 8,000,000 8,206,080 7/01/36 10,000,000 10,272,900 7/01/36 6,000,000 6,137,100 Arizona State University COP, Research Infrastructure Projects, AMBAC Insured, 5.00%, 9/01/30 12,065,000 12,184,323	Series A, AGMC Insured, 5.25%, 10/01/26	8,500,000	9,006,430
Series B, AGMC Insured, 5.00%, 10/01/29 3,000,000 3,005,580 Arizona State Health Facilities Authority Healthcare Education Facilities Revenue, Kirksville College of Osteopathic Medicine Inc., Arizona School of Health Sciences Project, 5.125%, 1/01/30 2,250,000 2,214,405 Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, Refunding, Series A, 5.00%, 2/01/42 8,000,000 7,174,880 Arizona State Lottery Revenue, Series A, AGMC Insured, 5.00%, 7/01/29 15,540,000 16,014,125 7/01/29 7,500,000 7,679,025 Arizona State Municipal Financing Program COP, Refunding, Series 14, AMBAC Insured, 5.00%, 8/01/33 1,000,000 1,000,640 Arizona State Transportation Board Highway Revenue, Subordinated, Refunding, Series A, 5.00%, 7/01/35 8,000,000 8,206,080 7/01/36 10,000,000 10,272,900 7/01/36 6,000,000 6,137,100 Arizona State University COP, Research Infrastructure Projects, AMBAC Insured, 5.00%, 9/01/30 12,065,000 12,184,323	Series A, AGMC Insured, 5.00%, 10/01/29	5,855,000	5,974,559
Arizona State Health Facilities Authority Healthcare Education Facilities Revenue, Kirksville College of Osteopathic Medicine Inc., Arizona School of Health Sciences Project, 5.125%, 1/01/30 2,250,000 2,214,405 Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, Refunding, Series A, 5.00%, 2/01/42 8,000,000 7,174,880 Arizona State Lottery Revenue, Series A, AGMC Insured, 5.00%, 7/01/28 15,540,000 16,014,125 7/01/29 7,500,000 7,679,025 Arizona State Municipal Financing Program COP, Refunding, Series 14, AMBAC Insured, 5.00%, 8/01/33 1,000,000 1,000,640 Arizona State Transportation Board Highway Revenue, Subordinated, Refunding, Series A, 5.00%, 7/01/35 8,000,000 8,206,080 7/01/36 10,000,000 10,272,900 7/01/36 6,000,000 6,137,100 Arizona State University COP, Research Infrastructure Projects, AMBAC Insured, 5.00%, 9/01/30 12,065,000 12,184,323	Series B, AGMC Insured, 5.00%, 10/01/28	5,000,000	5,143,550
College of Osteopathic Medicine Inc., Arizona School of Health Sciences Project, 5.125%, 1/01/30	Series B, AGMC Insured, 5.00%, 10/01/29	3,000,000	3,065,580
1/01/30 2,250,000 2,214,405 Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, Refunding, Series A, 5.00%, 2/01/42 8,000,000 7,174,880 Arizona State Lottery Revenue, Series A, AGMC Insured, 5.00%, 7/01/28 15,540,000 16,014,125 7/01/29 7,500,000 7,679,025 Arizona State Municipal Financing Program COP, Refunding, Series 14, AMBAC Insured, 5.00%, 8/01/33 1,000,000 1,000,640 Arizona State Transportation Board Highway Revenue, Subordinated, Refunding, Series A, 5.00%, 7/01/36 8,000,000 8,206,080 7/01/36 10,000,000 10,272,900 7/01/36 6,000,000 6,137,100 Arizona State University COP, Research Infrastructure Projects, AMBAC Insured, 5.00%, 9/01/30 12,065,000 12,184,323	Arizona State Health Facilities Authority Healthcare Education Facilities Revenue, Kirksville		
Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital, Refunding, Series A, 5.00%, 2/01/42 8,000,000 7,174,880 Arizona State Lottery Revenue, Series A, AGMC Insured, 5.00%, 7/01/28 15,540,000 16,014,125 7/01/29 7,500,000 7,679,025 Arizona State Municipal Financing Program COP, Refunding, Series 14, AMBAC Insured, 5.00%, 8/01/33 1,000,000 1,000,640 Arizona State Transportation Board Highway Revenue, Subordinated, Refunding, Series A, 5.00%, 7/01/35 8,000,000 8,206,080 7/01/36 10,000,000 10,272,900 7/01/36 6,000,000 6,137,100 Arizona State University COP, Research Infrastructure Projects, AMBAC Insured, 5.00%, 9/01/30 12,184,323	College of Osteopathic Medicine Inc., Arizona School of Health Sciences Project, 5.125%,		
Refunding, Series A, 5.00%, 2/01/42 8,000,000 7,174,880 Arizona State Lottery Revenue, Series A, AGMC Insured, 5.00%, 15,540,000 16,014,125 7/01/28 7,500,000 7,679,025 Arizona State Municipal Financing Program COP, Refunding, Series 14, AMBAC Insured, 5.00%, 1,000,000 1,000,640 Arizona State Transportation Board Highway Revenue, Subordinated, Refunding, Series A, 5.00%, 8,000,000 8,206,080 7/01/36 10,000,000 10,272,900 7/01/36 6,000,000 6,137,100 Arizona State University COP, Research Infrastructure Projects, AMBAC Insured, 12,065,000 12,184,323	1/01/30	2,250,000	2,214,405
Arizona State Lottery Revenue, Series A, AGMC Insured, 5.00%, 7/01/28	Arizona State Health Facilities Authority Hospital Revenue, Phoenix Children's Hospital,		
7/01/28 15,540,000 16,014,125 7/01/29 7,500,000 7,679,025 Arizona State Municipal Financing Program COP, Refunding, Series 14, AMBAC Insured, 5.00%, 8/01/33 1,000,000 1,000,640 Arizona State Transportation Board Highway Revenue, Subordinated, Refunding, Series A, 5.00%, 7/01/35 8,000,000 8,206,080 7/01/36 10,000,000 10,272,900 7/01/36 6,000,000 6,137,100 Arizona State University COP, Research Infrastructure Projects, AMBAC Insured, 5.00%, 9/01/30 12,065,000 12,184,323	Refunding, Series A, 5.00%, 2/01/42	8,000,000	7,174,880
7/01/29 7,500,000 7,679,025 Arizona State Municipal Financing Program COP, Refunding, Series 14, AMBAC Insured, 5.00%, 8/01/33 1,000,000 1,000,640 Arizona State Transportation Board Highway Revenue, Subordinated, Refunding, Series A, 5.00%, 7/01/35 8,000,000 8,206,080 7/01/36 10,000,000 10,272,900 7/01/36 6,000,000 6,137,100 Arizona State University COP, Research Infrastructure Projects, AMBAC Insured, 5.00%, 9/01/30 12,065,000 12,184,323	Arizona State Lottery Revenue, Series A, AGMC Insured, 5.00%,		
Arizona State Municipal Financing Program COP, Refunding, Series 14, AMBAC Insured, 5.00%, 1,000,000 1,000,640 8/01/33 1,000,000 1,000,640 Arizona State Transportation Board Highway Revenue, Subordinated, Refunding, Series A, 5.00%, 8,000,000 8,206,080 7/01/35 8,000,000 10,272,900 7/01/36 10,000,000 6,137,100 Arizona State University COP, Research Infrastructure Projects, AMBAC Insured, 12,065,000 12,184,323	7/01/28	15,540,000	16,014,125
8/01/33 1,000,000 1,000,640 Arizona State Transportation Board Highway Revenue, Subordinated, Refunding, Series A, 5.00%, 8,000,000 8,206,080 7/01/36 10,000,000 10,272,900 7/01/36 6,000,000 6,137,100 Arizona State University COP, Research Infrastructure Projects, AMBAC Insured, 12,065,000 12,184,323	7/01/29	7,500,000	7,679,025
Arizona State Transportation Board Highway Revenue, Subordinated, Refunding, Series A, 5.00%, 7/01/35	Arizona State Municipal Financing Program COP, Refunding, Series 14, AMBAC Insured, 5.00%,		
7/01/35 8,000,000 8,206,080 7/01/36 10,000,000 10,272,900 7/01/36 6,000,000 6,137,100 Arizona State University COP, Research Infrastructure Projects, AMBAC Insured, 12,065,000 12,184,323	8/01/33	1,000,000	1,000,640
7/01/36 10,000,000 10,272,900 7/01/36 6,000,000 6,137,100 Arizona State University COP, Research Infrastructure Projects, AMBAC Insured, 5.00%, 9/01/30 12,065,000 12,184,323	Arizona State Transportation Board Highway Revenue, Subordinated, Refunding, Series A, 5.00%,		
7/01/36 6,000,000 6,137,100 Arizona State University COP, Research Infrastructure Projects, AMBAC Insured, 12,065,000 12,184,323	7/01/35	8,000,000	8,206,080
Arizona State University COP, Research Infrastructure Projects, AMBAC Insured, 5.00%, 9/01/30	7/01/36	10,000,000	10,272,900
5.00%, 9/01/30	7/01/36	6,000,000	6,137,100
	Arizona State University COP, Research Infrastructure Projects, AMBAC Insured,		
Pre-Refunded, 5.00%, 9/01/30	5.00%, 9/01/30	12,065,000	12,184,323
	Pre-Refunded, 5.00%, 9/01/30	5,185,000	5,429,162

Franklin Arizona Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
Arizona (continued)		
Downtown Phoenix Hotel Corp. Revenue, Subordinate, Series B, NATL RE, FGIC Insured, 5.00%,		
7/01/36	\$18,995,000	\$ 18,075,262
7/01/40	12,845,000	12,085,860
EI Mirage GO, AGMC Insured, 5.00%, 7/01/42	2,200,000	2,121,768
Gilbert Public Facilities Municipal Property Corp. Revenue, 5.50%, 7/01/28	10,000,000	10,433,700
Gilbert Water Resources Municipal Property Corp. Water System Development Fee and Water	10,000,000	10,433,700
	25 000 000	25 072 250
Utility Revenue, sub. lien, NATL Insured, 5.00%, 10/01/29	25,000,000	25,873,250
Glendale IDA Hospital Revenue, John C. Lincoln Health Network, Refunding,	4.005.000	2.017.075
5.00%, 12/01/32	4,025,000	3,917,975
5.00%, 12/01/42	12,870,000	12,188,662
Series B, 5.00%, 12/01/37	3,000,000	2,869,860
Glendale IDAR, Midwestern University,	5 000 000	4.745.000
5.00%, 5/15/35	5,000,000	4,745,800
5.125%, 5/15/40	10,000,000	9,517,800
Refunding, 5.00%, 5/15/31	3,455,000	3,355,980
Glendale Municipal Property Corp. Excise Tax Revenue, Refunding, Series C, 5.00%,	4.0.00.000	44.647.666
7/01/38	12,000,000	11,617,920
Glendale Water and Sewer Revenue, senior lien, Obligations, Refunding, 5.00%,		
7/01/27	1,365,000	1,432,404
7/01/28	1,825,000	1,898,821
Glendale Western Loop 101 Public Facilities Corp. Excise Tax Revenue, third lien, Series A,		
Pre-Refunded, 6.25%, 7/01/38	10,000,000	10,194,100
Goodyear Community Facilities Utilities District No. 1 GO, AMBAC Insured, 5.00%, 7/15/32	7,500,000	7,472,325
Goodyear Water and Sewer Revenue, sub. lien, Obligations, Refunding, AGMC Insured,		
5.25%, 7/01/31	1,000,000	1,022,440
5.50%, 7/01/41	1,500,000	1,545,015
Greater Arizona Development Authority Infrastructure Revenue, Series B, NATL Insured, 5.00%,		
8/01/35	9,090,000	9,179,991
Marana Municipal Property Corp. Municipal Facilities Revenue,		
Refunding, NATL Insured, 5.25%, 7/01/22	1,100,000	1,109,592
Series A, 5.00%, 7/01/28	3,000,000	3,098,310
Maricopa County Cartwright Elementary School District No. 83 GO, School Improvement, Project		
of 2010,		
Series A, AGMC Insured, 5.375%, 7/01/30	5,415,000	5,644,379
Series B, Build America Mutual Assurance, 5.00%, 7/01/32	1,905,000	1,937,423
Maricopa County Hospital Revenue, Sun Health Corp., Pre-Refunded, 5.00%, 4/01/35	12,090,000	14,005,177
Maricopa County IDA, MFHR,		
Senior, National Voluntary Health Facilities II Project, Series A, AGMC Insured, ETM, 5.50%,		
1/01/18	1,820,000	1,995,448
Western Groves Apartments Project, Series A-1, AMBAC Insured, 5.30%, 12/01/22	1,540,000	1,539,923
Maricopa County IDA Health Facility Revenue,		
Catholic Healthcare West, Refunding, Series A, 5.375%, 7/01/23	7,000,000	7,184,520
Catholic Healthcare West, Refunding, Series A, 5.50%, 7/01/26	13,950,000	14,311,026
Catholic Healthcare West, Refunding, Series A, 6.00%, 7/01/39	4,860,000	5,201,172
Mayo Clinic, 5.00%, 11/15/36	16,250,000	16,182,562
Maricopa County IDA Hospital System Revenue, Samaritan Health Services, Series A,	,,	, - ,
NATL Insured, ETM, 7.00%, 12/01/16	1,890,000	2,104,307
., ,,	, 1	,,

Franklin Arizona Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
Arizona (continued)		
Maricopa County IDA Senior Living Healthcare Revenue, Immanuel Campus of Care Project,		
Refunding, Series A, GNMA Secured, 5.00%, 8/20/35	\$ 1,725,000	\$ 1,619,965
Maricopa County PCC, PCR,		
El Paso Electric Co. Palo Verde Project, Refunding, Series A, 4.50%, 8/01/42	10,000,000	8,045,100
El Paso Electric Co. Palo Verde Project, Series A, 7.25%, 2/01/40	10,000,000	10,979,300
Public Service Co. of New Mexico Palo Verde Project, Refunding, Series A, 6.25%,		
1/01/38	5,000,000	5,340,550
Southern California Edison Co., Refunding, Series B, 5.00%, 6/01/35	14,745,000	14,768,887
Maricopa County USD No. 89 Dysart GO, School Improvement, Project of 2006, Series B,		
AGMC Insured, 5.00%, 7/01/27	5,015,000	5,133,655
Maricopa County USD, No. 11 Peoria GO, School Improvement, 5.00%, 7/01/31	5,100,000	5,178,795
McAllister Academic Village LLC Revenue, Arizona State University Hassayampa Academic		
Village Project, Refunding,		
5.25%, 7/01/33	5,000,000	5,151,850
5.00%, 7/01/38	5,000,000	5,089,600
Assured Guaranty, 5.25%, 7/01/33	2,525,000	2,601,684
Assured Guaranty, 5.00%, 7/01/38	3,825,000	3,893,544
Mesa Excise Tax Revenue, Obligations, 5.00%, 7/01/32	9,000,000	9,238,320
Navajo County PCC Revenue, Mandatory Put 6/01/16, Series E, 5.75%, 6/01/34	6,000,000	6,664,500
Navajo County USD No. 6 Heber-Overgaard GO, School Improvement, Project of 2008,	1 045 000	1 151 060
Assured Guaranty, 5.50%, 7/01/28	1,045,000	1,151,862
Nogales Municipal Development Authority Inc. Municipal Facilities Revenue, NATL Insured,	2.640.000	2 ((2 0(2
5.00%, 6/01/36	2,640,000	2,668,063
	1 500 000	1 5 4 7 1 0 0
Northern Arizona University Projects, Refunding, 5.00%, 9/01/27 Northern Arizona University Projects, Refunding, 5.00%, 9/01/28	1,500,000 2,000,000	1,547,100 2,045,040
Northern Arizona University Projects, Refunding, 5.00%, 9/01/29	1,465,000	1,485,114
Northern Arizona University Projects, Refunding, 5.00%, 9/01/30	2,340,000	2,353,455
Northern Arizona University Projects, Nerthaning, 5.00 /8, 5/01/30	2,340,000	2,333,433
5.00%, 9/01/30	2,000,000	2,094,180
Northern Arizona University Revenue, Stimulus Plan for Economic and Educational Development,	2,000,000	2,054,100
5.00%,		
8/01/26	2,380,000	2,499,428
8/01/38	5,000,000	4,874,600
Northern Arizona University System Revenue, 5.00%, 6/01/38	5,000,000	4,741,400
Phoenix Civic Improvement Corp. Airport Revenue,	-,,	, , ,
junior lien, Series A, 5.00%, 7/01/40	10,000,000	9,683,600
senior lien, Series A, 5.00%, 7/01/38	10,000,000	10,029,000
Phoenix Civic Improvement Corp. Distribution Revenue, Capital Appreciation, Civic Plaza		
Expansion Project, Series B, NATL RE, FGIC Insured, 5.50%,		
7/01/27	3,945,000	4,338,908
7/01/28	2,000,000	2,182,720
7/01/29	2,000,000	2,163,060
7/01/36	5,000,000	5,178,250
7/01/37	7,000,000	7,226,100
Phoenix Civic Improvement Corp. Excise Tax Revenue, Subordinated, Civic Plaza Expansion		
Project, Series A, NATL RE, FGIC Insured, 5.00%,		
7/01/35	2,050,000	2,085,937
7/01/41	5,000,000	5,049,050

Franklin Arizona Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
Arizona (continued)		
Phoenix Civic Improvement Corp. Wastewater System Revenue,		
junior lien, Refunding, AGMC Insured, 5.00%, 7/01/37	\$ 5,515,000	\$ 5,666,993
junior lien, Refunding, NATL RE, FGIC Insured, 5.00%, 7/01/28	2,000,000	2,052,120
junior lien, Refunding, NATL RE, FGIC Insured, 5.00%, 7/01/29	3,405,000	3,490,329
senior lien, Refunding, 5.50%, 7/01/24	2,500,000	2,788,050
Phoenix Civic Improvement Corp. Water System Revenue, junior lien, Series A, 5.00%,	2,000,000	2,700,000
7/01/39	14,780,000	15,230,199
Phoenix IDA Education Revenue, Facility, JMF-Higley 2012 LLC Project, 5.00%,		
12/01/34	3,000,000	2,867,430
12/01/39	5,610,000	5,259,319
Phoenix IDA Student Housing Revenue, Downtown Phoenix Student Housing LLC Arizona State	, ,	, ,
University Project,		
Series A, AMBAC Insured, 5.00%, 7/01/37	18,095,000	14,348,068
Series C, AMBAC Insured, 5.00%, 7/01/37	8,735,000	6,062,177
Pima County IDA Lease Revenue,	, ,	, ,
Clark County Detention Facility Project, 5.125%, 9/01/27	8,655,000	8,883,232
Clark County Detention Facility Project, 5.00%, 9/01/39	15,000,000	14,471,400
Metro Police Facility, Nevada Project, Series A, 5.375%, 7/01/39	2,000,000	1,979,180
Metro Police Facility, Nevada Project, Series A, 5.50%, 7/01/39	7,500,000	7,536,450
Pinal County Electrical District No. 3 Electric System Revenue, Refunding, 5.25%,	,,000,000	7,000,100
7/01/33	1,500,000	1,510,410
7/01/41	6,800,000	6,672,636
Pinal County Electrical District No. 4 Electric System Revenue, 6.00%,		, ,
12/01/23	525,000	575,967
12/01/28	740,000	792,303
12/01/38	1,150,000	1,209,352
Rio Nuevo Multipurpose Facilities District Excise Tax Revenue, sub. lien, Assured Guaranty,		, ,
6.50%, 7/15/24	4,220,000	4,719,142
Salt River Project Agricultural Improvement and Power District Electric System Revenue,	, , , , , , , ,	, -,
Refunding, Series A, 5.00%, 12/01/30	9,500,000	10,036,275
Salt River Project, Series A, 5.00%, 1/01/37	14,000,000	14,272,440
Salt River Project, Series A, 5.00%, 1/01/38	7,000,000	7,127,400
Salt River Project, Series A, 5.00%, 1/01/39	5,000,000	5,069,600
Salt Verde Financial Corp. Senior Gas Revenue, 5.00%,	.,,	.,,
12/01/32	10,000,000	9,376,300
12/01/37	5,000,000	4,585,700
Scottsdale IDA Hospital Revenue, Scottsdale Healthcare, Refunding, Series A, 5.25%,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	, ,
9/01/30	5,000,000	5,000,100
Scottsdale Municipal Property Corp. Excise Tax Revenue, Water and Sewer Improvements	-,,	-,,
Project, 5.00%, 7/01/33	10,660,000	11,199,396
Show Low IDA Hospital Revenue, Navapache Regional Medical Center, Radian Insured, 5.00%,	20,000,000	11,133,033
12/01/30	5,160,000	4,880,070
12/01/35	2,000,000	1,841,140
Tempe Excise Tax Revenue, Series A, 5.00%, 7/01/31	2,325,000	2,431,997
Tempe IDA Lease Revenue, State University Foundation, AMBAC Insured, 5.00%,	_,0_0,000	_, .01,007
7/01/28	4,275,000	4,234,986
7/01/34	11,510,000	10,828,032
Tucson Airport Authority Inc. Revenue, sub. lien, AMBAC Insured, 5.35%, 6/01/31	10,000,000	10,007,600
p.:	10,000,000	10,007,000

Franklin Arizona Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
Arizona (continued)		
Tucson COP, Refunding, AGMC Insured, 5.00%,		
7/01/23	\$ 2,975,000	\$ 3,167,245
7/01/24	2,875,000	3,037,323
Tucson IDA Lease Revenue, University of Arizona/Marshall Foundation Project, Series A,		
AMBAC Insured, 5.00%, 7/15/32	1,000,000	990,300
Tucson Water System Revenue,		
5.00%, 7/01/32	5,000,000	5,103,450
Refunding, 5.00%, 7/01/28	1,230,000	1,290,651
Refunding, 5.00%, 7/01/29	1,765,000	1,840,860
University Medical Center Corp. Hospital Revenue, Tucson,		
5.00%, 7/01/35	7,000,000	6,962,690
5.625%, 7/01/36	5,000,000	4,846,550
6.50%, 7/01/39	4,750,000	5,153,038
Refunding, 6.00%, 7/01/39	5,000,000	5,237,600
Yavapai County IDA Hospital Facility Revenue, Yavapai Regional Medical Center, Series B,		
5.625%,	0.015.000	0.000.100
8/01/33	2,315,000	2,332,108
8/01/37	12,435,000	12,345,468
		885,611,402
U.S. Territories 8.4%		
Puerto Rico 8.4%		
Puerto Rico Commonwealth GO, Public Improvement,		
Refunding, Series A, 5.75%, 7/01/41	5,000,000	3,610,600
Series A, 5.25%, 7/01/37	5,000,000	3,501,500
Puerto Rico Electric Power Authority Power Revenue,		
Refunding, Series ZZ, 5.25%, 7/01/26	8,470,000	7,026,712
Series CCC, 5.25%, 7/01/27	5,000,000	4,052,700
Puerto Rico PBA Guaranteed Revenue, Government Facilities,		
Refunding, Series D, 5.375%, 7/01/33	3,000,000	2,167,020
Series I, Pre-Refunded, 5.375%, 7/01/34	20,000,000	20,841,400
Puerto Rico Public Finance Corp. Revenue, Commonwealth Appropriation, Refunding, Series B,		
5.50%, 8/01/31	17,500,000	13,169,625
Puerto Rico Sales Tax FICO Sales Tax Revenue,		
first subordinate, Refunding, Series C, 6.00%, 8/01/39	5,100,000	4,605,759
first subordinate, Series A, 5.50%, 8/01/37	6,000,000	5,047,260
first subordinate, Series C, 5.25%, 8/01/41	10,930,000	8,709,243
Refunding, Senior Series C, 5.00%, 8/01/46	12,500,000	10,404,375
		83,136,194
Total Municipal Bonds before Short Term Investments (Cost \$998,517,364)		968,747,596

Statement of Investments, August 31, 2013 (unaudited) (continued)

Franklin Arizona Tax-Free Income Fund	Principal Amount	Value
Short Term Investments (Cost \$800,000) 0.1%		
Municipal Bonds 0.1%		
Arizona 0.1%		
^a Maricopa County PCC, PCR, Arizona Public Service Co. Palo Verde Project, Refunding, Series B, Daily VRDN and Put, 0.05%, 5/01/29	\$ 800,000	\$ 800,000
Total Investments (Cost \$999,317,364) 98.0%		969,547,596
Other Assets, less Liabilities 2.0%		19,335,366
Net Assets 100.0%		\$988,882,962

See Abbreviations on page 175.

aVariable rate demand notes (VRDNs) are tax-exempt obligations which contain a floating or variable interest rate adjustment formula and an unconditional right of demand to receive payment of the principal balance plus accrued interest at specified dates. The coupon rate shown represents the rate at period end.

Financial Highlights

Franklin Colorado Tax-Free Income Fund

	Six Months Ended August 31, 2013 Year Ended February 28,					
Class A	(unaudited)	2013	2012a	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$12.44	\$12.24	\$11.09	\$11.65	\$10.79	\$11.14
Income from investment operations ^b :						
Net investment income ^c	0.23	0.47	0.51	0.51	0.51	0.51
Net realized and unrealized gains (losses)	(1.22)	0.19	1.15	(0.56)	0.87	(0.35)
Total from investment operations	(0.99)	0.66	1.66	(0.05)	1.38	0.16
Less distributions from net investment income	(0.22)	(0.46)	(0.51)	(0.51)	(0.52)	(0.51)
Redemption feesd		_	_	_	_	е
Net asset value, end of period	\$11.23	\$12.44	\$12.24	\$11.09	\$11.65	\$10.79
Total return ^f	(8.05)%	5.48%	15.33%	(0.55)%	12.97%	1.43%
Ratios to average net assets ^g						
Expenses	0.63%	0.65%	0.65%	0.65%	0.66%	0.66%
Net investment income	3.82%	3.77%	4.37%	4.35%	4.49%	4.62%
Supplemental data						
Net assets, end of period (000's)	\$541,571	\$660,432	\$583,088	\$530,056	\$565,222	\$465,136
Portfolio turnover rate	4.95%	9.30%	8.14%	22.47%	9.78%	11.01%

^aFor the year ended February 29.

bThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

cBased on average daily shares outstanding.

dEffective September 1, 2008, the redemption fee was eliminated.

eAmount rounds to less than \$0.01 per share.

Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

gRatios are annualized for periods less than one year.

Financial Highlights (continued)

Franklin Colorado Tax-Free Income Fund

	Six Months Ended August 31, 2013 Year Ended February 28,			uary 28,		
Class C	(unaudited)	2013	2012a	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$12.56	\$12.36	\$11.20	\$11.76	\$10.88	\$11.22
Income from investment operations ^b :						
Net investment income ^c	0.20	0.40	0.45	0.44	0.45	0.46
Net realized and unrealized gains (losses)	(1.22)	0.19	1.16	(0.56)	0.88	(0.35)
Total from investment operations	(1.02)	0.59	1.61	(0.12)	1.33	0.11
Less distributions from net investment income	(0.19)	(0.39)	(0.45)	(0.44)	(0.45)	(0.45)
Redemption feesd	_	_	_	_	_	е
Net asset value, end of period	\$11.35	\$12.56	\$12.36	\$11.20	\$11.76	\$10.88
Total return ^f	(8.23)%	4.84%	14.66%	(1.11)%	12.43%	0.94%
Ratios to average net assets ^g						
Expenses	1.18%	1.20%	1.20%	1.20%	1.21%	1.21%
Net investment income	3.27%	3.22%	3.82%	3.80%	3.94%	4.07%
Supplemental data						
Net assets, end of period (000's)	\$118,612	\$160,856	\$126,094	\$106,536	\$118,648	\$69,302
Portfolio turnover rate	4.95%	9.30%	8.14%	22.47%	9.78%	11.01%

^aFor the year ended February 29.

bThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

cBased on average daily shares outstanding.

dEffective September 1, 2008, the redemption fee was eliminated.

eAmount rounds to less than \$0.01 per share.

Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

gRatios are annualized for periods less than one year.

Financial Highlights (continued)

Franklin Colorado Tax-Free Income Fund

	Six Months Ended August 31, 2013			l February 28,	
Advisor Class	(unaudited)	2013	2012 ^a	2011	2010 ^b
Per share operating performance (for a share outstanding throughout the period)					
Net asset value, beginning of period	\$12.43	\$12.24	\$11.09	\$11.65	\$11.22
Income from investment operations ^c :					
Net investment income ^d	0.24	0.48	0.52	0.52	0.33
Net realized and unrealized gains (losses)	(1.21)	0.18	1.16	(0.56)	0.43
Total from investment operations	(0.97)	0.66	1.68	(0.04)	0.76
Less distributions from net investment income	(0.23)	(0.47)	(0.53)	(0.52)	(0.33)
Net asset value, end of period	\$11.23	\$12.43	\$12.24	\$11.09	\$11.65
Total returne	(7.93)%	5.50%	15.44%	(0.45)%	6.79%
Ratios to average net assets ⁶					
Expenses	0.53%	0.55%	0.55%	0.55%	0.56%
Net investment income	3.92%	3.87%	4.47%	4.45%	4.59%
Supplemental data					
Net assets, end of period (000's)	\$36,338	\$41,990	\$31,955	\$13,304	\$11,066
Portfolio turnover rate	4.95%	9.30%	8.14%	22.47%	9.78%

^aFor the year ended February 29.

bFor the period July 15, 2009 (effective date) to February 28, 2010.

The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^dBased on average daily shares outstanding.

eTotal return is not annualized for periods less than one year.

fRatios are annualized for periods less than one year.

Statement of Investments, August 31, 2013 (unaudited)

Franklin Colorado Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds 98.9%		
Colorado 90.0%		
Adams County Revenue, Platte Valley Medical Center Project, NATL Insured, Pre-Refunded,		
5.00%, 2/01/31	\$ 9,615,000	\$ 10,403,814
Adams State College Board of Trustees Auxiliary Facilities Revenue, Improvement, Series A,		
5.50%,		
5/15/34	2,000,000	2,038,940
5/15/39	2,150,000	2,181,261
Adams State College Board of Trustees Institutional Enterprise Revenue, 5.00%,		
5/15/32	1,360,000	1,395,591
5/15/37	1,000,000	1,002,720
Auraria Higher Education Center Parking Enterprise Revenue, 5th and Walnut Parking Garage		
Project, Series A, AGMC Insured, 5.00%, 4/01/34	6,150,000	6,196,310
Aurora COP, Refunding, Series A, 5.00%, 12/01/30	5,680,000	5,841,937
Aurora Hospital Revenue, Children's Hospital Assn. Project, Series A, 5.00%, 12/01/40	2,500,000	2,423,850
Aurora Water Improvement Revenue, first lien, Series A, AMBAC Insured, 5.00%,		
8/01/36	5,880,000	6,062,574
8/01/39	10,000,000	10,230,800
Boulder Larimer and Weld Counties Vrain Valley School District No. RE-1J GO, 5.00%,		
12/15/33	5,300,000	5,682,448
Boulder Valley School District No. RE-2 Boulder GO, 5.00%, 12/01/34	6,000,000	6,307,740
Brighton Water Activity Enterprise Revenue, Water System Project, Series A, Assured Guaranty,		
5.25%, 12/01/34	5,380,000	5,508,797
The Broadlands Metropolitan District No. 2 GO, NATL Insured, Pre-Refunded, 5.25%,		
12/01/34	8,655,000	9,189,966
Castle Rock Sales and Use Tax Revenue, 5.00%,		
6/01/31	1,800,000	1,863,036
6/01/32	1,845,000	1,897,896
6/01/35	2,775,000	2,819,733
Colorado Educational and Cultural Facilities Authority Revenue,		
Alexander Dawson School, Colorado Project, 5.00%, 2/15/40	5,280,000	5,114,261
Charter School, James Irwin Educational Foundation Project, Refunding and Improvement,		
Assured Guaranty, 5.00%, 8/01/37	6,060,000	5,659,373
Student Housing, Campus Village Apartments Project, Refunding, 5.50%, 6/01/38	13,500,000	13,354,740
Colorado Health Facilities Authority Revenue,		
Covenant Retirement Community Inc., Series A, 5.75%, 12/01/36	5,000,000	4,706,800
The Evangelical Lutheran Good Samaritan Society Project, 5.25%, 6/01/31	4,000,000	3,791,800
The Evangelical Lutheran Good Samaritan Society Project, Series A, 5.25%, 6/01/34	3,500,000	3,257,205
Hospital, Longmont United Hospital Project, Refunding, Series B, Radian Insured, 5.00%,		
12/01/25	3,050,000	3,062,414
Hospital, Longmont United Hospital Project, Refunding, Series B, Radian Insured, 5.00%,		
12/01/26	3,205,000	3,186,347
Hospital, Longmont United Hospital Project, Refunding, Series B, Radian Insured, 5.00%,		
12/01/27	3,365,000	3,271,251
Hospital, Longmont United Hospital Project, Refunding, Series B, Radian Insured, 5.00%,		
12/01/30	3,000,000	2,811,810
Colorado School of Mines Board of Trustees Enterprise Revenue, Refunding and Improvement,	•	
Series A, 5.25%, 12/01/37	2,000,000	2,012,560
	•	

Franklin Colorado Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
Colorado (continued)		
Colorado School of Mines Board of Trustees Institutional Enterprise Revenue, Series B, 5.00%,		
12/01/32	\$ 1,000,000	\$ 1,035,090
12/01/42	10,000,000	10,154,600
Colorado Springs Public Facilities Authority COP, U.S. Olympic Committee Project,	, ,	, ,
Assured Guaranty, 5.00%, 11/01/39	11,305,000	10,827,251
Colorado Springs Utilities System Revenue,		
Series C-2, 5.00%, 11/15/37	6,230,000	6,293,608
Series D-1, 5.25%, 11/15/33	5,000,000	5,406,600
Colorado State Board of Governors University Enterprise System Revenue,	, ,	, ,
Refunding, Series B, 5.00%, 3/01/35	2,000,000	2,011,480
Series A, 5.00%, 3/01/34	25,000	25,480
Series A, 5.00%, 3/01/38	10,010,000	10,127,317
Series A, 5.00%, 3/01/39	145,000	146,733
Series A, NATL RE, FGIC Insured, 5.00%, 3/01/37	1,755,000	1,782,466
Series A, NATL RE, FGIC Insured, Pre-Refunded, 5.00%, 3/01/37	11,245,000	12,771,059
Series A, Pre-Refunded, 5.00%, 3/01/34	2,225,000	2,587,942
Series A, Pre-Refunded, 5.00%, 3/01/39	7,055,000	8,205,812
Colorado State Building Excellent Schools Today COP, Series G, 5.00%, 3/15/32	10,000,000	10,232,800
Colorado State COP, UCDHSC Fitzsimons Academic Projects,		
Refunding, Series A, 5.00%, 11/01/28	1,500,000	1,567,980
Refunding, Series A, 5.00%, 11/01/29	3,105,000	3,214,886
Series B, NATL Insured, Pre-Refunded, 5.00%, 11/01/30	3,820,000	4,191,533
Series B, NATL Insured, Pre-Refunded, 5.00%, 11/01/30	1,180,000	1,293,433
Colorado State Health Facilities Authority Revenue,		
Boulder Community Hospital Project, Refunding, Series A, 6.00%, 10/01/35	5,500,000	5,691,620
Catholic Health Initiatives, Refunding, Series A, 5.00%, 7/01/39	5,000,000	4,749,500
Catholic Health Initiatives, Series D, 6.125%, 10/01/28	2,500,000	2,795,100
Catholic Health Initiatives, Series D, 6.25%, 10/01/33	2,000,000	2,210,460
Evangelical Lutheran Good Samaritan Society Project, Refunding, 5.00%, 12/01/33	2,500,000	2,234,100
Evangelical Lutheran Good Samaritan Society Project, Series A, Pre-Refunded, 6.125%,		
6/01/38	4,500,000	4,695,705
Hospital, NCMC Inc. Project, Series A, AGMC Insured, 5.50%, 5/15/30	7,900,000	8,007,124
Hospital, Refunding, Series C, AGMC Insured, 5.25%, 3/01/40	5,000,000	5,008,650
Parkview Medical Center Inc. Project, Series A, 5.00%, 9/01/37	8,000,000	7,655,280
Poudre Valley Health Care Inc. and Medical Center of the Rockies, Refunding, Series A,		
AGMC Insured, 5.20%, 3/01/31	9,500,000	9,555,195
Sisters of Charity of Leavenworth Health System, Refunding, Series A, 5.00%, 1/01/40	7,320,000	7,151,860
Valley View Hospital Assn. Project, Refunding, 5.75%, 5/15/36	2,000,000	2,031,820
Yampa Valley Medical Center Project, Refunding, 5.125%, 9/15/29	4,000,000	3,825,080
Colorado State Higher Education Capital Construction Lease Purchase Financing Program COP,		
5.50%, 11/01/27	5,245,000	5,756,388
Pre-Refunded, 5.50%, 11/01/27	2,030,000	2,424,673
Colorado Water Resources and Power Development Authority Clean Water Revenue, Series A,		
6.30%, 9/01/14	10,000	10,042
Colorado Water Resources and Power Development Authority Water Resources Revenue,		
Arapahoe County Water and Wastewater Public Improvement District Project, Series E,		
NATL Insured, 5.00%, 12/01/35	10,000,000	10,094,100

Franklin Colorado Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
Colorado (continued)		
Colorado Water Resources and Power Development Authority Water Resources Revenue, (continued)		
Donala Water and Sanitation District Project, Series C, 5.00%, 9/01/36	\$ 1,900,000	\$ 1,927,474
Fountain Colorado Electric Water and Wastewater Utility Enterprise Project, Series A,	Ψ 1,500,000	Ψ 1,527,
AGMC Insured, 5.00%, 9/01/38	1,210,000	1,211,730
Commerce City COP, AMBAC Insured, 5.00%, 12/15/37	13,975,000	13,386,652
Commerce City Northern Infrastructure General Improvement District GO, Refunding and		
Improvement, AGMC Insured, 5.00%, 12/01/31	2,040,000	2,070,008
Consolidated Bell Mountain Ranch Metropolitan District GO, Douglas County, Limited Tax,	, ,	, ,
Refunding, AGMC Insured, 5.00%, 12/01/39	3,160,000	2,983,482
Denver City and County Airport System Revenue,		
Series B, 5.00%, 11/15/43	10,000,000	9,520,900
Series D, 7.75%, 11/15/13	160,000	162,350
Subordinate, Series B, 5.00%, 11/15/43	5,000,000	4,689,250
Denver City and County School District No. 1 COP, Series C, 5.00%, 12/15/30	4,000,000	4,073,760
Denver Convention Center Hotel Authority Revenue, senior bond, Refunding, XLCA Insured, 5.00%,		
12/01/30	14,500,000	14,399,515
Denver Health and Hospital Authority Healthcare Recovery Zone Facility Revenue,		
5.50%, 12/01/30	1,500,000	1,538,550
5.625%, 12/01/40	4,000,000	4,113,240
Refunding, Series A, 5.25%, 12/01/31	9,250,000	9,298,378
Series A, Pre-Refunded, 6.25%, 12/01/33	3,250,000	3,486,828
Dove Valley Metropolitan District Arapahoe County GO, Refunding, AGMC Insured, 5.00%,		
11/01/35	3,350,000	3,397,604
E-470 Public Highway Authority Senior Revenue,		
Capital Appreciation, Series A, NATL Insured, zero cpn., 9/01/33	3,000,000	902,580
Capital Appreciation, Series B, NATL Insured, zero cpn., 9/01/32	7,800,000	2,524,470
Capital Appreciation, Series B, NATL Insured, zero cpn., 9/01/34	14,075,000	3,939,311
Series C, 5.25%, 9/01/25	2,500,000	2,526,200
Series D, Sub Series D-1, NATL Insured, 5.50%, 9/01/24	2,500,000	2,607,000
Eagle River Water and Sanitation District Enterprise Wastewater Revenue, 5.00%,		
12/01/27	600,000	633,108
12/01/42	7,500,000	7,560,150
Erie Wastewater Enterprise Revenue, Series A, Assured Guaranty, 5.00%,	0.000.000	0.000.770
12/01/33	2,860,000	2,809,778
12/01/37	5,120,000	4,871,117
Erie Water Enterprise Revenue, Series A, AGMC Insured, 5.00%, 12/01/32	10,000,000	10,101,900
Fort Lewis College Board of Trustees Enterprise Revenue, Series B-1, NATL RE, FGIC Insured,	10 000 000	10 000 000
5.00%, 10/01/37 Gunnison Watershed School District No. RE-1J GO, Gunnison and Saguache Counties, 5.25%,	12,830,000	12,208,900
	1 240 000	1 221 211
12/01/33 Ignacio School District 11JT GO, La Plata and Archuleta Counties, 5.00%, 12/01/31	1,240,000 1,215,000	1,331,314 1,273,405
Meridian Metropolitan District GO, Douglas County, Refunding, Series A, 5.00%, 12/01/41	5,000,000	4,725,300
Mesa State College Board of Trustees Auxiliary Facilities System Enterprise Revenue,	5,000,000	7,723,300
Pre-Refunded, 6.00%, 5/15/38	7,000,000	8,386,210
Refunding, Series A, 5.00%, 5/15/33	3,455,000	3,499,120
Mesa State College College Enterprise Revenue, BHAC Insured, 5.125%, 5/15/37	5,765,000	5,815,674
.0	-,,	-,,

Franklin Colorado Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
Colorado (continued)		
Park Creek Metropolitan District Revenue, Senior Limited Property Tax Supported,		
Refunding, Series A, AGMC Insured, 6.00%, 12/01/38	\$ 2,500,000	\$ 2,614,525
Refunding, Series A, AGMC Insured, 6.125%, 12/01/41	2,500,000	2,617,825
Refunding and Improvement, Assured Guaranty, 6.375%, 12/01/37	7,000,000	7,428,960
Platte River Power Authority Power Revenue, Series II, 5.00%, 6/01/37	12,000,000	12,246,120
Poudre Tech Metropolitan District Unlimited Property Tax Supported Revenue, Refunding and		
Improvement, Series A, AGMC Insured, 5.00%, 12/01/39	7,435,000	6,119,302
Public Authority for Colorado Energy Natural Gas Purchase Revenue, 6.50%, 11/15/38	9,900,000	10,645,767
Pueblo County COP, County Judicial Complex Project, AGMC Insured, 5.00%, 9/15/42	10,000,000	9,643,900
Pueblo Urban Renewal Authority Revenue, Refunding and Improvement, Series B,		
5.25%, 12/01/28	1,000,000	1,030,940
5.50%, 12/01/31	1,010,000	1,043,673
5.25%, 12/01/38	3,615,000	3,550,219
Rangeview Library District COP, Rangeview Library District Projects, Assured Guaranty, 5.00%,		
12/15/30	3,840,000	3,898,406
Regional Transportation District COP,		
Refunding, Series A, 5.00%, 6/01/27	5,500,000	5,705,755
Series A, 5.375%, 6/01/31	19,000,000	19,621,110
Regional Transportation District Sales Tax Revenue, FasTracks Project, Series A,		
5.00%, 11/01/38	10,000,000	10,131,400
AMBAC Insured, Pre-Refunded, 5.00%, 11/01/31	14,150,000	16,017,092
Thornton Development Authority Tax Increment Revenue, North Washington Street Urban Renewal		
Project, NATL Insured, 5.00%, 12/01/29	6,100,000	6,168,198
Triview Metropolitan District GO, EI Paso County, Refunding, 5.00%, 11/01/34	10,855,000	10,310,622
University of Colorado Enterprise System Revenue, University of Colorado Regents,		
Refunding, Series A-2, 5.00%, 6/01/31	8,655,000	8,995,920
Refunding, Series A-2, 5.00%, 6/01/33	2,600,000	2,675,842
Series A, 5.375%, 6/01/38	3,000,000	3,181,050
Series B, NATL Insured, 5.00%, 6/01/32	3,000,000	3,158,430
University of Colorado Hospital Authority Revenue,		
Refunding, Series A, 6.00%, 11/15/29	5,000,000	5,468,950
Series A, 5.00%, 11/15/37	2,000,000	1,926,480
Series A, 5.25%, 11/15/39	3,000,000	3,054,780
University of Northern Colorado Greeley Institutional Enterprise Revenue, Refunding, Series A,		
5.00%, 6/01/30	1,690,000	1,742,356
Western State College Revenue, 5.00%,		
5/15/34	2,000,000	1,999,860
5/15/39	2,000,000	1,971,380
Woodmoor Water and Sanitation District No. 1 Enterprise Water and Wastewater Revenue, 5.00%,		
12/01/36	5,000,000	5,073,800
		627,066,661
110 7 11 1 000		
U.S. Territories 8.9%		
Guam 1.3%	0.545.000	2 522 222
Guam Government Business Privilege Tax Revenue, Series B-1, 5.00%, 1/01/32	3,545,000	3,532,096
Guam Government Limited Obligation Revenue, Section 30, Series A,	0.000.00=	0.0== =0=
5.375%, 12/01/24	2,000,000	2,055,780
5.75%, 12/01/34	3,565,000	3,630,026
		9,217,902

Statement of Investments, August 31, 2013 (unaudited) (continued)

Franklin Colorado Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
U.S. Territories (continued)		
Puerto Rico 7.3%		
Puerto Rico Commonwealth Highways and Transportation Authority Highway Revenue, Refunding,		
Series AA-2, 5.30%, 7/01/35	\$ 5,000,000	\$ 3,541,150
Puerto Rico Commonwealth Highways and Transportation Authority Transportation Revenue,	460.000	220 746
Refunding, Series H, 5.45%, 7/01/35	460,000	332,746
Puerto Rico Electric Power Authority Power Revenue, Series XX, 5.25%, 7/01/40	11,410,000	7,993,275
Authority Industrial Revenue, Guaynabo Municipal Government Center Project, 5.625%,		
7/01/22	1,335,000	1,334,933
Puerto Rico PBA Guaranteed Revenue, Government Facilities,	1,000,000	1,001,500
Refunding, Series D, 5.375%, 7/01/33	2,120,000	1,531,361
Series I, Pre-Refunded, 5.375%, 7/01/34	5,000,000	5,210,350
Puerto Rico Sales Tax FICO Sales Tax Revenue,		
first subordinate, Refunding, Series C, 5.375%, 8/01/38	2,370,000	1,972,030
first subordinate, Series A, 5.50%, 8/01/37	5,000,000	4,206,050
first subordinate, Series A, 6.375%, 8/01/39	10,000,000	9,602,100
first subordinate, Series A, 5.50%, 8/01/42	3,000,000	2,463,930
first subordinate, Series C, 5.50%, 8/01/40	10,000,000	8,276,300
Senior Series C, 5.25%, 8/01/40	4,560,000	4,055,983
		50,520,208
U.S. Virgin Islands 0.3%		
Virgin Islands PFAR, Virgin Islands Matching Fund Loan Note, sub. lien, Working Capital,		
Refunding, Series B, 5.25%, 10/01/29	1,800,000	1,788,336
Total U.S. Territories		61,526,446
Total Municipal Bonds (Cost \$704,391,272) 98.9%		688,593,107
Other Assets, less Liabilities 1.1%		7,926,945
Net Assets 100.0%		\$696,520,052

See Abbreviations on page 175.

Financial Highlights

Franklin Connecticut Tax-Free Income Fund

	Six Months Endo	Yea	Year Ended February 28,			
Class A	(unaudited)	2013	2012a	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$11.43	\$11.36	\$10.45	\$10.88	\$10.18	\$10.39
Income from investment operations ^b :						
Net investment income ^c	0.19	0.40	0.46	0.45	0.46	0.46
Net realized and unrealized gains (losses)	(1.11)	0.08	0.91	(0.43)	0.69	(0.22)
Total from investment operations	(0.92)	0.48	1.37	0.02	1.15	0.24
Less distributions from net investment income	(0.18)	(0.41)	(0.46)	(0.45)	(0.45)	(0.45)
Redemption feesd		_	_	_		е
Net asset value, end of period	\$10.33	\$11.43	\$11.36	\$10.45	\$10.88	\$10.18
Total return ^f	(8.12)%	4.25%	13.34%	0.13%	11.50%	2.31%
Ratios to average net assets ^g						
Expenses	0.65%	0.66%	0.67%	0.66%	0.68%	0.68%
Net investment income	3.49%	3.49%	4.18%	4.12%	4.29%	4.39%
Supplemental data						
Net assets, end of period (000's)	\$336,023	\$404,713	\$388,571	\$367,664	\$405,070	\$338,345
Portfolio turnover rate	3.85%	20.69%	13.90%	15.40%	3.67%	9.72%

^aFor the year ended February 29.

bThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

cBased on average daily shares outstanding.

dEffective September 1, 2008, the redemption fee was eliminated.

eAmount rounds to less than \$0.01 per share.

Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

gRatios are annualized for periods less than one year.

Financial Highlights (continued)

Franklin Connecticut Tax-Free Income Fund

	Six Months Ended August 31, 2013 Year Ended February 28,			ıary 28,		
Class C	(unaudited)	2013	2012a	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$11.51	\$11.43	\$10.52	\$10.94	\$10.24	\$10.44
Income from investment operations ^b :						
Net investment income ^c	0.17	0.34	0.40	0.39	0.40	0.40
Net realized and unrealized gains (losses)	(1.13)	0.08	0.91	(0.42)	0.69	(0.21)
Total from investment operations	(0.96)	0.42	1.31	(0.03)	1.09	0.19
Less distributions from net investment income	(0.15)	(0.34)	(0.40)	(0.39)	(0.39)	(0.39)
Redemption feesd	_	_	_	_	_	е
Net asset value, end of period	\$10.40	\$11.51	\$11.43	\$10.52	\$10.94	\$10.24
Total return ^f	(8.40)%	3.73%	12.65%	(0.34)%	10.83%	1.83%
Ratios to average net assets ^g						
Expenses	1.20%	1.21%	1.22%	1.21%	1.23%	1.23%
Net investment income	2.94%	2.94%	3.63%	3.57%	3.74%	3.84%
Supplemental data						
Net assets, end of period (000's)	\$90,508	\$122,232	\$105,619	\$90,659	\$94,058	\$70,541
Portfolio turnover rate	3.85%	20.69%	13.90%	15.40%	3.67%	9.72%

^aFor the year ended February 29.

bThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

cBased on average daily shares outstanding.

dEffective September 1, 2008, the redemption fee was eliminated.

eAmount rounds to less than \$0.01 per share.

Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

gRatios are annualized for periods less than one year.

Financial Highlights (continued)

Franklin Connecticut Tax-Free Income Fund

	Six Months Ended August 31, 2013		Year Ended	l February 28,	
Advisor Class	(unaudited)	2013	2012ª	2011	2010b
Per share operating performance (for a share outstanding throughout the period)					
Net asset value, beginning of period	\$11.42	\$11.35	\$10.45	\$10.87	\$10.45
Income from investment operations ^c :					
Net investment incomed	0.20	0.41	0.47	0.46	0.29
Net realized and unrealized gains (losses)	(1.11)	0.08	0.90	(0.42)	0.41
Total from investment operations	(0.91)	0.49	1.37	0.04	0.70
Less distributions from net investment income	(0.19)	(0.42)	(0.47)	(0.46)	(0.28)
Net asset value, end of period	\$10.32	\$11.42	\$11.35	\$10.45	\$10.87
Total returne	(8.08)%	4.35%	13.36%	0.33%	6.78%
Ratios to average net assets ^f					
Expenses	0.55%	0.56%	0.57%	0.56%	0.58%
Net investment income	3.59%	3.59%	4.28%	4.22%	4.39%
Supplemental data					
Net assets, end of period (000's)	\$24,601	\$30,975	\$23,667	\$19,295	\$11,030
Portfolio turnover rate	3.85%	20.69%	13.90%	15.40%	3.67%

^aFor the year ended February 29.

bFor the period July 15, 2009 (effective date) to February 28, 2010.

The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^dBased on average daily shares outstanding.

eTotal return is not annualized for periods less than one year.

fRatios are annualized for periods less than one year.

Statement of Investments, August 31, 2013 (unaudited)

Franklin Connecticut Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds 97.2%		
Connecticut 85.7%		
Bridgeport GO, Series A, 5.00%, 2/15/32	\$17,000,000	\$ 17,034,340
Connecticut State GO,		
Series A, 5.00%, 2/15/29	10,000,000	10,892,700
Series B, 5.00%, 4/15/29	1,025,000	1,077,644
Series B, 5.00%, 4/15/32	4,000,000	4,141,280
Series C, AGMC Insured, 5.00%, 6/01/26	5,000,000	5,335,600
Series D, 5.00%, 11/01/31	5,000,000	5,270,000
Connecticut State Health and Educational Facilities Authority Revenue,		
Ascension Health Senior Credit Group, Series A, 5.00%, 11/15/40	18,520,000	18,141,081
Brunswick School Issue, Series C, 5.00%, 7/01/28	1,000,000	1,051,630
Brunswick School Issue, Series C, 5.00%, 7/01/29	1,450,000	1,511,871
Canterbury School Issue, Series B, Radian Insured, 5.00%, 7/01/36	1,000,000	908,790
Child Care Facilities Program, Series G, Assured Guaranty, 6.00%, 7/01/28	2,250,000	2,423,970
Eastern Connecticut Health Network, Refunding, Series A, Radian Insured, 6.00%,		
7/01/25	2,965,000	2,966,482
Eastern Connecticut Health Network, Refunding, Series C, Radian Insured, 5.125%,		
7/01/30	2,500,000	2,400,425
Fairfield University Issue, Series M, 5.00%, 7/01/26	450,000	470,939
Fairfield University Issue, Series M, 5.00%, 7/01/34	1,000,000	1,013,610
Fairfield University Issue, Series N, 5.00%, 7/01/29	7,000,000	7,220,150
Fairfield University Issues, New Money, Series O, 5.00%, 7/01/35	4,000,000	4,036,520
Fairfield University Issues, New Money, Series O, 5.00%, 7/01/40	5,000,000	5,008,250
Hartford Health Care, Refunding, Series A, 5.00%, 7/01/41	12,000,000	11,478,360
Hartford University, Series G, Radian Insured, 5.25%, 7/01/26	5,000,000	5,041,300
Loomis Chafee School, Series G, 5.00%, 7/01/30	3,000,000	3,047,280
Loomis Chafee School, Series G, 5.00%, 7/01/38	6,285,000	6,284,560
Lutheran General Health Care System, ETM, 7.375%, 7/01/19	255,000	296,061
Miss Porter's School Issue, Series B, AMBAC Insured, 5.00%, 7/01/36	4,415,000	4,496,059
New Horizons Village Project, 7.30%, 11/01/16	1,840,000	1,848,041
Norwich Free Academy, Series A, AMBAC Insured, Pre-Refunded, 5.00%, 7/01/34	1,675,000	1,740,593
Quinnipiac University, Series H, AMBAC Insured, 5.00%, 7/01/36	5,000,000	5,021,850
Quinnipiac University, Series J, NATL Insured, 5.00%, 7/01/37	15,000,000	14,875,200
Sacred Heart University, Series G, 5.375%, 7/01/31	1,500,000	1,531,065
Sacred Heart University, Series G, 5.625%, 7/01/41	5,500,000	5,634,035
Sacred Heart University, Series H, AGMC Insured, 5.00%, 7/01/27	1,190,000	1,221,511
Sacred Heart University, Series H, AGMC Insured, 5.00%, 7/01/28	2,290,000	2,330,716
Salisbury School, Refunding, Series C, Assured Guaranty, 5.00%, 7/01/28	1,515,000	1,588,205
Salisbury School, Series C, Assured Guaranty, 5.00%, 7/01/38	5,000,000	5,100,450
St. Mary's Hospital Issue, Refunding, Series E, 5.50%, 7/01/20	4,615,000	4,568,158
Stamford Hospital, Series I, 5.00%, 7/01/30	5,000,000	5,005,350
Stamford Hospital, Series J, 5.00%, 7/01/42	8,000,000	7,579,040
Trinity College, Refunding, Series J, NATL Insured, 4.50%, 7/01/37	7,000,000	6,819,820
Trinity College, Series H, NATL Insured, 5.00%, 7/01/26	1,855,000	1,879,987
The Village for Families and Children Inc., Series A, AMBAC Insured, 5.00%, 7/01/32	1,000,000	899,970
Wesleyan University, 5.00%, 7/01/39	12,500,000	12,715,875
Western Connecticut Health Network Issue, Series M, 5.375%, 7/01/41	7,000,000	7,090,790
Westminster School, Series E, XLCA Insured, 5.00%, 7/01/37	10,660,000	10,455,541

Franklin Connecticut Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
Connecticut (continued)		
Connecticut State Health and Educational Facilities Authority Revenue, (continued)		
The William W. Backus Hospital, Series F, AGMC Insured, 5.00%, 7/01/28	\$ 1,500,000	\$ 1,526,235
The William W. Backus Hospital, Series F, AGMC Insured, 5.125%, 7/01/35	4,025,000	4,035,787
Yale University, Series A-2, 5.00%, 7/01/40	9,000,000	9,322,740
Yale University, Series Y-1, 5.00%, 7/01/35	10,000,000	10,317,500
Yale University, Series Z-1, 5.00%, 7/01/42	10,000,000	10,374,700
Yale-New Haven Hospital, Series J-1, AMBAC Insured, 5.00%, 7/01/31	10,500,000	10,562,370
Yale-New Haven Hospital, Series N, 5.00%, 7/01/48	11,000,000	10,295,450
Connecticut State HFA Housing Mortgage Finance Program Revenue, Series C, Sub Series C-1,		
4.85%, 11/15/34	3,260,000	3,259,772
4.95%, 11/15/39	4,110,000	4,021,142
Connecticut State HFAR,		
Housing Mortgage Finance Program, Series B, Sub Series B-2, 5.00%, 11/15/41	1,595,000	1,595,893
Special Obligation, Special Needs Housing Mortgage Finance Program, Series 1,		
AMBAC Insured, 5.00%, 6/15/22	920,000	929,669
Special Obligation, Special Needs Housing Mortgage Finance Program, Series 1,		
AMBAC Insured, 5.00%, 6/15/32	1,000,000	984,370
State Supported Special Obligation, Series 10, 5.00%, 6/15/28	420,000	434,003
State Supported Special Obligation, Series 13, 5.00%, 6/15/40	1,500,000	1,502,445
Connecticut State Higher Education Supplemental Loan Authority Revenue, CHESLA Loan Program,		
Series A, 5.05%, 11/15/27	850,000	877,294
Connecticut State Municipal Electric Energy Cooperative Power Supply System Revenue,		
Refunding, Series A, 5.00%, 1/01/38	3,000,000	3,015,330
Connecticut State Revolving Fund General Revenue, Series A,		
5.00%, 3/01/25	3,000,000	3,360,660
5.00%, 3/01/30	4,000,000	4,257,960
5.00%, 3/01/31	6,100,000	6,454,166
Pre-Refunded, 5.00%, 7/01/26	6,025,000	6,745,891
Pre-Refunded, 5.00%, 7/01/27	4,060,000	4,545,779
Connecticut State Special Tax Obligation Revenue, Transportation Infrastructure Purposes, Series A,		
5.00%,		
12/01/28	10,095,000	10,731,389
12/01/30	1,680,000	1,758,372
12/01/31	2,075,000	2,160,116
1/01/33	7,000,000	7,188,510
Connecticut Transmission Municipal Electric Energy Cooperative Transmission System Revenue,		
Series A, 5.00%, 1/01/42	5,000,000	5,036,900
Greater New Haven Water Pollution Control Authority Regional Water Revenue,		
Refunding, Series A, NATL Insured, 5.00%, 11/15/24	3,315,000	3,424,660
Series A, AGMC Insured, 5.00%, 11/15/37	3,000,000	3,009,300
Hartford County Metropolitan District Clean Water Project Revenue, Refunding, Series A, 5.00%,		
4/01/36	5,000,000	5,076,450
New Haven GO,		
Series A, Assured Guaranty, 5.00%, 3/01/29	1,000,000	1,026,030
Series C, NATL Insured, ETM, 5.00%, 11/01/22	25,000	25,173

Numericipal Bonds (continued) South Central Regional Water Authority Water System Revenue, Eighteenth Series B, NATL Insured, 5.25%, 8.01/29 \$1,000,000 1,037,760 1,000,000 1,037,760 1,000,000 1,037,760 1,000,000 1,037,760 1,000,000 1,037,760 1,000,000 1,037,760 1,000,000 1,037,760 1,000,000 1,037,760 1,000,000 1,037,760 1,000,000 1,037,760 1,000,000 1,037,760 1,000,000 1,037,760 1,000,000 1,037,760 1,000,000 1,000,000 1,037,860 1,000,000	Franklin Connecticut Tax-Free Income Fund	Principal Amount	Value
South Central Regional Water Authority Water System Revenue, Eighteenth Series B, NATL Insured, 5.25%, 801/29 1,000,000 1,037,760 1,037,760 1,037,760 1,037,760 1,037,760 1,037,760 1,037,760 1,037,760 1,037,760 1,037,760 1,037,760 1,037,760 1,037,760 1,000,000 1,037,760 1,000,000	Municipal Bonds (continued)		
Elighteenth Series B, NATL Insured, 5.25%, 8/01/29 \$ 1,000,000 \$ 1,049,170 Eighteenth Series B, NATL Insured, 5.25%, 8/01/32 1,000,000 3,570,805 Refunding, Twenty-Second Series, AGMC Insured, 5.00%, 8/01/38 5,000,000 5,080,150 Refunding, Twenty-Second Series, AGMC Insured, 5.00%, 8/01/38 6,000,000 6,133,860 Twenty-Eighth Series A, 5.00%, 8/01/43 4,000,000 3,999,800 Stamford Water Pollution Control System and Facility Revenue, Refunding, Series A, 5.25%, 8/15/43 1,000,000 1,039,230 University of Connecticut Go, Series A, 5.00%, 2/15/31 3,370,000 3,518,853 University of Connecticut Revenue, Student Fee, Refunding, Series A, 5.00%, 11/15/29 3,805,000 40,171,29 Puerto Rico Commonwealth Aqueduct and Sewer Authority Revenue, senior lien, Series A, 6.00%, 700,000 7,28,350 40,000,000 728,350 Puerto Rico Commonwealth Go, Public Improvement, Refunding, Series B, 6.00%, 7/01/39 1,000,000 7,566,900 30,474,650 Puerto Rico Commonwealth Highways and Transportation Authority Transportation Revenue, Refunding, Series B, 6.00%, 7/01/33 55,000 36,669 Series G, 5.00%, 7/01/33 50,00%, 7/01/38 50,00%, 7/01/39 4,250,000 4,289,483	Connecticut (continued)		
Eighteenth Series B, NATL Insured, 5.25%, 801.32 1,000,000 3,570,805 Refunding, Twenty-Second Series, AGMC Insured, 5.00%, 801/28 5,000,000 5,080,150 Refunding, Twenty-Second Series, AGMC Insured, 5.00%, 801/38 5,000,000 6,133,860 7,000,000 6,133,860 7,000,000 7,000,0			
Eighteenth Series B-1, NATL Insured, 5.00%, 8/01/26 3,500,000 3,570,805 Refunding, Twenty-Second Series, AGMC Insured, 5.00%, 8/01/38 5,000,000 6,183,860 7,000,000 6,183,860 7,000,000 6,183,860 7,000,000 7,000,			\$ 1,049,170
Refunding, Twenty-Second Series, AGMC Insured, 5.00%, 8/01/38 5,000,000 5,080,150 Refunding, Twenty-Seventh Series, 5.00%, 8/01/43 6,000,000 6,133,860 Twenty-Eighth Series A, 5.00%, 8/01/43 4,000,000 3,999,800 Stamford Water Pollution Control System and Facility Revenue, Refunding, Series A, 5.25%, 8/15/43 1,000,000 1,039,230 University of Connecticut GO, Series A, 5.00%, 2/15/31 3,370,000 3,518,853 University of Connecticut Revenue, Student Fee, Refunding, Series A, 5.00%, 11/15/29 3,805,000 4,017,129 U.S. Territories 11.5% Territories 11.5% 1,000,000 728,350 Puerto Rico Commonwealth Aqueduct and Sewer Authority Revenue, senior lien, Series A, 6.00%, 700,000 728,350 70,01/44 Puerto Rico Commonwealth GO, Public Improvement, Refunding, Series B, 5,006%, 7/01/39 10,000,000 7,566,900 Series B, Pre-Refunded, 5.00%, 7/01/35 3,105,000 3,474,650 Puerto Rico Commonwealth Highways and Transportation Authority Transportation Revenue, Refunding, Series A, 5.00%, 7/01/33 395,000 3,6963 Series B, Pre-Refunded, 5.00%, 7/01/38 55,000 3,6963 Series G, 5.00%, 7/01/38 6,000 4,280,000 Puerto Rico H			
Refunding, Twenty-Seventh Series, 5.00%, 8/01/43 6,000,000 6,133,860 Twenty-Eight Series A, 5.00%, 8/01/43 4,000,000 3,999,800 Stamford Water Pollution Control System and Facility Revenue, Refunding, Series A, 5.25%, 8/15/43 1,000,000 1,039,230 University of Connecticut GO, Series A, 5.00%, 2/15/31 3,370,000 3,518,853 University of Connecticut Revenue, Student Fee, Refunding, Series A, 5.00%, 11/15/29 3,805,000 4,017,129 U.S. Territories 11.5% Verto Rico Commonwealth Aqueduct and Sewer Authority Revenue, senior lien, Series A, 6.00%, 7/01/44 1,000,000 728,350 Puerto Rico Commonwealth GO, Public Improvement, Refunding, Series B, 6.00%, 7/01/39 10,000,000 7,566,900 Series B, Fre-Refunded, 5.00%, 7/01/38 55,000 3,0474,650 Puerto Rico Commonwealth Highways and Transportation Authority Transportation Revenue, Refunding, Series A, 5.00%, 7/01/38 55,000 36,963 Series G, 5.00%, 7/01/38 55,000 36,963 35,960 Series RR, XLCA Insured, Pre-Refunded, 5.00%, 7/01/30 1,000,000 1,002,600 Series RR, YLCA Insured, Pre-Refunded, 5.00%, 7/01/30 1,000,000 4,243,943,997 Puerto Rico HFAR, Capital Fund Modernization Program, Puerto Rico Public Housing Proj			
Numbry Eighth Series A 5.00% 801/43 1,000,000 1,039,230 1,039,230 1,000,000 1,039,230 1,039,230 1,000,000 1,039,230 1,000,000 1,039,230 1,000,000 1,039,230 1,000,000 1,039,230 1,000,000 1,039,230 1,000,000 1,039,230 1,000,000 1,000,			
Ratiord Water Pollution Control System and Facility Revenue, Refunding, Series A, 5.25%, 8/15/43			
Main		4,000,000	3,999,800
University of Connecticut GO, Series A, 5.00%, 2/15/31 3,370,000 3,518,853 University of Connecticut Revenue, Student Fee, Refunding, Series A, 5.00%, 11/15/29 3,805,000 4,017,129 U.S. Territories 11.5% Puerto Rico Commonwealth Aqueduct and Sewer Authority Revenue, senior lien, Series A, 6.00%, 7/01/44 1,000,000 728,350 Puerto Rico Commonwealth GO, Public Improvement, Refunding, Series B, 6.00%, 7/01/39 10,000,000 7,566,900 Series B, Ferenefunded, 5.00%, 7/01/35 30,000,000 7,566,900 Series B, Ferenefunded, 5.00%, 7/01/38 55,000 36,963 Series G, 5.00%, 7/01/38 55,000 36,963 Series RR, XLCA Insured, Pre-Refunded, 5.00%, 7/01/30 1,000,000 1,082,860 Series RR, XLCA Insured, Pre-Refunded, 5.00%, 7/01/30 1,000,000 4,943,997 Puerto Rico Infastr Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing Authority Educational Medical and Environmental Control Facilities Financing Authority Educational Medical and Environmental Control Facilities Financing Authority Industrial Revenue, Guaynabo Warehouse for Emergencies Project, Series A, 5.15%, 7/01/19 2,380,000 2,430,052 Puerto		1 000 000	1 000 000
University of Connecticut Revenue, Student Fee, Refunding, Series A, 5.00%, 11/15/29 3,805,000 4,017,129 386,757,912 3		, ,	
Name			
Name	University of Connecticut Revenue, Student Fee, Refunding, Series A, 5.00%, 11/15/29	3,805,000	
Puerto Rico Commonwealth Aqueduct and Sewer Authority Revenue, senior lien, Series A, 6.00%, 7/01/44 1,000,000 728,350 Puerto Rico Commonwealth GO, Public Improvement, Refunding, Series B, 6.00%, 7/01/39 10,000,000 7,566,900 Series B, Pre-Refunded, 5.00%, 7/01/35 3,105,000 3,474,650 Puerto Rico Commonwealth Highways and Transportation Authority Transportation Revenue, Refunding, Series A, 5.00%, 7/01/38 55,000 36,693 Puerto Rico Electric Power Authority Power Revenue, Series RR, XLCA Insured, Pre-Refunded, 5.00%, 7/01/30 1,000,000 1,082,860 Series RR, XLCA Insured, Pre-Refunded, 5.00%, 7/01/30 1,000,000 4,943,997 Puerto Rico HFAR, Capital Fund Modernization Program, Puerto Rico Public Housing Projects, 5.125%, 1/201/27 4,250,000 4,289,483 Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing Authority Educational Facilities Revenue, University Plaza Project, Series A, NATL Insured, 5.00%, 7/01/33 1,000,000 815,830 Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing Authority Industrial Revenue, Guaynabo Warehouse for Emergencies Project, Series A, 5.15%, 7/01/13 2,380,000 2,430,052 Puerto Rico Infrastructure Financing Authority Revenue, Ports Authority Project, Series B, 5.25%, 12/15/26 5,000,000 3,984,800			386,757,912
Puerto Rico Commonwealth Aqueduct and Sewer Authority Revenue, senior lien, Series A, 6.00%, 7/01/44			
7/01/44 1,000,000 728,350 Puerto Rico Commonwealth GO, Public Improvement, 10,000,000 7,566,900 Refunding, Series B, 6.00%, 7/01/39 10,000,000 3,666,900 Series B, Pre-Refunded, 5.00%, 7/01/35 3,105,000 3,474,650 Puerto Rico Commonwealth Highways and Transportation Authority Transportation Revenue, 55,000 36,963 Series G, 5.00%, 7/01/33 395,000 272,443 Puerto Rico Electric Power Authority Power Revenue, 395,000 272,443 Puerto Rico Electric Power Authority Power Revenue, 1,000,000 1,082,860 Series RR, XLCA Insured, Pre-Refunded, 5.00%, 7/01/30 1,000,000 1,082,860 Series WW, 5.50%, 7/01/38 6,700,000 4,943,997 Puerto Rico Infextracti Fund Modernization Program, Puerto Rico Public Housing Projects, 4,250,000 4,289,483 Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing 1,000,000 815,830 Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing 1,000,000 815,830 Puerto Rico Infrastructure Financing Authority Revenue, Ports Authority Project, Series A, 5.15%, 12/15/26 5,000,000			
Puerto Rico Commonwealth GO, Public Improvement, Refunding, Series B, 6.00%, 7/01/39	· · · · · · · · · · · · · · · · · · ·	1 000 000	729 350
Refunding, Series B, 6.00%, 7/01/39 10,000,000 7,566,900 Series B, Pre-Refunded, 5.00%, 7/01/35 3,105,000 3,474,650 Puerto Rico Commonwealth Highways and Transportation Authority Transportation Revenue, 55,000 36,963 Series G, 5.00%, 7/01/38 395,000 272,443 Puerto Rico Electric Power Authority Power Revenue, 52,000 1,000,000 1,082,860 Series RR, KLCA Insured, Pre-Refunded, 5.00%, 7/01/30 1,000,000 1,082,860 Series WW, 5.50%, 7/01/38 6,700,000 4,943,997 Puerto Rico HFAR, Capital Fund Modernization Program, Puerto Rico Public Housing Projects, 4,250,000 4,289,483 Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing 4,250,000 4,289,483 Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing 1,000,000 815,830 Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing 2,380,000 2,430,052 Puerto Rico Infrastructure Financing Authority Revenue, Ports Authority Project, Series A, 5.15%, 7/01/19 5,000,000 3,984,800 Puerto Rico Sales Tax FICO Sales Tax Revenue, first subordinate, Series A, 6.00%, 8/01/42 22,000,000 <td></td> <td>1,000,000</td> <td>720,330</td>		1,000,000	720,330
Series B, Pre-Refunded, 5.00%, 7/01/35 3,105,000 3,474,650 Puerto Rico Commonwealth Highways and Transportation Authority Transportation Revenue, 55,000 36,963 Refunding, Series A, 5.00%, 7/01/38 55,000 272,443 Puerto Rico Electric Power Authority Power Revenue, 395,000 272,443 Puerto Rico Electric Power Authority Power Revenue, 1,000,000 1,082,860 Series RR, XLCA Insured, Pre-Refunded, 5.00%, 7/01/30 1,000,000 4,943,997 Puerto Rico HFAR, Capital Fund Modernization Program, Puerto Rico Public Housing Projects, 5.125%, 12/01/27 4,250,000 4,289,483 Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing Authority Educational Facilities Revenue, University Plaza Project, Series A, NATL Insured, 5.00%, 7/01/33 1,000,000 815,830 Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing Authority Industrial Revenue, Guaynabo Warehouse for Emergencies Project, Series A, 5.15%, 7/01/19 2,380,000 2,430,052 Puerto Rico Infrastructure Financing Authority Revenue, Ports Authority Project, Series B, 5.25%, 12/15/26 5,000,000 3,984,800 Puerto Rico Sales Tax FICO Sales Tax Revenue, first subordinate, Series A, 6.00%, 8/01/42 22,000,000 19,599,580 Series C, 5.50%, 8/01		10 000 000	7 566 900
Puerto Rico Commonwealth Highways and Transportation Authority Transportation Revenue, Refunding, Series A, 5.00%, 7/01/38			
Refunding, Series A, 5.00%, 7/01/38 55,000 36,963 Series G, 5.00%, 7/01/33 395,000 272,443 Puerto Rico Electric Power Authority Power Revenue, 1,000,000 1,082,860 Series RR, XLCA Insured, Pre-Refunded, 5.00%, 7/01/30 6,700,000 4,943,997 Puerto Rico HFAR, Capital Fund Modernization Program, Puerto Rico Public Housing Projects, 5.125%, 12/01/27 4,250,000 4,289,483 Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing Authority Educational Facilities Revenue, University Plaza Project, Series A, NATL Insured, 5.00%, 7/01/33 1,000,000 815,830 Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing Authority Industrial Revenue, Guaynabo Warehouse for Emergencies Project, Series A, 5.15%, 7/01/19 2,380,000 2,430,052 Puerto Rico Infrastructure Financing Authority Revenue, Ports Authority Project, Series B, 5.25%, 12/15/26 5,000,000 3,984,800 Puerto Rico Sales Tax FICO Sales Tax Revenue, first subordinate, Series A, 6.00%, 8/01/42 22,000,000 19,599,580 Series A, 6.00%, 8/01/40 2,000,000 1,655,260 U.S. Virgin Islands 0.2% 1,000,000 966,720 Virgin Islands PFAR, senior lien, Capital Projects, Series A-1, 5.00%, 10/01/29 1,000,000 <		3,103,000	3,474,030
Series G, 5.00%, 7/01/33 395,000 272,443 Puerto Rico Electric Power Authority Power Revenue, 395,000 272,443 Series RR, XLCA Insured, Pre-Refunded, 5.00%, 7/01/30 1,000,000 1,082,860 Series WW, 5.50%, 7/01/38 6,700,000 4,943,997 Puerto Rico HFAR, Capital Fund Modernization Program, Puerto Rico Public Housing Projects, 5.125%, 12/01/27 4,250,000 4,289,483 Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing Authority Educational Facilities Revenue, University Plaza Project, Series A, NATL Insured, 5.00%, 7/01/33 1,000,000 815,830 Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing Authority Industrial Revenue, Guaynabo Warehouse for Emergencies Project, Series A, 5.15%, 7/01/19 2,380,000 2,430,052 Puerto Rico Infrastructure Financing Authority Revenue, Ports Authority Project, Series B, 5.25%, 12/15/26 5,000,000 3,984,800 Puerto Rico Sales Tax FICO Sales Tax Revenue, first subordinate, Series A, 6.00%, 8/01/42 22,000,000 19,599,580 Series C, 5.50%, 8/01/40 2,000,000 1,655,260 U.S. Virgin Islands 0.2% 50,000,000 1,000,000 966,720 Virgin Islands PFAR, senior lien, Capital Projects, Series A-1, 5.00%, 10/01/29 1,00		55,000	36,963
Puerto Rico Electric Power Authority Power Revenue, Series RR, XLCA Insured, Pre-Refunded, 5.00%, 7/01/30 1,000,000 1,082,860 Series WW, 5.50%, 7/01/38 6,700,000 4,943,997 Puerto Rico HFAR, Capital Fund Modernization Program, Puerto Rico Public Housing Projects, 5.125%, 12/01/27 4,250,000 4,289,483 Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing Authority Educational Facilities Revenue, University Plaza Project, Series A, NATL Insured, 5.00%, 7/01/33 1,000,000 815,830 1,000,000 815,8		,	
Series RR, XLCA Insured, Pre-Refunded, 5.00%, 7/01/30 1,000,000 1,082,860 Series WW, 5.50%, 7/01/38 6,700,000 4,943,997 Puerto Rico HFAR, Capital Fund Modernization Program, Puerto Rico Public Housing Projects, 4,250,000 4,289,483 Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing Authority Educational Facilities Revenue, University Plaza Project, Series A, NATL Insured, 1,000,000 815,830 Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing Authority Industrial Revenue, Guaynabo Warehouse for Emergencies Project, Series A, 5.15%, 2,380,000 2,430,052 Puerto Rico Infrastructure Financing Authority Revenue, Ports Authority Project, Series B, 5.25%, 12/15/26 5,000,000 3,984,800 Puerto Rico Sales Tax FICO Sales Tax Revenue, first subordinate, 22,000,000 19,599,580 Series A, 6.00%, 8/01/42 22,000,000 1,655,260 Series C, 5.50%, 8/01/40 2,000,000 1,655,260 U.S. Virgin Islands 0.2% 1,000,000 966,720 Virgin Islands PFAR, senior lien, Capital Projects, Series A-1, 5.00%, 10/01/29 1,000,000 966,720		,	,
Series WW, 5.50%, 7/01/38 6,700,000 4,943,997 Puerto Rico HFAR, Capital Fund Modernization Program, Puerto Rico Public Housing Projects, 5.125%, 12/01/27 4,250,000 4,289,483 Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing Authority Educational Facilities Revenue, University Plaza Project, Series A, NATL Insured, 5.00%, 7/01/33 1,000,000 815,830 Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing Authority Industrial Revenue, Guaynabo Warehouse for Emergencies Project, Series A, 5.15%, 7/01/19 2,380,000 2,430,052 Puerto Rico Infrastructure Financing Authority Revenue, Ports Authority Project, Series B, 5.25%, 12/15/26 5,000,000 3,984,800 Puerto Rico Sales Tax FICO Sales Tax Revenue, first subordinate, Series A, 6.00%, 8/01/42 22,000,000 19,599,580 Series C, 5.50%, 8/01/40 2,000,000 1,655,260 U.S. Virgin Islands 0.2% Virgin Islands PFAR, senior lien, Capital Projects, Series A-1, 5.00%, 10/01/29 1,000,000 966,720 Total U.S. Territories 51,847,888		1,000,000	1,082,860
Puerto Rico HFAR, Capital Fund Modernization Program, Puerto Rico Public Housing Projects, 5.125%, 12/01/27			
Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing Authority Educational Facilities Revenue, University Plaza Project, Series A, NATL Insured, 5.00%, 7/01/33 1,000,000 815,830 Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing Authority Industrial Revenue, Guaynabo Warehouse for Emergencies Project, Series A, 5.15%, 7/01/19 2,380,000 2,430,052 Puerto Rico Infrastructure Financing Authority Revenue, Ports Authority Project, Series B, 5.25%, 12/15/26 5,000,000 3,984,800 Puerto Rico Sales Tax FICO Sales Tax Revenue, first subordinate, Series A, 6.00%, 8/01/42 22,000,000 19,599,580 Series C, 5.50%, 8/01/40 2,000,000 1,655,260 U.S. Virgin Islands 0.2% Virgin Islands PFAR, senior lien, Capital Projects, Series A-1, 5.00%, 10/01/29 1,000,000 966,720 Total U.S. Territories 51,847,888		, ,	, ,
Authority Educational Facilities Revenue, University Plaza Project, Series A, NATL Insured, 5.00%, 7/01/33	5.125%, 12/01/27	4,250,000	4,289,483
5.00%, 7/01/33 1,000,000 815,830 Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing Authority Industrial Revenue, Guaynabo Warehouse for Emergencies Project, Series A, 5.15%, 7/01/19 2,380,000 2,430,052 Puerto Rico Infrastructure Financing Authority Revenue, Ports Authority Project, Series B, 5.25%, 12/15/26 5,000,000 3,984,800 Puerto Rico Sales Tax FICO Sales Tax Revenue, first subordinate, Series A, 6.00%, 8/01/42 22,000,000 19,599,580 Series C, 5.50%, 8/01/40 2,000,000 1,655,260 U.S. Virgin Islands 0.2% Virgin Islands PFAR, senior lien, Capital Projects, Series A-1, 5.00%, 10/01/29 1,000,000 966,720 Total U.S. Territories 51,847,888	Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing		
Puerto Rico Industrial Tourist Educational Medical and Environmental Control Facilities Financing Authority Industrial Revenue, Guaynabo Warehouse for Emergencies Project, Series A, 5.15%, 7/01/19 2,380,000 2,430,052 Puerto Rico Infrastructure Financing Authority Revenue, Ports Authority Project, Series B, 5.25%, 12/15/26 5,000,000 3,984,800 Puerto Rico Sales Tax FICO Sales Tax Revenue, first subordinate, Series A, 6.00%, 8/01/42 22,000,000 19,599,580 Series C, 5.50%, 8/01/40 2,000,000 1,655,260 50,881,168 U.S. Virgin Islands 0.2% Virgin Islands PFAR, senior lien, Capital Projects, Series A-1, 5.00%, 10/01/29 1,000,000 966,720 Total U.S. Territories 51,847,888	Authority Educational Facilities Revenue, University Plaza Project, Series A, NATL Insured,		
Authority Industrial Revenue, Guaynabo Warehouse for Emergencies Project, Series A, 5.15%, 2,380,000 2,430,052 Puerto Rico Infrastructure Financing Authority Revenue, Ports Authority Project, Series B, 5.25%, 5,000,000 3,984,800 Puerto Rico Sales Tax FICO Sales Tax Revenue, first subordinate, 22,000,000 19,599,580 Series A, 6.00%, 8/01/42 22,000,000 1,655,260 Series C, 5.50%, 8/01/40 2,000,000 1,655,260 50,881,168 U.S. Virgin Islands 0.2% Virgin Islands PFAR, senior lien, Capital Projects, Series A-1, 5.00%, 10/01/29 1,000,000 966,720 Total U.S. Territories 51,847,888	,	1,000,000	815,830
7/01/19 2,380,000 2,430,052 Puerto Rico Infrastructure Financing Authority Revenue, Ports Authority Project, Series B, 5.25%, 12/15/26 5,000,000 3,984,800 Puerto Rico Sales Tax FICO Sales Tax Revenue, first subordinate, Series A, 6.00%, 8/01/42 22,000,000 19,599,580 Series C, 5.50%, 8/01/40 2,000,000 1,655,260 50,881,168 U.S. Virgin Islands 0.2% Virgin Islands PFAR, senior lien, Capital Projects, Series A-1, 5.00%, 10/01/29 1,000,000 966,720 Total U.S. Territories 51,847,888	<u> </u>		
Puerto Rico Infrastructure Financing Authority Revenue, Ports Authority Project, Series B, 5.25%, 12/15/26 12/15/26 5,000,000 3,984,800 Puerto Rico Sales Tax FICO Sales Tax Revenue, first subordinate, Series A, 6.00%, 8/01/42 22,000,000 19,599,580 Series C, 5.50%, 8/01/40 2,000,000 1,655,260 50,881,168 U.S. Virgin Islands 0.2% Virgin Islands PFAR, senior lien, Capital Projects, Series A-1, 5.00%, 10/01/29 1,000,000 966,720 Total U.S. Territories 51,847,888			
12/15/26 5,000,000 3,984,800 Puerto Rico Sales Tax FICO Sales Tax Revenue, first subordinate, 22,000,000 19,599,580 Series C, 5.50%, 8/01/40 2,000,000 1,655,260 50,881,168 U.S. Virgin Islands 0.2% 1,000,000 966,720 Virgin Islands PFAR, senior lien, Capital Projects, Series A-1, 5.00%, 10/01/29 1,000,000 966,720 Total U.S. Territories 51,847,888		2,380,000	2,430,052
Puerto Rico Sales Tax FICO Sales Tax Revenue, first subordinate, Series A, 6.00%, 8/01/42 22,000,000 19,599,580 Series C, 5.50%, 8/01/40 2,000,000 1,655,260 50,881,168 U.S. Virgin Islands 0.2% Virgin Islands PFAR, senior lien, Capital Projects, Series A-1, 5.00%, 10/01/29 1,000,000 966,720 Total U.S. Territories 51,847,888	10/15/06	5 000 000	0.004.000
Series A, 6.00%, 8/01/42 22,000,000 19,599,580 Series C, 5.50%, 8/01/40 2,000,000 1,655,260 50,881,168 U.S. Virgin Islands 0.2% Virgin Islands PFAR, senior lien, Capital Projects, Series A-1, 5.00%, 10/01/29 1,000,000 966,720 Total U.S. Territories 51,847,888		5,000,000	3,984,800
Series C, 5.50%, 8/01/40 2,000,000 1,655,260 50,881,168 U.S. Virgin Islands 0.2% Virgin Islands PFAR, senior lien, Capital Projects, Series A-1, 5.00%, 10/01/29 1,000,000 966,720 Total U.S. Territories 51,847,888		00 000 000	10 500 500
U.S. Virgin Islands 0.2% 50,881,168 Virgin Islands PFAR, senior lien, Capital Projects, Series A-1, 5.00%, 10/01/29 1,000,000 966,720 Total U.S. Territories 51,847,888			
U.S. Virgin Islands 0.2% Virgin Islands PFAR, senior lien, Capital Projects, Series A-1, 5.00%, 10/01/29 1,000,000 966,720 Total U.S. Territories 51,847,888	Series C, 5.50%, 8/01/40	2,000,000	1,655,260
Virgin Islands PFAR, senior lien, Capital Projects, Series A-1, 5.00%, 10/01/29 1,000,000 966,720 Total U.S. Territories 51,847,888			50,881,168
Total U.S. Territories 51,847,888	-	1 000 005	065 755
	Virgin Islands PFAR, senior lien, Capital Projects, Series A-1, 5.00%, 10/01/29	1,000,000	966,720
Total Municipal Bonds before Short Term Investments (Cost \$457,405,644) 438,605,800	Total U.S. Territories		51,847,888
	Total Municipal Bonds before Short Term Investments (Cost \$457,405,644)		438,605,800

Statement of Investments, August 31, 2013 (unaudited) (continued)

Franklin Connecticut Tax-Free Income Fund	Principal Amount	Value
Short Term Investments (Cost \$4,000,000) 0.9%		
Municipal Bonds 0.9%		
Connecticut 0.9%		
^a Connecticut State HFA Housing Mortgage Finance Program Revenue, Refunding, Series C, Sub Series C-2, Daily VRDN and Put, 0.06%, 11/15/36	\$ 4,000,000	\$ 4,000,000
Total Investments (Cost \$461,405,644) 98.1%		442,605,800
Other Assets, less Liabilities 1.9%		8,526,039
Net Assets 100.0%		\$451,131,839

See Abbreviations on page 175.

aVariable rate demand notes (VRDNs) are tax-exempt obligations which contain a floating or variable interest rate adjustment formula and an unconditional right of demand to receive payment of the principal balance plus accrued interest at specified dates. The coupon rate shown represents the rate at period end.

Financial Highlights

Franklin Michigan Tax-Free Income Fund

	Six Months Ende					
Class A	(unaudited)	2013	2012ª	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$12.36	\$12.23	\$11.52	\$11.97	\$11.48	\$11.71
Income from investment operations ^b :						
Net investment income ^c	0.22	0.43	0.50	0.51	0.52	0.51
Net realized and unrealized gains (losses)	(1.10)	0.13	0.71	(0.43)	0.49	(0.23)
Total from investment operations	(0.88)	0.56	1.21	0.08	1.01	0.28
Less distributions from:						
Net investment income	(0.21)	(0.43)	(0.50)	(0.51)	(0.52)	(0.51)
Net realized gains				(0.02)		
Total distributions	(0.21)	(0.43)	(0.50)	(0.53)	(0.52)	(0.51)
Redemption feesd		_	_	_	_	е
Net asset value, end of period	\$11.27	\$12.36	\$12.23	\$11.52	\$11.97	\$11.48
Total return ^f	(7.20)%	4.61%	10.67%	0.62%	8.92%	2.41%
Ratios to average net assets ^g						
Expenses	0.62%	0.63%	0.63%	0.63%	0.63%	0.63%
Net investment income	3.64%	3.53%	4.17%	4.27%	4.40%	4.40%
Supplemental data						
Net assets, end of period (000's)	\$1,011,687	\$1,257,112	\$1,241,960	\$1,204,877	\$1,345,427	\$1,318,955
Portfolio turnover rate	8.73%	16.87%	0.92%	10.74%	5.47%	16.08%

^aFor the year ended February 29.

bThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^cBased on average daily shares outstanding.

^dEffective September 1, 2008, the redemption fee was eliminated.

eAmount rounds to less than \$0.01 per share.

Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

gRatios are annualized for periods less than one year.

Financial Highlights (continued)

Franklin Michigan Tax-Free Income Fund

	Six Months Ended August 31, 2013 Year Ended February 28,					
Class C	(unaudited)	2013	2012ª	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$12.52	\$12.39	\$11.66	\$12.11	\$11.61	\$11.83
Income from investment operations ^b :						
Net investment income ^c	0.19	0.37	0.44	0.45	0.46	0.45
Net realized and unrealized gains (losses)	(1.12)	0.12	0.72	(0.44)	0.49	(0.23)
Total from investment operations	(0.93)	0.49	1.16	0.01	0.95	0.22
Less distributions from:						
Net investment income	(0.17)	(0.36)	(0.43)	(0.44)	(0.45)	(0.44)
Net realized gains				(0.02)	_	
Total distributions	(0.17)	(0.36)	(0.43)	(0.46)	(0.45)	(0.44)
Redemption feesd		_	_	_	_	е
Net asset value, end of period	\$11.42	\$12.52	\$12.39	\$11.66	\$12.11	\$11.61
Total return ^f	(7.46)%	3.97%	10.13%	0.04%	8.31%	1.91%
Ratios to average net assetsg						
Expenses	1.17%	1.18%	1.18%	1.18%	1.18%	1.18%
Net investment income	3.09%	2.98%	3.62%	3.72%	3.85%	3.85%
Supplemental data						
Net assets, end of period (000's)	\$162,927	\$212,347	\$192,719	\$180,024	\$195,638	\$173,295
Portfolio turnover rate	8.73%	16.87%	0.92%	10.74%	5.47%	16.08%

^aFor the year ended February 29.

bThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^cBased on average daily shares outstanding.

dEffective September 1, 2008, the redemption fee was eliminated.

eAmount rounds to less than \$0.01 per share.

Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

gRatios are annualized for periods less than one year.

Financial Highlights (continued)

Franklin Michigan Tax-Free Income Fund

	Six Months Ended August 31, 2013 Year Ended February 28,					
Advisor Class	(unaudited)	2013	2012a	2011	2010	2009b
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$12.39	\$12.26	\$11.54	\$11.99	\$11.49	\$11.95
Income from investment operations ^c :						
Net investment income ^d	0.23	0.45	0.51	0.52	0.53	0.35
Net realized and unrealized gains (losses)	(1.10)	0.12	0.72	(0.43)	0.50	(0.47)
Total from investment operations	(0.87)	0.57	1.23	0.09	1.03	(0.12)
Less distributions from:						
Net investment income	(0.22)	(0.44)	(0.51)	(0.52)	(0.53)	(0.34)
Net realized gains		_	_	(0.02)	_	
Total distributions	(0.22)	(0.44)	(0.51)	(0.54)	(0.53)	(0.34)
Net asset value, end of period	\$11.30	\$12.39	\$12.26	\$11.54	\$11.99	\$11.49
Total returne	(7.13)%	4.70%	10.85%	0.72%	9.11%	(0.92)%
Ratios to average net assets ^f						
Expenses	0.52%	0.53%	0.53%	0.53%	0.53%	0.53%
Net investment income	3.74%	3.63%	4.27%	4.37%	4.50%	4.50%
Supplemental data						
Net assets, end of period (000's)	\$23,531	\$20,317	\$17,451	\$7,567	\$3,486	\$769
Portfolio turnover rate	8.73%	16.87%	0.92%	10.74%	5.47%	16.08%

^aFor the year ended February 29.

bFor the period July 1, 2008 (effective date) to February 28, 2009.

The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^dBased on average daily shares outstanding.

eTotal return is not annualized for periods less than one year.

fRatios are annualized for periods less than one year.

Statement of Investments, August 31, 2013 (unaudited)

Franklin Michigan Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds 98.1%		
Michigan 90.1%		
Adrian City School District GO, AGMC Insured, Pre-Refunded, 5.00%,		
5/01/26	\$ 1,960,000	\$ 2,021,328
5/01/29	2,125,000	2,191,491
5/01/34	6,690,000	6,899,330
Allendale Public School District GO, School Building and Site, Series A, AGMC Insured,		
5.00%, 5/01/37	11,810,000	11,427,356
Battle Creek School District GO, School Building and Site, AGMC Insured, 5.00%,		
5/01/31	4,000,000	4,176,080
5/01/34	10,165,000	10,559,605
Bay City School District GO, School Building and Site, AGMC Insured, 5.00%, 5/01/31	6,000,000	6,166,200
Brighton Area Schools District GO, School Building and Site,		
Refunding, Series I, 5.00%, 5/01/23	1,650,000	1,771,407
Refunding, Series I, 5.00%, 5/01/24	1,650,000	1,753,422
Series I, 5.00%, 5/01/25	1,650,000	1,735,652
Series I, 5.00%, 5/01/26	1,650,000	1,719,053
Caledonia Community Schools GO, School Building and Site, NATL Insured, 5.00%,		
5/01/26	3,665,000	3,885,523
Central Michigan University Revenue, General, AMBAC Insured, 5.00%, 10/01/34	8,905,000	9,034,122
Chippewa Valley Schools GO, Refunding, 5.00%,		
5/01/27	5,450,000	5,779,507
5/01/28	6,075,000	6,388,166
5/01/29	6,425,000	6,694,400
5/01/30	6,420,000	6,633,208
5/01/31	3,000,000	3,078,390
5/01/32 Sahasi Diatriat CO. Sahasi Buildian and Sita Improvement. Sarias A	3,500,000	3,569,650
Detroit City School District GO, School Building and Site Improvement, Series A,	10 000 000	0.001.000
AGMC Insured, 6.00%, 5/01/29	10,000,000	9,981,900
Detroit GO, Distribution State Aid, 5.00%, 11/01/30	5,000,000	4,542,950
		4,542,950
Distribution State Aid, 5.25%, 11/01/35	5,000,000	4,520,950
Series A, Assured Guaranty, 5.00%, 4/01/28 Series A-1, NATL Insured, 5.00%, 4/01/20	5,000,000 10,610,000	9,242,689
Detroit Sewage Disposal System Revenue,	10,010,000	9,242,009
second lien, Series A, NATL Insured, 5.125%, 7/01/33	18,790,000	16,856,885
senior lien, Refunding, Series A, AGMC Insured, 5.00%, 7/01/32	5,960,000	5,449,586
senior lien, Series B, AGMC Insured, 7.50%, 7/01/33	6,000,000	6,408,780
Detroit Water and Sewerage Department Sewage Disposal System Revenue, senior lien,	0,000,000	0,400,700
Refunding, Series A, AGMC Insured, 5.00%, 7/01/39	5,000,000	4,271,700
Detroit Water Supply System Revenue,	0,000,000	1,271,700
second lien, Refunding, Series C, AGMC Insured, 5.00%, 7/01/33	20,000,000	17,932,600
second lien, Series B, NATL Insured, 5.00%, 7/01/34	8,875,000	7,788,700
senior lien, Refunding, Series B, BHAC Insured, 5.25%, 7/01/35	17,500,000	16,356,550
senior lien, Series A, AGMC Insured, 5.00%, 7/01/34	38,740,000	34,418,166
senior lien, Series A, NATL RE, FGIC Insured, 5.00%, 7/01/30	11,400,000	10,347,894
Eaton Rapids Public Schools GO, School Building and Site, AGMC Insured, Pre-Refunded,	,,	, ,
5.00%,		
5/01/26	2,700,000	2,784,483
5/01/29	2,750,000	2,835,411
	, ,	, -, -

Franklin Michigan Tax-Free Income Fund	Principal Amount		Value
Municipal Bonds (continued)			
Michigan (continued)			
Fennville Public Schools GO, School Building and Site,			
FGIC Insured, Pre-Refunded, 5.00%, 5/01/30	\$ 1,115,000	\$	1,149,888
FGIC Insured, Pre-Refunded, 5.00%, 5/01/34	3,250,000	Ψ	3,351,693
NATL RE, FGIC Insured, Pre-Refunded, 5.00%, 5/01/30	2,085,000		2,150,240
Fowlerville Community School District GO, School Building and Site, NATL RE, FGIC Insured,	2,000,000		2,130,240
Pre-Refunded, 5.00%,			
5/01/30	1,990,000		2,052,267
5/01/34	8,145,000		8,399,857
Fraser Public School District GO, School Building and Site, AGMC Insured, 5.00%,	8,143,000		0,399,037
	9 520 000		0 046 146
5/01/30	8,520,000		8,846,146
Genesee County GO, Water Supply System, Limited Tax, AMBAC Insured, 5.00%,	4 000 000		4 000 400
11/01/30	4,000,000		4,080,400
Grand Blanc Community Schools GO,	0.145.000		0 220 200
Refunding, 5.00%, 5/01/21	2,145,000		2,338,286
Refunding, 5.00%, 5/01/22	1,670,000		1,802,498
Refunding, 5.00%, 5/01/23	2,585,000		2,754,886
School Building and Site, AGMC Insured, Pre-Refunded, 5.00%, 5/01/28	4,250,000		4,382,983
Grand Rapids Building Authority Revenue, Series A, AMBAC Insured, 5.00%, 10/01/28	3,590,000		3,595,349
Grand Rapids Sanitary Sewer System Revenue,	4 000 000		E 140 E70
NATL Insured, 5.00%, 1/01/30	4,900,000		5,143,579
Refunding, 5.00%, 1/01/34	3,500,000		3,575,635
Grand Rapids Water Supply System Revenue, Assured Guaranty, 5.10%, 1/01/39	3,000,000		3,078,450
Grand Valley State University Revenue, General,	1 500 000		1 500 400
5.75%, 12/01/34	1,500,000		1,593,420
Refunding, Series A, AGMC Insured, 5.00%, 12/01/28	17,165,000		17,526,495
Refunding, Series A, AGMC Insured, 5.00%, 12/01/33	8,570,000		8,598,024
HealthSource Saginaw Inc. Saginaw County GO, NATL Insured, Pre-Refunded, 5.00%,	4 1 4 5 000		4 460 000
5/01/29	4,145,000		4,462,880
Jackson County Hospital Finance Authority Revenue, W.A. Foote Memorial Hospital, Refunding,	10 000 000		10 165 100
Series C, Assured Guaranty, 5.00%, 6/01/26	10,000,000		10,165,100
Jackson Public Schools GO, School Building and Site, Refunding, AGMC Insured,	C C20 000		C 927 140
Pre-Refunded, 5.00%, 5/01/34	6,620,000		6,827,140
Kalamazoo Hospital Finance Authority Hospital Facility Revenue,	200,000		261 254
Borgess Medical Center, Series A, AMBAC Insured, ETM, 5.625%, 6/01/14	360,000		361,354
Bronson Methodist Hospital, Refunding, Assured Guaranty, 5.25%, 5/15/36	10,000,000		9,894,600 7,175,910
Bronson Methodist Hospital, Refunding, Series B, AGMC Insured, 5.00%, 5/15/26	7,000,000		7,175,910
L'Anse Creuse Public Schools GO, School Building and Site, AGMC Insured, 5.00%,	10 000 000		10 162 000
5/01/35	10,000,000		10,162,900
Lansing Board of Water and Light Utility System Revenue, Series A,	0.020.000		0.240.400
5.00%, 7/01/29	9,030,000		9,348,488
5.50%, 7/01/41	10,000,000		10,300,100
Lansing Community College GO, College Building and Site, Refunding, 5.00%,	4 FOF 000		4 721 700
5/01/29	4,525,000		4,731,702
5/01/30	4,755,000		4,933,978
5/01/31	3,990,000		4,117,042
5/01/32	3,000,000		3,078,240

Franklin Michigan Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
Michigan (continued)		
Lapeer Community Schools GO, School Building and Site, AGMC Insured, 5.00%,		
5/01/33	\$ 4,400,000	\$ 4,489,364
5/01/37	4,325,000	4,380,230
Lenawee County Hospital Finance Authority Hospital Revenue, ProMedica Healthcare		
Obligated Group, Refunding, Series B, 6.00%, 11/15/35	5,000,000	5,273,900
Livonia Public Schools School District GO, School Building and Site, Series I, AGMC Insured,		
5.00%,		
5/01/36	5,725,000	5,588,115
5/01/38	6,000,000	5,809,620
5/01/43	16,850,000	16,097,142
Michigan State Building Authority Revenue,		
Facilities Program, Refunding, Series I, 6.25%, 10/15/38	15,000,000	16,407,600
Facilities Program, Refunding, Series I, AMBAC Insured, 5.00%, 10/15/33	4,450,000	4,520,087
Facilities Program, Refunding, Series I-A, 5.00%, 10/15/33	5,000,000	4,993,450
Facilities Program, Refunding, Series I-A, 5.50%, 10/15/45	2,000,000	2,036,520
Facilities Program, Refunding, Series I-A, 5.25%, 10/15/47	5,000,000	4,906,300
Facilities Program, Refunding, Series II, AMBAC Insured, 5.00%, 10/15/33	21,000,000	21,309,540
Refunding, Series IA, AGMC Insured, 5.00%, 10/15/31	15,530,000	15,929,121
Refunding, Series IA, AGMC Insured, 5.00%, 10/15/32	10,000,000	10,248,200
Refunding, Series IA, AGMC Insured, 5.00%, 10/15/36	1,000,000	1,018,680
Michigan State Comprehensive Transportation Revenue, Refunding, AGMC Insured, 5.00%,	4 740 000	E 124 4C2
5/15/26	4,740,000 8,000,000	5,134,463 8,483,360
Michigan State Finance Authority Revenue,	8,000,000	6,465,300
AGMC Insured, 5.00%, 11/15/36	6,500,000	6,291,480
AGMC Insured, 5.00%, 11/15/30	8,000,000	7,498,400
Hospital, Oakwood Obligated Group, Refunding, 5.00%, 8/15/28	5,585,000	5,650,289
Hospital, Oakwood Obligated Group, Refunding, 5.00%, 8/15/29	5,865,000	5,858,431
Hospital, Oakwood Obligated Group, Refunding, 5.00%, 8/15/30	4,105,000	4,008,615
Hospital, Oakwood Obligated Group, Refunding, 5.00%, 8/15/31	2,340,000	2,261,914
Hospital, Oakwood Obligated Group, Refunding, AGMC Insured, 5.00%, 11/01/32	10,005,000	9,858,827
Hospital, Oakwood Obligated Group, Refunding, AGMC Insured, 5.00%, 11/01/42	12,000,000	10,725,000
State Revolving Fund, Clean Water, 5.00%, 10/01/28	3,000,000	3,181,740
State Revolving Fund, Clean Water, 5.00%, 10/01/29	3,000,000	3,153,990
State Revolving Fund, Clean Water, 5.00%, 10/01/30	2,500,000	2,607,325
State Revolving Fund, Clean Water, 5.00%, 10/01/32	2,000,000	2,061,720
Michigan State HDA Rental Housing Revenue, Series A, 5.25%, 10/01/46	4,260,000	4,226,772
Michigan State Hospital Finance Authority Revenue,		
Hospital, Sparrow Obligated Group, Refunding, 5.00%, 11/15/31	10,000,000	9,928,400
Hospital, Sparrow Obligated Group, Refunding, NATL Insured, 5.00%, 11/15/31	8,500,000	8,439,140
Hospital, Sparrow Obligated Group, Refunding, NATL Insured, 5.00%, 11/15/36	18,630,000	17,673,164
Mclaren Healthcare, Refunding, Series A, 5.00%, 6/01/26	2,065,000	2,163,108
Mclaren Healthcare, Refunding, Series A, 5.00%, 6/01/27	2,285,000	2,364,975
Mclaren Healthcare, Refunding, Series A, 5.00%, 6/01/28	2,615,000	2,674,282
Mclaren Healthcare, Refunding, Series A, 5.00%, 6/01/35	2,250,000	2,180,250
MidMichigan Obligated Group, AMBAC Insured, 5.00%, 4/15/24	7,065,000	7,075,456
MidMichigan Obligated Group, AMBAC Insured, 5.00%, 4/15/32	1,000,000	1,001,480

Franklin Michigan Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
Michigan (continued)		
Michigan State Hospital Finance Authority Revenue, (continued)		
MidMichigan Obligated Group, Refunding, Series A, AGMC Insured, 5.375%, 6/01/27	\$ 7,500,000	\$ 7,512,000
MidMichigan Obligated Group, Series A, 6.125%, 6/01/39	5,000,000	5,259,350
St. John Health System, Series A, AMBAC Insured, ETM, 5.125%, 5/15/17	14,500,000	14,547,125
St. John Hospital, Series A, AMBAC Insured, ETM, 6.25%, 5/15/14	9,545,000	9,584,707
Trinity Health Credit Group, Refunding, Series MI, 5.00%, 12/01/29	5,250,000	5,331,322
Trinity Health Credit Group, Refunding, Series MI, 5.00%, 12/01/30	5,955,000	5,992,278
Trinity Health Credit Group, Series A, 6.50%, 12/01/33	25,000,000	27,738,750
Trinity Health Credit Group, Series B, 5.00%, 12/01/48	30,745,000	29,044,187
Michigan State Revenue, Grant Anticipation Bonds, AGMC Insured, 5.25%, 9/15/27	10,000,000	10,733,600
Michigan State Strategic Fund Limited Obligation Revenue,		
Detroit Edison Co. Exempt Facilities Project, Mandatory Put 8/01/16, Refunding, Series ET,		
Sub Series ET-2, 5.50%, 8/01/29	10,000,000	11,063,700
Detroit Edison Co. Pollution Control Bonds Project, Refunding, Collateralized Series BB,		
AMBAC Insured, 7.00%, 5/01/21	3,000,000	3,636,750
Michigan State University Revenues, General, Refunding, Series C, 5.00%, 2/15/44	14,630,000	14,606,885
Northview Public Schools District GO, School Building and Site, 5.00%, 5/01/41	3,000,000	3,037,050
Oakland University Revenue, General, 5.00%, 3/01/42	8,770,000	8,472,872
Otsego Public Schools District GO, School Building and Site, AGMC Insured, Pre-Refunded,		
5.00%, 5/01/34	9,835,000	10,142,737
Pennfield School District GO, School Building and Site,		
FGIC Insured, Pre-Refunded, 5.00%, 5/01/29	645,000	665,182
FGIC Insured, Pre-Refunded, 5.00%, 5/01/34	2,500,000	2,578,225
NATL RE, FGIC Insured, Pre-Refunded, 5.00%, 5/01/29	505,000	520,801
Pinckney Community Schools GO, Refunding, AGMC Insured, 5.00%, 5/01/26	2,955,000	2,999,532
Rockford Public Schools GO, School Building and Site, AGMC Insured, 5.00%, 5/01/33	5,000,000	5,156,600
Royal Oak Hospital Finance Authority Hospital Revenue, William Beaumont Hospital Obligated		
Group, Refunding, Series V, 8.25%, 9/01/39	10,000,000	11,875,000
Saginaw City School District GO, School Building and Site, AGMC Insured, 5.00%,		
5/01/38	10,555,000	10,729,474
Saginaw Valley State University Revenue, General, Refunding, AGMC Insured, 5.00%,		
7/01/28	7,050,000	7,287,232
South Redford School District GO, School Building and Site, NATL Insured, 5.00%,		
5/01/30	3,500,000	3,614,975
Southfield Library Building Authority GO, Refunding, NATL Insured, 5.00%, 5/01/30	6,535,000	6,749,675
Southfield Public Schools GO, Refunding, NATL Insured, 4.75%, 5/01/29	9,040,000	9,029,604
Sparta Area Schools GO, School Building and Site, FGIC Insured, Pre-Refunded, 5.00%,		
5/01/30	2,730,000	2,815,422
Sturgis Public School District GO, Refunding, NATL RE, FGIC Insured, 5.00%, 5/01/30	4,715,000	4,763,942
Trenton Public Schools GO, School Building and Site, AGMC Insured, 5.00%,		
5/01/31	4,575,000	4,763,398
5/01/38	8,150,000	8,332,723
Warren Consolidated School District GO, School Building and Site, 5.00%, 5/01/32	2,500,000	2,561,625
Wayne Charter County GO,		
Airport Hotel, Detroit Metropolitan Wayne County Airport, Series A, NATL Insured, 5.25%,		
12/01/25	17,000,000	17,007,310
Airport Hotel, Detroit Metropolitan Wayne County Airport, Series A, NATL Insured, 5.00%,		
12/01/30	10,750,000	10,282,267

Statement of Investments, August 31, 2013 (unaudited) (continued)

Franklin Michigan Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
Michigan (continued)		
Wayne Charter County GO, (continued)		
Building Improvement, Series A, 6.75%, 11/01/39	\$ 4,815,000	\$ 4,987,425
Capital Improvement, Series A, AGMC Insured, 5.00%, 2/01/34	7,640,000	6,947,892
Capital Improvement, Series A, AGMC Insured, 5.00%, 2/01/38	12,135,000	10,771,269
Wayne County Airport Authority Revenue, Detroit Metropolitan Wayne County Airport,		
Refunding, NATL RE, FGIC Insured, 5.00%,		
12/01/27	9,910,000	9,939,234
12/01/28	10,170,000	10,094,233
Wayne State University Revenue, General,		
AMBAC Insured, 5.00%, 11/15/30	2,925,000	3,166,810
Refunding, AGMC Insured, 5.00%, 11/15/28	23,550,000	24,553,465
Refunding, AGMC Insured, 5.00%, 11/15/35	22,435,000	22,637,589
Series A, 5.00%, 11/15/40	5,000,000	5,031,400
Western Michigan University Revenue, General, AGMC Insured, 5.00%,		
11/15/28	5,500,000	5,633,540
11/15/32	6,410,000	6,378,206
Wyoming Sewage Disposal System Revenue, Refunding, NATL Insured, 5.00%, 6/01/27	5,700,000	5,966,646
Zeeland Public Schools GO, Refunding, NATL RE, FGIC Insured, 5.00%, 5/01/25	3,350,000	3,474,922
		1,079,247,895
U.S. Territories 8.0%		
Puerto Rico 8.0%		
Puerto Rico Commonwealth Highways and Transportation Authority Transportation Revenue,		
Series D, AGMC Insured, 5.00%, 7/01/32	10,900,000	9,449,210
Puerto Rico Electric Power Authority Power Revenue, Series RR, FGIC Insured, Pre-Refunded,	10,300,000	3,113,210
5.00%, 7/01/35	14,000,000	15,160,040
Puerto Rico Sales Tax FICO Sales Tax Revenue, first subordinate,	_ :, - : - ; - : -	,,
Series A, 5.375%, 8/01/39	9,000,000	7,353,360
Series A, 6.375%, 8/01/39	10,000,000	9,602,100
Series A, 6.00%, 8/01/42	25,000,000	22,272,250
Series C, 5.50%, 8/01/40	15,000,000	12,414,450
Series C, 5.25%, 8/01/41	25,445,000	20,275,085
		96,526,495
Total Municipal Bonds (Cost \$1,214,159,135) 98.1%		1,175,774,390
Other Assets, less Liabilities 1.9%		22,370,713
Net Assets 100.0%		\$1,198,145,103

See Abbreviations on page 175.

Financial Highlights

Franklin Minnesota Tax-Free Income Fund

	Six Months Ended August 31, 2013 Year Ended February 28,					
Class A	(unaudited)	2013	2012a	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$12.98	\$12.80	\$11.92	\$12.20	\$11.80	\$11.51
Income from investment operations ^b :						
Net investment income ^c	0.20	0.42	0.46	0.46	0.48	0.48
Net realized and unrealized gains (losses)	(1.01)	0.18	0.88	(0.28)	0.40	0.30
Total from investment operations	(0.81)	0.60	1.34	0.18	0.88	0.78
Less distributions from net investment income	(0.20)	(0.42)	(0.46)	(0.46)	(0.48)	(0.49)
Redemption feesd	_	_	_	_	_	е
Net asset value, end of period	\$11.97	\$12.98	\$12.80	\$11.92	\$12.20	\$11.80
Total return ^f	(6.33)%	4.77%	11.44%	1.49%	7.54%	6.90%
Ratios to average net assets ^g						
Expenses	0.63%	0.64%	0.65%	0.65%	0.65%	0.66%
Net investment income	3.14%	3.27%	3.71%	3.80%	3.96%	4.17%
Supplemental data						
Net assets, end of period (000's)	\$754,947	\$904,813	\$819,782	\$754,018	\$768,806	\$653,812
Portfolio turnover rate	3.10%	6.99%	5.32%	14.56%	10.24%	21.67%

^aFor the year ended February 29.

bThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

cBased on average daily shares outstanding.

dEffective September 1, 2008, the redemption fee was eliminated.

eAmount rounds to less than \$0.01 per share.

Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

gRatios are annualized for periods less than one year.

Financial Highlights (continued)

Franklin Minnesota Tax-Free Income Fund

	Six Months Ended August 31, 2013 Year Ended February 28,					
Class C	(unaudited)	2013	2012a	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$13.10	\$12.92	\$12.02	\$12.30	\$11.89	\$11.60
Income from investment operations ^b :						
Net investment income ^c	0.17	0.36	0.39	0.40	0.41	0.42
Net realized and unrealized gains (losses)	(1.02)	0.17	0.90	(0.29)	0.41	0.29
Total from investment operations	(0.85)	0.53	1.29	0.11	0.82	0.71
Less distributions from net investment income	(0.16)	(0.35)	(0.39)	(0.39)	(0.41)	(0.42)
Redemption feesd	_	_	_	_	_	е
Net asset value, end of period	\$12.09	\$13.10	\$12.92	\$12.02	\$12.30	\$11.89
Total return ^f	(6.54)%	4.15%	10.82%	0.99%	6.97%	6.26%
Ratios to average net assets ^g						
Expenses	1.18%	1.19%	1.20%	1.20%	1.20%	1.21%
Net investment income	2.59%	2.72%	3.16%	3.25%	3.41%	3.62%
Supplemental data						
Net assets, end of period (000's)	\$223,134	\$270,570	\$224,498	\$195,123	\$170,676	\$102,212
Portfolio turnover rate	3.10%	6.99%	5.32%	14.56%	10.24%	21.67%

^aFor the year ended February 29.

bThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

cBased on average daily shares outstanding.

dEffective September 1, 2008, the redemption fee was eliminated.

eAmount rounds to less than \$0.01 per share.

Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

gRatios are annualized for periods less than one year.

Financial Highlights (continued)

Franklin Minnesota Tax-Free Income Fund

	Six Months Ended August 31, 2013			February 28,	
Advisor Class	(unaudited)	2013	2012a	2011	2010 ^b
Per share operating performance (for a share outstanding throughout the period)					
Net asset value, beginning of period	\$12.99	\$12.81	\$11.92	\$12.20	\$11.91
Income from investment operations ^c :					
Net investment incomed	0.21	0.44	0.47	0.48	0.33
Net realized and unrealized gains (losses)	(1.02)	0.18	0.89	(0.29)	0.28
Total from investment operations	(0.81)	0.62	1.36	0.19	0.61
Less distributions from net investment income	(0.20)	(0.44)	(0.47)	(0.47)	(0.32)
Net asset value, end of period	\$11.98	\$12.99	\$12.81	\$11.92	\$12.20
Total returne	(6.28)%	4.88%	11.63%	1.59%	5.14%
Ratios to average net assets ^f					
Expenses	0.53%	0.54%	0.55%	0.55%	0.55%
Net investment income	3.24%	3.37%	3.81%	3.90%	4.06%
Supplemental data					
Net assets, end of period (000's)	\$68,884	\$49,398	\$38,461	\$10,854	\$4,451
Portfolio turnover rate	3.10%	6.99%	5.32%	14.56%	10.24%

^aFor the year ended February 29.

bFor the period July 1, 2009 (effective date) to February 28, 2010.

The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^dBased on average daily shares outstanding.

eTotal return is not annualized for periods less than one year.

fRatios are annualized for periods less than one year.

Statement of Investments, August 31, 2013 (unaudited)

Franklin Minnesota Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds 98.8%		
Minnesota 96.7%		
Alexandria ISD No. 206 GO, School Building, Minnesota School District Credit Enhancement		
Program, Series A, 5.00%, 2/01/37	\$11,700,000	\$ 12,297,636
Anoka County Housing and RDA, GO, Housing Development,		
AMBAC Insured, Pre-Refunded, 4.875%, 2/01/24	1,770,000	1,803,382
Refunding, AMBAC Insured, 4.875%, 2/01/24	425,000	429,433
Anoka County Regional Railroad Authority GO, Limited Tax, Series A, XLCA Insured, 4.50%,		
2/01/32	11,125,000	11,254,161
Anoka-Hennepin ISD No. 11 GO, Anoka and Hennepin Counties, School Building, Minnesota		
School District Credit Enhancement Program, Refunding, Series A, Assured Guaranty, 5.00%,		
2/01/20	5,870,000	6,786,131
Bemidji GO, Sales Tax Revenue, Refunding, 5.25%, 2/01/38	12,055,000	12,556,850
Bemidji ISD No. 31 GO, Minnesota School District Credit Enhancement Program, Refunding,		
Series A, 5.00%, 4/01/18	2,665,000	3,035,142
Big Lake ISD No. 727 GO, Refunding, Series B, 5.00%,		
2/01/23	2,990,000	3,409,826
2/01/24	3,000,000	3,392,790
2/01/25	2,225,000	2,485,036
Bloomington ISD No. 271 GO, Alternative Facilities, Series A,		
3.00%, 2/01/30	1,370,000	1,093,561
3.125%, 2/01/32	3,530,000	2,754,424
3.25%, 2/01/34	7,005,000	5,391,118
Blue Earth County EDA Public Project Lease Revenue, Series A, NATL Insured, 4.50%,		
12/01/24	1,055,000	1,094,067
Brainerd ISD No. 181 GO, School Building, Refunding, Series A, 4.00%,		
2/01/19	5,025,000	5,540,113
2/01/20	5,025,000	5,432,879
2/01/21	3,035,000	3,236,858
Burnsville ISD No. 191 GO, Alternative Facilities, Series A, 3.00%,	1 570 000	1 007 000
2/01/29	1,570,000	1,327,090
2/01/30	2,880,000	2,400,077
Byron ISD No. 531 GO, School Building, Series A, NATL RE, FGIC Insured, 5.00%,	0.015.000	0.005.601
2/01/24	2,015,000	2,095,681
Cambridge ISD No. 911 GO, School Building, Minnesota School District Credit Enhancement		
Program,	2 410 000	2 020 557
Refunding, Series A, 3.00%, 2/01/27	3,410,000	3,028,557 4,618,236
Refunding, Series A, 3.00%, 2/01/30	5,585,000	
Series A, NATL Insured, 4.25%, 2/01/24	1,235,000	1,296,034
	1,600,000	1,510,016
11/01/41	1,000,000	1,510,010
Project, 5.00%,		
1/01/32	1,150,000	1,189,480
1/01/42	1,615,000	1,634,622
Chaska ISD No. 112 GO,	1,013,000	1,054,022
Alternative Facilities, Minnesota School District Credit Enhancement Program, Refunding,		
Series A, 5.00%, 2/01/20	4,135,000	4,759,137
School Building, Minnesota School District Credit Enhancement Program, Refunding,	7,133,000	7,709,107
Series A, 4.00%, 2/01/20	4,475,000	4,881,017
School Building, Series A, NATL Insured, 4.50%, 2/01/28	15,000,000	16,577,850
	10,000,000	_ 5,5. 7,555
Comiannual Panart		

Franklin Minnesota Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
Minnesota (continued)		
Chisago County GO, Capital Improvement, Series A, NATL Insured, Pre-Refunded, 4.75%,		
2/01/26	\$ 2,415,000	\$ 2,653,385
Dakota County CDA Governmental Housing Development GO, Senior Housing Facilities,		
Series A, 5.125%, 1/01/35	2,625,000	2,748,454
Dakota County CDA, SFMR, MBS Program, Series A, GNMA Secured, 4.875%, 12/01/33	1,200,000	1,232,460
Duluth ISD No. 709 COP, Full Term Certificates, Series B,		
4.75%, 2/01/25	8,445,000	8,875,526
AGMC Insured, 5.00%, 2/01/28	18,890,000	19,874,358
Edina ISD No. 273 GO, Alternative Facilities, Series A,		
2.375%, 2/01/25	4,445,000	3,824,389
2.50%, 2/01/26	3,000,000	2,536,170
Elk River ISD No. 728 GO, School Building, Minnesota School District Credit Enhancement		
Program, Refunding, Series A, AGMC Insured, 4.25%,		
2/01/23	5,000,000	5,218,950
2/01/24	6,265,000	6,514,535
Ely Housing and RDAR, Housing Development, Series A, XLCA Insured, 4.50%, $11/01/41 \ldots$	2,530,000	2,594,970
Farmington ISD No. 192 GO, School Building,		
Refunding, Series A, AGMC Insured, 4.50%, 2/01/24	5,015,000	5,189,372
Series B, AGMC Insured, 5.00%, 2/01/23	3,000,000	3,130,470
Series B, AGMC Insured, 4.75%, 2/01/27	16,075,000	16,504,363
Fergus Falls ISD No. 544 GO, School Building, Minnesota School District Credit Enhancement		
Program, Series A, AGMC Insured, 5.00%, 1/01/25	1,655,000	1,805,721
Fridley ISD No. 014 GO, Fridley Public Schools, Alternative Facilities, Series A,		
AGMC Insured, 4.375%, 2/01/27	2,040,000	2,078,393
Hennepin County Regional Railroad Authority GO, Limited Tax, Refunding, Series A, 4.00%,		
12/01/27	2,475,000	2,506,259
12/01/28	2,590,000	2,601,241
Hennepin County Sales Tax Revenue,	05 000 000	05 075 050
first lien, Ballpark Project, Series A, 4.75%, 12/15/37	25,000,000	25,375,250
second lien, Ballpark Project, Series B, 5.00%, 12/15/17	1,740,000	1,989,829
second lien, Ballpark Project, Series B, 5.00%, 12/15/21	5,000,000	5,480,550
Jackson County GO, Capital Improvement Plan, Series A, 3.125%, 2/01/38	3,000,000	2,208,720
Lakeville GO, Refunding, Series B,	1 505 000	1 700 545
4.00%, 2/01/21	1,585,000	1,723,545
3.00%, 2/01/26	3,860,000	3,476,007
3.00%, 2/01/30	4,690,000	3,920,277
Lakeville ISD No. 194 GO,	3,560,000	3,256,866
Alternative Facilities, Series B, 3.00%, 2/01/25	, ,	
School Building, Refunding, Series B, Assured Guaranty, 5.00%, 2/01/16	5,405,000	5,952,959 6 487 207
School Building, Refunding, Series D, 4.25%, 2/01/24	5,750,000 7,000,000	6,487,207
Maple Grove GO, Improvement, Refunding, Series A, 4.00%,	7,000,000	7,221,830
2/01/21	2,100,000	2,302,776
2/01/22	2,470,000	2,684,791
Metropolitan Council Minneapolis-St. Paul Metropolitan Area GO, Wastewater,	2,770,000	2,004,731
Refunding, Series E, 5.00%, 9/01/25	5,955,000	6,707,295
Series B, 4.50%, 12/01/26	5,000,000	5,403,800
Minneapolis and St. Paul Housing and RDA Health Care Facilities Revenue, Children's	3,000,000	5,405,000
Hospitals and Clinics, Series A-1, AGMC Insured, 5.00%, 8/15/34	1,000,000	989,730
	1,000,000	303,700

Franklin Minnesota Tax-Free Income Fund	Principal Amount		Value
Municipal Bonds (continued)			
Minnesota (continued)			
Minneapolis GO, Various Purpose, Refunding, 4.00%, 12/01/25	\$ 4,500,000	\$	4,653,225
Minneapolis Health Care System Revenue, Fairview Health Services,	ф 4,300,000	Ψ	4,033,223
Series B, Assured Guaranty, 6.50%, 11/15/38	35,000,000		38,770,900
Series D, AMBAC Insured, 5.00%, 11/15/34	12,645,000		12,417,137
Minneapolis-St. Paul Metropolitan Airports Commission Airport Revenue,	12,043,000		12,417,107
senior bond, Refunding, Series A, 5.00%, 1/01/35	13,795,000		14,316,037
senior bond, Refunding, Series A, AMBAC Insured, 5.00%, 1/01/20	5.400.000		5,952,852
senior bond, Refunding, Series A, BHAC Insured, 5.00%, 1/01/23	14,800,000		16,219,912
senior bond, Refunding, Series A, BHAC Insured, 5.00%, 1/01/26	10,000,000		10,729,100
Subordinate Airport, Refunding, Series B, 5.00%, 1/01/26	1,250,000		1,321,350
Subordinate Airport, Refunding, Series B, 5.00%, 1/01/27	1,500,000		1,569,510
Subordinate Airport, Refunding, Series B, 5.00%, 1/01/28	2,250,000		2,335,140
Minnesota Agricultural and Economic Development Board Revenue,			
Health Care Facilities, Essentia Health Obligated Group, Series C-1, Assured Guaranty,			
5.00%, 2/15/30	14,600,000		14,800,166
Health Care Facilities, Essentia Health Obligated Group, Series E, Assured Guaranty,			
5.00%, 2/15/37	20,600,000		20,126,612
Health Care System, Fairview Hospital and Healthcare Services, Refunding, Series A,			
NATL Insured, 5.75%, 11/15/26	365,000		365,763
Minnesota Public Facilities Authority Clean Water Revenue, Series A, Pre-Refunded, 5.00%,			
3/01/24	6,900,000		7,849,095
Minnesota Public Facilities Authority Revolving Fund Revenue, Series C, 5.00%, 3/01/26	16,530,000		18,291,602
Minnesota Public Facilities Authority State Revenue, Refunding, Series A, 5.00%,	17.010.000		10.025.040
3/01/24	17,010,000		19,935,040
Assured Guaranty,			
4.50%, 6/01/22	1,000,000		1,083,440
4.50%, 6/01/23	1,000,000		1,074,130
4.50%, 6/01/24	3,745,000		4,002,281
5.00%, 6/01/24	5,000,000		5,431,550
Minnesota State Colleges and Universities Revenue, Board of Trustees, Fund, Series A,	0,000,000		3, .01,000
4.00%, 10/01/24	2,535,000		2,664,969
4.50%, 10/01/26	5,770,000		6,079,791
5.00%, 10/01/28	2,135,000		2,328,666
4.625%, 10/01/29	6,615,000		6,922,862
NATL Insured, 5.00%, 10/01/22	1,745,000		1,857,692
NATL Insured, 5.00%, 10/01/23	1,825,000		1,940,559
NATL Insured, 5.00%, 10/01/24	1,900,000		2,017,496
NATL Insured, 5.00%, 10/01/25	1,155,000		1,224,970
NATL Insured, 5.00%, 10/01/26	1,715,000		1,817,111
NATL Insured, 5.00%, 10/01/32	5,540,000		5,838,606
Minnesota State General Fund Revenue, Appropriation, Refunding,			
Series A, 4.00%, 3/01/26	4,000,000		4,037,320
Series A, 5.00%, 3/01/29	9,250,000		9,807,682
Series A, 3.00%, 3/01/30	2,000,000		1,569,440
Series B, 5.00%, 3/01/22	1,530,000		1,761,535

Franklin Minnesota Tax-Free Income Fund	Principal Amount		Value
Municipal Bonds (continued)			
Minnesota (continued)			
Minnesota State GO,			
Highway and Various Purpose, 5.00%, 8/01/23	\$ 3,000,000	\$	3,326,910
Highway and Various Purpose, AGMC Insured, 5.00%, 8/01/22	1,000,000	Ψ.	1,114,140
Highway and Various Purpose, AGMC Insured, 5.00%, 8/01/25	10,000,000		10,959,700
NATL Insured, 5.00%, 6/01/26	10,000,000		10,657,500
State Various Purpose, Refunding, Series H, 5.00%, 11/01/27	2,500,000		2,816,450
State Various Purpose, Series A, 4.00%, 8/01/29	2,000,000		2,049,700
Various Purpose, Series A, 4.25%, 12/01/27	5,000,000		5,312,050
Various Purpose, Series A, 4.50%, 12/01/28	15,540,000		16,601,071
Minnesota State HFA Homeownership Finance Revenue, MBS Program,	13,340,000		10,001,071
Series E, GNMA Secured, 4.45%, 7/01/31	4,480,000		4,463,379
Series G, GNMA Secured, 4.45%, 7/01/31 Series G, GNMA Secured, 4.00%, 7/01/26	2,325,000		2,361,944
Series G, GNMA Secured, 4.40%, 7/01/32	3,840,000		3,968,179
Minnesota State HFAR,	2 CZE 000		2 CO2 E70
Nonprofit Housing State Appropriation, 4.00%, 8/01/29	3,675,000		3,682,570
Nonprofit Housing State Appropriation, 5.00%, 8/01/31	2,225,000		2,371,338
Residential Housing Finance, Series E, 4.90%, 7/01/29	9,810,000		9,873,569
Residential Housing Finance, Series E, 5.10%, 1/01/40	9,360,000		9,377,971
Minnesota State Higher Education Facilities Authority Revenue,	4 000 000		4 100 160
Carleton College, Series 7-D, 5.00%, 3/01/40	4,000,000		4,102,160
Macalester College, Series 7-I, 5.00%, 6/01/35	5,000,000		5,313,750
St. Olaf College, Series 7-F, 4.25%, 10/01/22	1,475,000		1,570,728
St. Olaf College, Series 7-F, 3.50%, 10/01/24	1,570,000		1,579,373
St. Olaf College, Series 7-F, 4.50%, 10/01/30	3,500,000		3,516,520
University of St. Thomas, Series 6-X, 5.00%, 4/01/29	2,250,000		2,350,800
University of St. Thomas, Series 6-X, 5.25%, 4/01/39	10,000,000		10,391,700
University of St. Thomas, Series 7-A, 5.00%, 10/01/29	5,420,000		5,691,596
University of St. Thomas, Series 7-A, 5.00%, 10/01/39	4,485,000		4,559,944
Minnesota State Municipal Power Agency Electric Revenue,			
Refunding, Series A, 5.00%, 10/01/25	2,000,000		2,118,300
Series A, 5.25%, 10/01/35	12,000,000		12,126,600
Minnesota State Public Facilities Authority Clean Water Revenue, Series B, 4.75%,			
3/01/27	5,000,000		5,277,600
Mounds View ISD No. 621 GO,			
Alternate Facility, Minnesota School District Credit Enhancement Program, Refunding,			
Series A, 5.00%, 2/01/21	1,510,000		1,768,180
Alternate Facility, Minnesota School District Credit Enhancement Program, Refunding,			
Series A, 5.00%, 2/01/22	1,600,000		1,846,624
School Building, Minnesota School District Credit Enhancement Program, Refunding,			
Series A, 4.00%, 2/01/20	1,000,000		1,111,730
New Brighton GO, Tax Increment, Series A, NATL Insured, 5.00%, 2/01/32	5,110,000		5,352,214
New Prague ISD No. 721 GO, School Building, Minnesota School District Credit Enhancement			
Program, Refunding, Series A, 4.00%,			
2/01/22	3,090,000		3,390,564
2/01/23	3,045,000		3,302,637
2/01/24	3,245,000		3,490,257
2/01/25	3,300,000		3,492,852
	,		

Franklin Minnesota Tax-Free Income Fund	Principal Amount		Value
Municipal Bonds (continued)			
Minnesota (continued)			
North Branch Water System Revenue,			
AGMC Insured, 4.75%, 8/01/27	\$ 1,500,000	\$	1,555,635
		Ψ	
Series A, AGMC Insured, 5.00%, 8/01/33	1,325,000		1,369,414
Northern Municipal Power Agency Electric System Revenue,	1 505 000		1 655 500
Refunding, Series A, Assured Guaranty, 5.00%, 1/01/21	1,505,000		1,655,590
Series A, AMBAC Insured, 5.00%, 1/01/26	2,000,000		2,102,060
Northfield ISD No. 659 GO, School Building, Refunding, Series A, 4.00%, 2/01/20	3,420,000		3,843,396
Olmsted County GO, Refunding, Series A, 3.50%,			
2/01/25	2,000,000		2,020,320
2/01/26	3,370,000		3,359,823
2/01/27	3,000,000		2,927,640
Pequot Lakes ISD No. 186 GO, School Building, Series A, 4.00%, 2/01/35	2,000,000		1,827,400
Pine City Health Care and Housing Revenue, North Branch, Series A, GNMA Secured, 5.00%,			
10/20/38	4,280,000		4,280,257
Pipestone ISD No. 2689 GO, School Building, Refunding, Series A, AGMC Insured, 5.00%,			
3/01/20	1,595,000		1,618,000
Ramsey GO, Capital Improvement Plan, Refunding, Series A,			
3.00%, 12/15/28	1,105,000		947,339
3.375%, 12/15/31	1,215,000		1,037,756
Robbinsdale ISD No. 281 GO, School Building, Refunding,	1,210,000		1,007,700
Series A, 4.00%, 2/01/22	2,020,000		2,194,548
Series B, 4.00%, 2/01/19	2,660,000		2,938,449
Rochester Electricity Utility Revenue, Series B, 5.00%, 12/01/43	3,000,000		3,035,760
Rochester Health Care Facilities Revenue, Mayo Clinic,	3,000,000		3,033,700
Mandatory Put 11/15/21, Series C, 4.50%, 11/15/38	7,735,000		8,477,869
Series D, 5.00%, 11/15/38	10,000,000		9,900,300
Series E, 5.00%, 11/15/38	20,000,000		19,800,600
Rochester ISD No. 535 COP, Minnesota School District Credit Enhancement Program, 3.00%,	1 015 000		1 0 40 001
2/01/27	1,215,000		1,043,321
Rosemount ISD No. 196 GO, School Building, Refunding, Series C, 4.00%,			
2/01/21	2,365,000		2,586,695
2/01/22	2,380,000		2,583,252
Sauk Rapids ISD No. 047 GO, School Building, Refunding, Series A, AGMC Insured,			
5.00%, 2/01/22	2,200,000		2,354,220
4.50%, 2/01/25	2,175,000		2,231,789
Scott County GO, Capital Improvement Plan, Series A, AMBAC Insured, 5.00%, 12/01/27	5,590,000		6,052,517
Shakopee ISD No. 720 GO, School Building, Crossover, Refunding, 4.00%, 2/01/26	1,600,000		1,636,512
Southern Minnesota Municipal Power Agency Power Supply System Revenue,			
Capital Appreciation, Refunding, Series A, NATL Insured, zero cpn., 1/01/19	5,875,000		5,088,161
Capital Appreciation, Refunding, Series A, NATL Insured, zero cpn., 1/01/20	14,035,000		11,590,524
Capital Appreciation, Refunding, Series A, NATL Insured, zero cpn., 1/01/23	4,000,000		2,836,840
Capital Appreciation, Refunding, Series A, NATL Insured, zero cpn., 1/01/26	5,395,000		3,190,010
Capital Appreciation, Refunding, Series A, NATL Insured, zero cpn., 1/01/27	6,600,000		3,671,976
Capital Appreciation, Refunding, Series C, AMBAC Insured, zero cpn., 1/01/18	15,935,000		14,336,879
Refunding, Series A, 5.00%, 1/01/21	1,000,000		1,101,280
Refunding, Series A, 5.00%, 1/01/21 Refunding, Series A, 5.00%, 1/01/22	2,060,000		2,243,196
Refunding, Series A, 5.50%, 1/01/24	1,000,000		1,107,040

Franklin Minnesota Tax-Free Income Fund	Principal Amount		Value
Municipal Bonds (continued)			
Minnesota (continued)			
Southern Minnesota Municipal Power Agency Power Supply System Revenue, (continued)			
Refunding, Series A, 5.25%, 1/01/30	\$ 2,000,000	\$	2,109,840
Series A, NATL Insured, Pre-Refunded, 5.75%, 1/01/18	925,000		972,184
Spring Lake Park ISD No. 16 GO, School Building, Series A, AGMC Insured, 5.00%,	,		,
2/01/29	4,025,000		4,180,928
St. Cloud Health Care Revenue, CentraCare Health System Project,	, ,		, ,
Assured Guaranty, 5.375%, 5/01/31	1,000,000		1,038,650
Assured Guaranty, 5.50%, 5/01/39	27,400,000		28,106,372
Series A, 5.125%, 5/01/30	19,000,000		19,664,240
St. Michael ISD No. 885 GO,	, ,		, ,
Refunding, Series A, 4.25%, 2/01/32	10,295,000		10,242,598
School Building, Refunding, AGMC Insured, 5.00%, 2/01/24	2,735,000		2,844,783
School Building, Series A, AGMC Insured, 4.75%, 2/01/29	5,000,000		5,117,300
St. Paul Housing and RDA Health Care System Revenue, Allina Health System,			
Refunding, Series A-1, 5.25%, 11/15/29	5,000,000		5,178,550
Series A, NATL Insured, 5.00%, 11/15/22	5,000,000		5,405,500
St. Paul ISD No. 625 GO, School Building,			
Minnesota School District Credit Enhancement Program, Series A, 3.00%, 2/01/30	1,385,000		1,164,411
Minnesota School District Credit Enhancement Program, Series A, 3.00%, 2/01/31	1,195,000		986,592
Minnesota School District Credit Enhancement Program, Series A, AGMC Insured, 5.00%,			
2/01/24	1,615,000		1,811,691
Minnesota School District Credit Enhancement Program, Series A, AGMC Insured, 5.00%,			
2/01/25	1,675,000		1,878,998
Minnesota School District Credit Enhancement Program, Series A, AGMC Insured, 5.00%,			
2/01/26	1,745,000		1,957,524
Refunding, Series B, 5.00%, 2/01/24	2,925,000		3,334,325
St. Paul Sales Tax Revenue, sub. bond, Series A, XLCA Insured, 5.00%, 11/01/30	7,360,000		7,520,006
University of Minnesota Revenue,			
Series A, 4.00%, 2/01/26	2,425,000		2,474,543
Series A, 5.25%, 4/01/29	1,000,000		1,083,130
Series A, 5.125%, 4/01/34	1,000,000		1,062,850
State Supported Biomedical Science Research Facilities Funding Program, Series B,			
5.00%, 8/01/36	5,000,000		5,111,150
Waconia ISD No. 110 GO, School Building, Refunding, Series B, 4.125%, 2/01/22	5,340,000		5,707,606
Watertown ISD No. 111 GO, School Building, Series A, AGMC Insured, 5.00%, 2/01/24	2,725,000		2,940,984
West St. Paul ISD No. 197 GO, School Building, Series B, 5.00%, 2/01/22	3,500,000		3,564,015
Western Minnesota Municipal Power Agency Revenue,			
Refunding, Series A, 5.00%, 1/01/24	5,000,000		5,702,950
Refunding, Series A, 5.00%, 1/01/25	3,370,000		3,800,416
Refunding, Series A, 5.00%, 1/01/29	1,200,000		1,272,408
Refunding, Series A, 5.00%, 1/01/30	1,000,000		1,051,670
Series A, AGMC Insured, 5.00%, 1/01/36	6,000,000		6,150,780
Willmar GO, Rice Memorial Hospital Project, Refunding, Series A,			
5.00%, 2/01/24	1,100,000		1,227,292
5.00%, 2/01/26	1,325,000		1,445,509
3.00%, 2/01/28	2,150,000		1,809,526
3.00%, 2/01/29	1,000,000		821,390
		1	,012,072,872
			, , , , , = , 0 , =

Statement of Investments, August 31, 2013 (unaudited) (continued)

Franklin Minnesota Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
U.S. Territories 2.1%		
Puerto Rico 1.9%		
Puerto Rico Commonwealth GO, Public Improvement, Refunding,	Φ 075 000	ф 044.200
AGMC Insured, 5.125%, 7/01/30	\$ 275,000	\$ 244,302
Series A, AGMC Insured, 5.00%, 7/01/35	5,000,000	4,192,700
Puerto Rico Commonwealth Highways and Transportation Authority Highway Revenue, Series Y, AGMC Insured, 6.25%, 7/01/21	10,000,000	11,045,300
Puerto Rico Electric Power Authority Power Revenue, Refunding, Series VV, NATL RE,	10,000,000	11,045,500
FGIC Insured, 5.25%, 7/01/30	5,000,000	3,770,150
Puerto Rico Public Finance Corp. Revenue, Commonwealth Appropriation, Series E,	0,000,000	0,770,100
AMBAC Insured, ETM, 5.50%, 8/01/27	1,000,000	1,148,370
	, ,	20,400,822
		20,400,022
U.S. Virgin Islands 0.2%		
Virgin Islands PFAR, Gross Receipts Taxes Loan Note, AGMC Insured, 5.25%,	4.440.000	4 400 400
10/01/20	1,160,000	1,188,420
10/01/21	1,000,000	1,021,090
		2,209,510
Total U.S. Territories		22,610,332
Total Municipal Bonds (Cost \$1,023,524,184) 98.8%		1,034,683,204
Other Assets, less Liabilities 1.2%		12,281,147
Net Assets 100.0%		\$1,046,964,351

See Abbreviations on page 175.

Financial Highlights

Franklin Ohio Tax-Free Income Fund

	Six Months Ende August 31, 201			Year Ended Febr	uary 28,	
Class A	(unaudited)	2013	2012a	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$13.12	\$12.96	\$11.99	\$12.50	\$12.08	\$11.91
Income from investment operations ^b :						
Net investment income ^c	0.24	0.48	0.51	0.51	0.51	0.51
Net realized and unrealized gains (losses)	(1.24)	0.15	0.97	(0.51)	0.42	0.17
Total from investment operations	(1.00)	0.63	1.48		0.93	0.68
Less distributions from net investment income	(0.22)	(0.47)	(0.51)	(0.51)	(0.51)	(0.51)
Redemption feesd						е
Net asset value, end of period	\$11.90	\$13.12	\$12.96	\$11.99	\$12.50	\$12.08
Total return ^f	(7.73)%	4.96%	12.61%	(0.06)%	7.82%	5.83%
Ratios to average net assets ^g						
Expenses	0.62%	0.63%	0.63%	0.63%	0.64%	0.64%
Net investment income	3.71%	3.69%	4.07%	4.08%	4.10%	4.26%
Supplemental data						
Net assets, end of period (000's)	\$1,196,760	\$1,445,535	\$1,305,046	\$1,227,868	\$1,314,090	\$1,144,463
Portfolio turnover rate	5.95%	9.69%	10.70%	18.67%	4.17%	11.12%

^aFor the year ended February 29.

bThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^cBased on average daily shares outstanding.

dEffective September 1, 2008, the redemption fee was eliminated.

eAmount rounds to less than \$0.01 per share.

Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

gRatios are annualized for periods less than one year.

Financial Highlights (continued)

Franklin Ohio Tax-Free Income Fund

	Six Months End August 31, 201		Year Ended February 28,			
Class C	(unaudited)	2013	2012a	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$13.27	\$13.10	\$12.11	\$12.62	\$12.19	\$12.02
Income from investment operations ^b :						
Net investment income ^c	0.20	0.42	0.44	0.44	0.44	0.45
Net realized and unrealized gains (losses)	(1.25)	0.15	0.99	(0.51)	0.43	0.16
Total from investment operations	(1.05)	0.57	1.43	(0.07)	0.87	0.61
Less distributions from net investment income	(0.18)	(0.40)	(0.44)	(0.44)	(0.44)	(0.44)
Redemption feesd	_	_	_	_	_	е
Net asset value, end of period	\$12.04	\$13.27	\$13.10	\$12.11	\$12.62	\$12.19
Total return ^f	(7.98)%	4.41%	12.05%	(0.63)%	7.24%	5.19%
Ratios to average net assets ^g						
Expenses	1.17%	1.18%	1.18%	1.18%	1.19%	1.19%
Net investment income	3.16%	3.14%	3.52%	3.53%	3.55%	3.71%
Supplemental data						
Net assets, end of period (000's)	\$330,918	\$416,262	\$346,117	\$309,921	\$287,586	\$201,779
Portfolio turnover rate	5.95%	9.69%	10.70%	18.67%	4.17%	11.12%

^aFor the year ended February 29.

bThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

cBased on average daily shares outstanding.

dEffective September 1, 2008, the redemption fee was eliminated.

eAmount rounds to less than \$0.01 per share.

Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

gRatios are annualized for periods less than one year.

Financial Highlights (continued)

Franklin Ohio Tax-Free Income Fund

	Six Months Ended August 31, 2013 Year Ended February 28,					
Advisor Class	(unaudited)	2013	2012a	2011	2010	2009b
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$13.12	\$12.96	\$11.99	\$12.50	\$12.08	\$12.27
Income from investment operations ^c :						
Net investment income ^d	0.24	0.50	0.52	0.52	0.52	0.35
Net realized and unrealized gains (losses)	(1.24)	0.15	0.97	(0.51)	0.42	(0.19)
Total from investment operations	(1.00)	0.65	1.49	0.01	0.94	0.16
Less distributions from net investment income	(0.22)	(0.49)	(0.52)	(0.52)	(0.52)	(0.35)
Net asset value, end of period	\$11.90	\$13.12	\$12.96	\$11.99	\$12.50	\$12.08
Total returne	(7.68)%	5.07%	12.72%	0.04%	7.93%	1.37%
Ratios to average net assets ^f						
Expenses	0.52%	0.53%	0.53%	0.53%	0.54%	0.54%
Net investment income	3.81%	3.79%	4.17%	4.18%	4.20%	4.36%
Supplemental data						
Net assets, end of period (000's)	\$37,320	\$45,364	\$36,127	\$18,878	\$13,367	\$352
Portfolio turnover rate	5.95%	9.69%	10.70%	18.67%	4.17%	11.12%

^aFor the year ended February 29.

bFor the period July 1, 2008 (effective date) to February 28, 2009.

The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^dBased on average daily shares outstanding.

eTotal return is not annualized for periods less than one year.

fRatios are annualized for periods less than one year.

Statement of Investments, August 31, 2013 (unaudited)

Franklin Ohio Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds 98.9%		
Ohio 93.3%		
Akron COP, District Energy Project, 5.00%, 12/01/30	\$ 10,865,000	\$ 10,890,315
Akron Income Tax Revenue, Community Learning Centers, Series A, 4.50%, 12/01/33	15,000,000	14,076,150
Akron Waterworks System Mortgage Revenue, Refunding and Improvement, Assured Guaranty,		
5.00%, 3/01/34	1,000,000	1,005,230
Allen County Hospital Facilities Revenue, Catholic Healthcare Partners, Refunding,		
Series A, 5.25%, 6/01/38	15,000,000	14,978,100
Series B, 5.25%, 9/01/27	7,570,000	7,911,785
American Municipal Power-Ohio Inc. Revenue, Prairie State Energy Campus Project,		
Refunding, Series A,		
Assured Guaranty, 5.25%, 2/15/33	30,000,000	30,557,700
BHAC Insured, 5.00%, 2/15/38	22,000,000	21,754,480
Ashland City School District GO, Classroom Facilities and School Improvement, Series 2,		
4.00%, 11/01/49	6,685,000	4,991,222
Austintown Local School District GO, School Improvement,		
AGMC Insured, Pre-Refunded, 5.125%, 12/01/30	7,715,000	8,174,968
Refunding, 4.50%, 12/01/30	7,465,000	7,067,489
Bath Local School District GO, School Improvement, AGMC Insured,		
4.00%, 12/01/44	3,295,000	2,516,952
5.00%, 12/01/49	5,380,000	5,046,924
Beaver Local School District GO, School Facilities, 4.00%, 12/01/40	4,000,000	3,337,480
Bowling Green MFHR, The Bowling Green Village Apartments, Series A, GNMA Secured,		
5.40%, 9/20/36	2,850,000	2,850,570
Brookfield Local School District GO, School Facilities Improvement, AGMC Insured, 5.25%,		
1/15/36	1,300,000	1,342,822
Butler County GO, Limited Tax, Various Purpose, Refunding, NATL RE, FGIC Insured, 5.00%,		
12/01/26	2,130,000	2,276,778
Butler County Hospital Facilities Revenue, Kettering Health Network Obligated Group Project,		
6.375%, 4/01/36	5,000,000	5,435,300
5.625%, 4/01/41	5,000,000	5,214,000
Butler County Transportation ID Revenue, Highway Improvement, XLCA Insured, 5.00%,		
12/01/31	40,000	41,813
Canal Winchester Local School District GO, Capital Appreciation, NATL Insured, zero cpn.,		
12/01/32	1,455,000	550,121
12/01/33	2,000,000	711,840
Central Solid Waste Authority GO,		
Improvement, Limited Tax, Solid Waste Facilities, Pre-Refunded, 4.00%, 12/01/32	1,505,000	1,648,983
Refunding and Improvement, Limited Tax, Solid Waste Facilities, 4.00%, 12/01/32	15,440,000	13,936,916
Chillicothe City School District GO, Capital Appreciation, Refunding, NATL RE, FGIC Insured,		
zero cpn.,		
12/01/22	1,905,000	1,353,979
12/01/23	1,905,000	1,294,409
12/01/24	1,905,000	1,253,357
Cincinnati City School District COP, School Improvement Project, Refunding, AGMC Insured,		
5.00%,		
12/15/26	7,310,000	7,798,162
12/15/27	7,000,000	7,433,650

Franklin Ohio Tax-Free Income Fund	Principal Amount		Value
Municipal Bonds (continued)			
Ohio (continued)			
Cincinnati City School District GO, Classroom Facilities Construction and Improvement,			
Refunding, NATL RE, FGIC Insured, 5.25%,			
12/01/27	\$ 14,900,000	\$	16,579,826
12/01/28	5,000,000	,	5,520,750
Cleveland Airport System Revenue,	-,,		-,,
Refunding, Series A, AGMC Insured, 5.00%, 1/01/30	3,000,000		2,983,230
Refunding, Series A, AGMC Insured, 5.00%, 1/01/31	1,500,000		1,476,000
Series C, AGMC Insured, 5.00%, 1/01/26	9,500,000		10,040,645
Series C, AGMC Insured, 5.00%, 1/01/31	11,250,000		11,070,000
Series C, Assured Guaranty, 5.00%, 1/01/27	28,385,000		28,686,733
Cleveland GO, Various Purpose, Refunding, 5.00%, 12/01/30	3,000,000		3,055,350
Cleveland Municipal School District GO, School Improvement,	3,000,000		3,033,330
AGMC Insured, Pre-Refunded, 5.00%, 12/01/27	4,000,000		4,140,760
Refunding, 5.00%, 12/01/25	3,600,000		3,872,700
Refunding, 5.00%, 12/01/27	1,000,000		1,049,730
Cleveland Public Power System Revenue,	10 000 000		0.200.100
Capital Appreciation, Series B-2, NATL RE, FGIC Insured, zero cpn., 11/15/38	10,000,000		2,368,100
Series B, NATL Insured, 5.00%, 11/15/28	2,000,000		2,034,980
Series B, NATL Insured, 5.00%, 11/15/38	10,000,000		9,679,200
Cleveland State University General Receipt Revenue, NATL RE, FGIC Insured, Pre-Refunded,	1 000 000		1 007 040
5.25%, 6/01/24	1,000,000		1,037,040
Cleveland Water Revenue, second lien, Refunding, Series A, 5.00%, 1/01/27	2,500,000		2,686,350
Cleveland-Cuyahoga County Port Authority Cultural Facility Revenue, The Cleveland Museum	40.405.000		
Art Project, 5.00%, 10/01/22	10,485,000		11,670,749
Cleveland-Cuyahoga County Port Authority Revenue, Student Housing Facility, Euclid Avenue			
Housing Corp., Fenn Tower Project, AMBAC Insured, 5.00%,			
8/01/25	2,440,000		2,267,736
8/01/28	2,145,000		1,935,498
Columbus GO, Various Purpose, Refunding, Series 1, 4.00%, 7/01/29	8,210,000		7,834,885
Columbus Metropolitan Library Special Obligation Revenue, Library Fund Facilities Notes,			
Series 1, 4.00%,			
12/01/27	3,765,000		3,668,955
12/01/28	2,970,000		2,825,480
12/01/29	4,125,000		3,851,348
12/01/30	4,290,000		3,905,316
12/01/31	4,465,000		3,970,903
12/01/32	4,645,000		4,069,066
12/01/37	12,620,000		10,412,257
Cuyahoga Community College District General Receipts Revenue, Series D, 5.00%,			
8/01/32	2,310,000		2,366,618
Cuyahoga County EDR, Medical Mart/Convention Center Projects, Series F, 5.00%,			
12/01/27	15,000,000		15,608,400
Dayton Metro Library GO, Library Improvement, Series A, 4.75%, 12/01/38	20,000,000		19,680,600
Delaware City School District GO, School Facilities Construction and Improvement, 5.75%,			
12/01/49	6,000,000		6,244,500
Delaware General Income Tax Special Obligation, 4.75%, 12/01/37	4,000,000		3,893,000

Franklin Ohio Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
Ohio (continued)		
Dublin City School District GO, Capital Appreciation, NATL RE, FGIC Insured, zero cpn.,		
12/01/16	\$ 4,635,000	\$ 4,448,812
Edgewood City School District GO, School Improvement, Refunding, AGMC Insured, 5.00%,		
12/01/24	2,220,000	2,286,156
Fairborn City School District GO, School Improvement, Refunding, AGMC Insured, 5.00%,		
12/01/23	1,205,000	1,270,456
12/01/24	1,265,000	1,329,287
12/01/25	1,330,000	1,391,167
Fairless Local School District GO, Capital Appreciation, Various Purpose School Facilities,		
AGMC Insured, Pre-Refunded, 5.00%, 12/01/28	2,085,000	2,206,076
Franklin County Convention Facilities Authority Revenue, Tax and Lease Revenue Anticipation		
Bonds, Refunding, AMBAC Insured, 5.00%, 12/01/24	7,255,000	7,707,639
Franklin County Hospital Revenue,		
The Children's Hospital Project, Series C, NATL RE, FGIC Insured, 5.00%, 5/01/35	9,000,000	8,975,790
Improvement, Nationwide Children's Hospital Project, 5.25%, 11/01/40	15,000,000	15,179,700
Georgetown Exempted Village School District GO, Classroom Facilities, AGMC Insured,	1 000 000	1 050 600
Pre-Refunded, 5.125%, 12/01/31	1,000,000	1,059,620
Graham Local School District GO, School Improvement, NATL Insured, Pre-Refunded, 5.00%, 12/01/33	6,055,000	6 652 710
Green Community Learning Centers Income Tax Revenue, NATL Insured, Pre-Refunded,	6,033,000	6,653,718
5.00%,		
12/01/27	1,205,000	1,247,862
12/01/28	1,265,000	1,309,996
12/01/32	2,675,000	2,770,150
Greene County Hospital Facility Revenue, Kettering Health Network Obligated Group Project,	2,073,000	2,770,100
5.50%, 4/01/39	12,930,000	13,040,422
Hamilton County Convention Facilities Authority Revenue,	, , , , , , , , , , , , , , , , , , , ,	-,,
NATL RE, FGIC Insured, 5.00%, 12/01/28	5,400,000	5,463,018
second lien, FGIC Insured, Pre-Refunded, 5.00%, 12/01/33	7,235,000	7,489,600
Hamilton County Hospital Facilities Revenue, Cincinnati Children's Hospital Medical Center,		
Series J, NATL RE, FGIC Insured, 5.25%, 5/15/34	5,000,000	4,962,200
Hamilton County Sales Tax Revenue,		
Refunding, Series A, Assured Guaranty, 5.00%, 12/01/32	10,000,000	10,218,000
sub. bond, Refunding, Series A, AGMC Insured, 5.00%, 12/01/32	35,080,000	35,844,744
Hamilton County Sewer System Revenue, Metropolitan Sewer District Improvement, Series B,		
NATL Insured, 5.00%, 12/01/30	4,000,000	4,172,680
Hamilton County Student Housing Revenue, Stratford Heights Project, University of Cincinnati,		
Refunding, AGMC Insured,		
5.00%, 6/01/30	7,000,000	7,079,310
4.75%, 6/01/39	7,000,000	6,602,680
Hilliard School District GO, Capital Appreciation, School Construction, Refunding,		
NATL Insured, zero cpn.,	0.100.000	1 070 017
12/01/19	2,190,000	1,870,917
12/01/20	4,525,000	3,678,961
Huber Heights City School District GO, School Improvement, Refunding, 5.00%, 12/01/33	4 500 000	1 620 105
12/01/36	4,500,000 5,000,000	4,638,195 5,112,500
Huber Heights Water System Revenue, Refunding and Improvement, NATL Insured, 5.00%,	5,000,000	5,112,500
12/01/27	3,205,000	3,345,475
12/01/30	2,250,000	2,331,293
	2,200,000	2,001,230

Franklin Ohio Tax-Free Income Fund	Principal Amount		Value
Municipal Bonds (continued)			
Ohio (continued)			
Hudson City School District COP, NATL Insured, Pre-Refunded, 5.00%, 6/01/34	\$ 6,720,000	\$	6,956,477
Ironton City School District GO, NATL Insured, Pre-Refunded, 5.00%, 12/01/34	5,130,000	•	5,819,216
Ironton Sewer Revenue, System Improvement, AGMC Insured, 5.25%, 12/01/40	2,500,000		2,504,250
JobsOhio Beverage System Statewide Liquor Profits Revenue, senior lien, Series A, 5.00%,	, ,		, ,
1/01/38	6,000,000		5,851,200
Kent State University Revenues, General Receipts, Series B, Assured Guaranty, 4.25%,	, ,		, ,
5/01/31	2,395,000		2,219,758
Kettering City School District GO, School Improvement, AGMC Insured, Pre-Refunded, 5.00%,	, ,		, ,
12/01/28	2,970,000		3,074,514
12/01/31	2,595,000		2,686,318
Keystone Local School District Lorain County GO, School Improvement, AGMC Insured,	,,		, , -
Pre-Refunded, 5.00%,			
12/01/30	3,740,000		3,873,032
12/01/30	2,430,000		2,515,512
Kings Local School District GO, School Improvement, NATL Insured,	2, .00,000		2,010,012
5.00%, 12/01/33	4,635,000		4,800,979
Pre-Refunded, 5.00%, 12/01/33	5,365,000		6,185,791
Lakewood City School District GO,	3,303,000		0,100,731
School Facilities Improvement, NATL RE, FGIC Insured, 5.00%, 12/01/30	9,170,000		9,759,081
School Facilities Improvement, NATL RE, FGIC Insured, 4.50%, 12/01/34	6,000,000		6,050,340
School Improvement, AGMC Insured, Pre-Refunded, 5.125%, 12/01/31	21,900,000		23,205,678
School Improvement, Refunding, AGMC Insured, 4.50%, 12/01/31	1,000,000		1,020,040
Lakota Local School District GO,	1,000,000		1,020,040
AGMC Insured, Pre-Refunded, 5.00%, 12/01/29	5,000,000		5,500,300
Refunding, Series A, NATL RE, FGIC Insured, 5.25%, 12/01/26	2,000,000		2,250,500
Lancaster City School District GO, School Facilities Construction and Improvement, 5.00%,	2,000,000		2,230,300
10/01/49	10,000,000		9,819,200
Licking County Joint Vocational School District GO, School Facilities Construction and	10,000,000		3,013,200
Improvement, NATL Insured, 4.75%, 12/01/23	1,180,000		1,183,965
Licking Heights Local School District GO, School Facilities Construction and Improvement,	1,160,000		1,165,965
Series A, NATL Insured, Pre-Refunded, 5.00%, 12/01/26	2,345,000		2,529,153
Little Miami Local School District GO,	2,345,000		2,529,155
Refunding, AGMC Insured, 4.50%, 12/01/34	14,255,000		13,021,372
School Improvement, AGMC Insured, Pre-Refunded, 5.00%, 12/01/34	4,000,000		4,530,520
Lorain County GO, Sewer System Improvement, NATL Insured, 5.00%, 12/01/19	1,640,000		1,652,710
Lorain County Hospital Revenue, Catholic Healthcare Partners, Refunding,	1,040,000		1,032,710
· · · · · · · · · · · · · · · · · · ·	19,410,000		19,626,227
Series C-1, AGMC Insured, 5.00%, 4/01/33	8,000,000		8,089,200
Series C-2, AGMC Insured, 5.00%, 4/01/33			, ,
	10,685,000		10,508,377
Madeira City School District GO, School Improvement, Refunding, AGMC Insured, 5.25%,	0.605.000		10 400 022
12/01/32	9,605,000		10,499,033
Mahoning County Career and Technical Center Board of Education COP, Series B, 4.75%,	2 500 000		2 200 645
12/01/36	3,500,000		3,389,645
Mahoning County Hospital Facilities Revenue, Western Reserve Care System Project,	4.750.000		F FO4 400
NATL Insured, ETM, 5.50%, 10/15/25	4,750,000		5,504,490
Maple Heights City School District GO, School Facilities Improvement,	0.005.000		0.405.510
5.00%, 1/15/37	8,265,000		8,485,510
Pre-Refunded, 5.00%, 1/15/37	1,735,000		1,958,884
Martins Ferry City School District GO, School Facilities Construction and Improvement,	2.610.000		2 002 402
AGMC Insured, Pre-Refunded, 5.00%, 12/01/32	3,610,000		3,893,493

Municipal Bonds (continued) Ohio (continued) Ohio (continued) Ohio (continued) Ohio (continued) Ohio (continued) Pre-Refunded, 5.28%,	Franklin Ohio Tax-Free Income Fund	Principal Amount	Value
Ohio Centinued) Assaysille Exempted Village School District COP, School Facilities Project, NATL Insured, Pre-Refunded, 5.25%. \$ 2,120,000 \$ 2,293,734 12/01/28 \$ 2,120,000 \$ 2,650,000 2,867,168 12/01/30 \$ 2,650,000 2,867,168 Marysville Exempted Village School District GO, \$ 1,000,000 777,340 Capital Appreciation, Refunding, NATL Insured, zero cpn., 12/01/21 1,000,000 747,120 School Improvement, Refunding, NATL Insured, zero cpn., 12/01/29 5,500,000 5,683,095 Marysville Wastewater Treatment System Revenue, Assured Guaranty, 4.75%, 12/01/47 1,170,000 1,617,461 Assured Guaranty, 4.25%, 12/01/47 1,170,000 4,611,600 first mortgage, NATL Insured, 275%, 12/01/45 4,780,000 5,252,646 Retunding, Assured Guaranty, 4.75%, 12/01/46 1,250,000 2,261,900 Marysville Water System Mortgage Revenue, AMBAC Insured, 1,250,000 2,261,900 Marysville Galant, 4,26%, 12/01/31 5,000,000 2,500,000 2,261,900 Mason City School District GO, 5,602,650 5,000,000 5,502,650 School Improvement, AGMC Insured, 5,25%, 12/01/31 5,000,000 <td< td=""><td>Municipal Bonds (continued)</td><td></td><td></td></td<>	Municipal Bonds (continued)		
Nanysille Exempted Village School District COP, School Facilities Project, NATL Insured, Pre-Refunded, 5.25%, 12/01/28	•		
Pre-Effunded, 5.25%, 12/01/28 \$2,120,000 \$2,293,734 12/01/29 2,667,168 12/01/29 2,667,168 12/01/29 2,667,168 12/01/29 2,667,168 12/01/29 1,000,000 777,340 2,667,168 1,000,000 777,340 2,667,168 1,000,000 777,340 2,674,120 2,674			
12/01/28 \$ 2,120,000 \$ 2,293,734 12/01/30 2,650,000 2,650,000 2,2651,000 Marysville Exempted Village School District GO, Capital Appreciation, Refunding, NATL Insured, zero cpn., 12/01/20 1,000,000 777,340 Capital Appreciation, Refunding, NATL Insured, zero cpn., 12/01/21 1,000,000 774,120 School Improvement, Refunding, NATL Insured, zero cpn., 12/01/29 5,500,000 5,683,095 Marysville Wastewater Treatment System Revenue,			
Maryswille Exempted Village School District GO, 1,000,000 777,340 1,000,000 777,340 1,000,000 777,340 1,000,000 777,340 1,000,000 777,340 1,000,000 777,340 1,000,000 777,340 1,000,000 777,340 1,000,000 5,683.095 1,000,000 5,683.095 1,000,000 1,000,		\$ 2,120,000	\$ 2,293,734
Capital Appreciation, Refunding, NATL Insured, zero cpn., 12/01/20	12/01/30	2,650,000	2,867,168
Capital Appreciation, Refunding, NATL Insured, zero cpn., 12/01/20	Marysville Exempted Village School District GO,		
Capital Appreciation, Refunding, NATL Insured, zero cpn., 12/01/29 5,500,000 747,120 School Improvement, Refunding, AGMC Insured, 5.00%, 12/01/29 5,500,000 5,683,095 Marysville Wastewater Treatment System Revenue,		1,000,000	777,340
Manyswille Wastewater Treatment System Revenue, Assured Guaranty, 4.25%, 12/01/27		1,000,000	747,120
Manyswille Wastewater Treatment System Revenue, Assured Guaranty, 4.25%, 12/01/27	School Improvement, Refunding, AGMC Insured, 5.00%, 12/01/29	5,500,000	5,683,095
Assured Guaranty, 4.75%, 12/01/47 first mortgage, NATL Insured, Pre-Refunded, 5.00%, 12/01/35 Refunding, Assured Guaranty, 4.75%, 12/01/46 14,205,000 13,240,196 Maryswille Water System Mortgage Revenue, AMBAC Insured, 5.00%, 12/01/32 1,250,000 2,261,900 Mason City School District GO, Refunding, AGMC Insured, 5.25%, 12/01/31 School Improvement, AGMC Insured, 5.25%, 12/01/31 School Improvement, AGMC Insured, 5.00%, 12/01/31 School District COP, School Facilities Project, Assured Guaranty, 5.25%, 12/01/31 School District GO, School Improvement, Refunding, 5.00%, 12/01/31 School District COP, School Facilities Project, Assured Guaranty, 5.25%, 12/01/31 School District GO, School Improvement, Refunding, 5.00%, 12/01/31 School District GO, School Improvement, Refunding, 5.00%, 12/01/31 School District GO, School Improvement, Refunding, AMBAC Insured, 4.50%, 12/01/29 School District GO, School Improvement, Refunding, AMBAC Insured, 4.50%, 12/01/29 School District GO, School Improvement, Refunding, AMBAC Insured, 4.50%, 12/01/29 Refunding, Series A, 5.00%, 5/01/39 Scries C-1, AGMC Insured, 5.00%, 10/01/41 Napoleon City School District GO, School Facilities Construction and Improvement, 5.00%, 12/01/49 New Albany Community Authority Community Facilities Revenue, Refunding, Series C, 5.00%, 10/01/23 10/01/23 10/01/24 Refunding, Series A, 5.00%, 5/01/39 Rew Albany Community Authority Community Facilities Revenue, Refunding, Series C, 5.00%, 10/01/29 New Albany Community Authority Community Facilities Revenue, Refunding, Series C, 5.00%, 10/01/29 New Albany Community Authority Go, School Improvement, Refunding, 4.00%, 12/50,000 1,198,703 10/01/24 School District GO, School Improvement, Refunding, Series A, 5.00,000 5,58%, 10/01/21 New Albany Plain Local School District GO, School Improvement, Series A, NATL Insured, 5.55,000 5,58%, 10/01/21 School District GO, School Improvement, Series A, NATL Insured, 5.50,000 5,504,450 Northeast Ohio Medical University General Receipts Revenue, 5.00%, 12/01/49 1,261,480 Northeast Ohio M	Marysville Wastewater Treatment System Revenue,		
Assured Guaranty, 4.75%, 12/01/47 first mortgage, NATL Insured, Pre-Refunded, 5.00%, 12/01/35 Refunding, Assured Guaranty, 4.75%, 12/01/46 14,205,000 13,240,196 Maryswille Water System Mortgage Revenue, AMBAC Insured, 5.00%, 12/01/32 1,250,000 2,261,900 Mason City School District GO, Refunding, AGMC Insured, 5.25%, 12/01/31 School Improvement, AGMC Insured, 5.25%, 12/01/31 School Improvement, AGMC Insured, 5.00%, 12/01/31 School District COP, School Facilities Project, Assured Guaranty, 5.25%, 12/01/31 School District GO, School Improvement, Refunding, 5.00%, 12/01/31 School District COP, School Facilities Project, Assured Guaranty, 5.25%, 12/01/31 School District GO, School Improvement, Refunding, 5.00%, 12/01/31 School District GO, School Improvement, Refunding, 5.00%, 12/01/31 School District GO, School Improvement, Refunding, AMBAC Insured, 4.50%, 12/01/29 School District GO, School Improvement, Refunding, AMBAC Insured, 4.50%, 12/01/29 School District GO, School Improvement, Refunding, AMBAC Insured, 4.50%, 12/01/29 Refunding, Series A, 5.00%, 5/01/39 Scries C-1, AGMC Insured, 5.00%, 10/01/41 Napoleon City School District GO, School Facilities Construction and Improvement, 5.00%, 12/01/49 New Albany Community Authority Community Facilities Revenue, Refunding, Series C, 5.00%, 10/01/23 10/01/23 10/01/24 Refunding, Series A, 5.00%, 5/01/39 Rew Albany Community Authority Community Facilities Revenue, Refunding, Series C, 5.00%, 10/01/29 New Albany Community Authority Community Facilities Revenue, Refunding, Series C, 5.00%, 10/01/29 New Albany Community Authority Go, School Improvement, Refunding, 4.00%, 12/50,000 1,198,703 10/01/24 School District GO, School Improvement, Refunding, Series A, 5.00,000 5,58%, 10/01/21 New Albany Plain Local School District GO, School Improvement, Series A, NATL Insured, 5.55,000 5,58%, 10/01/21 School District GO, School Improvement, Series A, NATL Insured, 5.50,000 5,504,450 Northeast Ohio Medical University General Receipts Revenue, 5.00%, 12/01/49 1,261,480 Northeast Ohio M	Assured Guaranty, 4.25%, 12/01/27	1,170,000	1,167,461
Refunding, Assured Guaranty, 4.75%, 12/01/46 14,205,000 13,240,196 Marysville Water System Mortgage Revenue, AMBAC Insured, 5.00%, 12/01/38 1,250,000 1,268,013 4.50%, 12/01/38 2,500,000 2,261,900 Mason City School District GO, Refunding, AGMC Insured, 5.25%, 12/01/31 5,000,000 5,602,650 School Improvement, AGMC Insured, Pre-Refunded, 5.00%, 12/01/31 5,000,000 5,175,950 Medina School District COP, School Facilities Project, Assured Guaranty, 5.25%, 12/01/31 5,725,000 5,883,869 Misami University Revenue, General Receipts, Refunding, 5.00%, 9/01/36 4,000,000 4,149,240 9/01/36 3,500,000 3,562,230 Montroe Local School District GO, School Improvement, Refunding, AMBAC Insured, 4.50%, 12/01/29 3,115,000 3,114,813 Montgomery County Revenue, Catholic Health Initiatives, Refunding, Series A, 5.50%, 5/01/34 12,500,000 13,479,250 Refunding, Series A, 5.00%, 5/01/39 10,000,000 9,500,500 Series C-1, AGMC Insured, 5.00%, 10/01/41 10,000,000 9,734,800 Napoleon City School District GO, School Facilities Revenue, Refunding, Series C, 5.00%, 10/01/02 11,460,000 10,890,209 New Albany Community Authority Community Fa	Assured Guaranty, 4.75%, 12/01/47	5,000,000	4,611,600
Refunding, Assured Guaranty, 4.75%, 12/01/46 14,205,000 13,240,196 Marysville Water System Mortgage Revenue, AMBAC Insured, 5.00%, 12/01/38 1,250,000 1,268,013 4.50%, 12/01/38 2,500,000 2,261,900 Mason City School District GO, Refunding, AGMC Insured, 5.25%, 12/01/31 5,000,000 5,602,650 School Improvement, AGMC Insured, Pre-Refunded, 5.00%, 12/01/31 5,000,000 5,175,950 Medina School District COP, School Facilities Project, Assured Guaranty, 5.25%, 12/01/31 5,725,000 5,883,869 Misami University Revenue, General Receipts, Refunding, 5.00%, 9/01/36 4,000,000 4,149,240 9/01/36 3,500,000 3,562,230 Montroe Local School District GO, School Improvement, Refunding, AMBAC Insured, 4.50%, 12/01/29 3,115,000 3,114,813 Montgomery County Revenue, Catholic Health Initiatives, Refunding, Series A, 5.50%, 5/01/34 12,500,000 13,479,250 Refunding, Series A, 5.00%, 5/01/39 10,000,000 9,500,500 Series C-1, AGMC Insured, 5.00%, 10/01/41 10,000,000 9,734,800 Napoleon City School District GO, School Facilities Revenue, Refunding, Series C, 5.00%, 10/01/02 11,460,000 10,890,209 New Albany Community Authority Community Fa	first mortgage, NATL Insured, Pre-Refunded, 5.00%, 12/01/35	4,780,000	5,252,646
Marysville Water System Mortgage Revenue, AMBAC Insured, 5.00%, 12/01/32		14,205,000	13,240,196
A.50%, 12/01/38 2,500,000 2,261,900 Mason City School District GO, Refunding, AGMC Insured, 5.25%, 12/01/31 5,000,000 5,602,655 School Improvement, AGMC Insured, Pre-Refunded, 5.00%, 12/01/31 5,000,000 5,175,950 Medina School District COP, School Facilities Project, Assured Guaranty, 5.25%, 12/01/31 5,725,000 5,883,869 Miami University Revenue, General Receipts, Refunding, 5.00%, 9/01/31 4,000,000 4,149,240 9/01/36 3,500,000 3,562,230 Monroe Local School District GO, School Improvement, Refunding, AMBAC Insured, 4.50%, 12/01/29 3,115,000 3,114,813 Montgomery County Revenue, Catholic Health Initiatives, Refunding, Series A, 5.50%, 5/01/34 12,500,000 13,479,250 Refunding, Series A, 5.50%, 5/01/39 10,000,000 9,500,500 Series C-1, AGMC Insured, 5.00%, 10/01/41 10,000,000 9,734,800 12/01/49 11,460,000 10,890,209 New Albany Community Authority Community Facilities Revenue, Refunding, Series C, 5.00% 1,100,000 1,198,703 10/01/24 1,250,000 1,344,288 New Albany Plain Local School District GO, School Improvement, Refunding, 4.00%, 12/01/49 10,000,000 7,724,400 1,250,000 1,344,288 New Albany Plain Local School District GO, School Improvement, Refunding, 4.00%, 12/01/49 10,000,000 7,724,400 1,250,000 1,344,288 New Albany Plain Local School District GO, School Improvement, Refunding, 4.00%, 12/01/49 10,000,000 7,724,400 1,250,000 525,515 Newark City School District GO, School Improvement, Refunding, Series A, NATL Insured, 5.85%, 1/01/21 5,000,000 5,054,550 5,000	Marysville Water System Mortgage Revenue, AMBAC Insured,		
Mason City School District GO, 5,000,000 5,602,650 Refunding, AGMC Insured, 5.25%, 12/01/31 5,000,000 5,175,950 School Improvement, AGMC Insured, Pre-Refunded, 5.00%, 12/01/31 5,000,000 5,175,950 Medina School District COP, School Facilities Project, Assured Guaranty, 5.25%, 12/01/31 5,725,000 5,883,869 Miami University Revenue, General Receipts, Refunding, 5.00%, 9/01/36 4,000,000 4,149,240 9/01/36 3,500,000 3,562,230 Monroe Local School District GO, School Improvement, Refunding, AMBAC Insured, 4.50%, 12/01/29 3,115,000 3,114,813 Montgomery County Revenue, Catholic Health Initiatives, Refunding, Series A, 5.50%, 5/01/34 12,500,000 13,479,250 Refunding, Series A, 5.00%, 5/01/39 10,000,000 9,500,500 Series C-1, AGMC Insured, 5.00%, 10/01/41 10,000,000 9,734,800 Napoleon City School District GO, School Facilities Construction and Improvement, 5.00%, 12/01/29 11,460,000 10,890,209 New Albany Community Authority Community Facilities Revenue, Refunding, Series C, 5.00%, 12/01/23 1,100,000 1,198,703 10/01/24 1,250,000 1,344,288 New Albany Plain Local School District GO, School Improvement, Refunding, Series A, NATL Insu		1,250,000	1,268,013
Mason City School District GO, 5,000,000 5,602,650 Refunding, AGMC Insured, 5.25%, 12/01/31 5,000,000 5,175,950 School Improvement, AGMC Insured, Pre-Refunded, 5.00%, 12/01/31 5,000,000 5,175,950 Medina School District COP, School Facilities Project, Assured Guaranty, 5.25%, 12/01/31 5,725,000 5,883,869 Miami University Revenue, General Receipts, Refunding, 5.00%, 9/01/36 4,000,000 4,149,240 9/01/36 3,500,000 3,562,230 Monroe Local School District GO, School Improvement, Refunding, AMBAC Insured, 4.50%, 12/01/29 3,115,000 3,114,813 Montgomery County Revenue, Catholic Health Initiatives, Refunding, Series A, 5.50%, 5/01/34 12,500,000 13,479,250 Refunding, Series A, 5.00%, 5/01/39 10,000,000 9,500,500 Series C-1, AGMC Insured, 5.00%, 10/01/41 10,000,000 9,734,800 Napoleon City School District GO, School Facilities Construction and Improvement, 5.00%, 12/01/29 11,460,000 10,890,209 New Albany Community Authority Community Facilities Revenue, Refunding, Series C, 5.00%, 12/01/23 1,100,000 1,198,703 10/01/24 1,250,000 1,344,288 New Albany Plain Local School District GO, School Improvement, Refunding, Series A, NATL Insu	4.50%, 12/01/38	2,500,000	2,261,900
School Improvement, AGMC Insured, Pre-Refunded, 5.00%, 12/01/31 5,000,000 5,175,950 Medina School District COP, School Facilities Project, Assured Guaranty, 5.25%, 12/01/31 5,725,000 5,883,869 Miami University Revenue, General Receipts, Refunding, 5.00%, 9/01/31 4,000,000 4,149,240 9/01/36 3,500,000 3,562,230 Monroe Local School District GO, School Improvement, Refunding, AMBAC Insured, 4.50%, 12/01/29 3,115,000 3,114,813 Montgomery County Revenue, Catholic Health Initiatives, Refunding, Series A, 5.50%, 5/01/34 12,500,000 13,479,250 Refunding, Series A, 5.50%, 5/01/39 10,000,000 9,500,500 Series C-1, AGMC Insured, 5.00%, 10/01/41 10,000,000 9,734,800 Napoleon City School District GO, School Facilities Construction and Improvement, 5.00%, 12/01/49 11,460,000 10,890,209 New Albany Community Authority Community Facilities Revenue, Refunding, Series C, 5.00%, 10/01/24 1,100,000 1,198,703 10/01/24 1,250,000 1,344,288 New Albany Plain Local School District GO, School Improvement, Refunding, 4.00%, 12/01/49 1,250,000 5,25,515 Newark City School District GO, School Improvement, Series A, NATL Insured, 5.85%, 1/01/21 5,000,000 5,054,450 <td></td> <td></td> <td></td>			
School Improvement, AGMC Insured, Pre-Refunded, 5.00%, 12/01/31 5,000,000 5,175,950 Medina School District COP, School Facilities Project, Assured Guaranty, 5.25%, 12/01/31 5,725,000 5,883,869 Miami University Revenue, General Receipts, Refunding, 5.00%, 9/01/31 4,000,000 4,149,240 9/01/36 3,500,000 3,562,230 Monroe Local School District GO, School Improvement, Refunding, AMBAC Insured, 4.50%, 12/01/29 3,115,000 3,114,813 Montgomery County Revenue, Catholic Health Initiatives, Refunding, Series A, 5.50%, 5/01/34 12,500,000 13,479,250 Refunding, Series A, 5.50%, 5/01/39 10,000,000 9,500,500 Series C-1, AGMC Insured, 5.00%, 10/01/41 10,000,000 9,734,800 Napoleon City School District GO, School Facilities Construction and Improvement, 5.00%, 12/01/49 11,460,000 10,890,209 New Albany Community Authority Community Facilities Revenue, Refunding, Series C, 5.00%, 10/01/24 1,100,000 1,198,703 10/01/24 1,250,000 1,344,288 New Albany Plain Local School District GO, School Improvement, Refunding, 4.00%, 12/01/49 1,250,000 5,25,515 Newark City School District GO, School Improvement, Series A, NATL Insured, 5.85%, 1/01/21 5,000,000 5,054,450 <td>Refunding, AGMC Insured, 5.25%, 12/01/31</td> <td>5,000,000</td> <td>5,602,650</td>	Refunding, AGMC Insured, 5.25%, 12/01/31	5,000,000	5,602,650
Miami University Revenue, General Receipts, Refunding, 5.00%, 9/01/31		5,000,000	5,175,950
9/01/31	Medina School District COP, School Facilities Project, Assured Guaranty, 5.25%, 12/01/31	5,725,000	5,883,869
Monroe Local School District GO, School Improvement, Refunding, AMBAC Insured, 4.50%, 12/01/29 3,115,000 3,114,813 3,115,000 3,114,813 3,115,000 3,114,813 3,115,000 3,114,813 3,115,000 3,114,813 3,115,000 3,114,813 3,115,000 3,114,813 3,115,000 3,114,813 3,115,000 3,114,813 3,115,000 3,114,813 3,115,000 3,114,813 3,115,000 3,114,813 3,115,000 3,114,813 3,115,000 3,114,813 3,115,000 3,114,813 3,115,000 3,114,813 3,115,000 3,114,813 3,115,000 3,114,813 3,115,000 3,479,250 3,479,250 3,479,250 3,479,250 3,479,250 3,479,250 3,479,250 3,479,250 3,479,250 3,4800 3,479,250 3,4800 3,448,000			
Monroe Local School District GO, School Improvement, Refunding, AMBAC Insured, 4.50%, 12/01/29 3,115,000 3,114,813 Montgomery County Revenue, Catholic Health Initiatives,	9/01/31	4,000,000	4,149,240
12/01/29 3,115,000 3,114,813	9/01/36	3,500,000	3,562,230
Montgomery County Revenue, Catholic Health Initiatives, Refunding, Series A, 5.50%, 5/01/34 12,500,000 13,479,250 Refunding, Series A, 5.00%, 5/01/39 10,000,000 9,500,500 Series C-1, AGMC Insured, 5.00%, 10/01/41 10,000,000 9,734,800 Napoleon City School District GO, School Facilities Construction and Improvement, 5.00%, 11,460,000 10,890,209 New Albany Community Authority Community Facilities Revenue, Refunding, Series C, 5.00%, 1,100,000 1,198,703 10/01/23 1,100,000 1,198,703 10/01/24 1,250,000 1,344,288 New Albany Plain Local School District GO, School Improvement, Refunding, 4.00%, 12/201/49 10,000,000 7,724,400 New Lexington HDC Mortgage Revenue, Lincoln Park, Refunding, Series A, NATL Insured, 5.85%, 1/01/21 525,000 525,515 Newark City School District GO, School Improvement, Series A, NATL RE, FGIC Insured, 5.00%, 12/01/33 5,000,000 5,054,450 Northeast Ohio Medical University General Receipts Revenue, 5.00%, 12/01/42 13,445,000 12,714,264 Northmont City School District GO, School Improvement, Series A, 5.00%, 11/01/49 5,130,000 5,129,641 Ohio Center for Local Government Capital Asset Fin	Monroe Local School District GO, School Improvement, Refunding, AMBAC Insured, 4.50%,		
Refunding, Series A, 5.50%, 5/01/34 12,500,000 13,479,250 Refunding, Series A, 5.00%, 5/01/39 10,000,000 9,500,500 Series C-1, AGMC Insured, 5.00%, 10/01/41 10,000,000 9,734,800 Napoleon City School District GO, School Facilities Construction and Improvement, 5.00%, 11,460,000 10,890,209 New Albany Community Authority Community Facilities Revenue, Refunding, Series C, 5.00%, 1,100,000 1,198,703 10/01/23 1,100,000 1,198,703 10/01/24 1,250,000 1,344,288 New Albany Plain Local School District GO, School Improvement, Refunding, 4.00%, 12,250,000 7,724,400 New Lexington HDC Mortgage Revenue, Lincoln Park, Refunding, Series A, NATL Insured, 5,85%, 1/01/21 525,000 525,515 Newark City School District GO, School Improvement, Series A, NATL RE, FGIC Insured, 5,000,000 5,054,450 Northeast Ohio Medical University General Receipts Revenue, 5.00%, 12/01/42 13,445,000 12,714,264 Northmont City School District GO, School Improvement, Series A, 5.00%, 11/01/49 5,130,000 5,129,641 Ohio Center for Local Government Capital Asset Financing Program Fractionalized Interests GO, AGMC Insured, 1,255,000 1,261,890	12/01/29	3,115,000	3,114,813
Refunding, Series A, 5.00%, 5/01/39 10,000,000 9,500,500 Series C-1, AGMC Insured, 5.00%, 10/01/41 10,000,000 9,734,800 Napoleon City School District GO, School Facilities Construction and Improvement, 5.00%, 12/01/49 11,460,000 10,890,209 New Albany Community Authority Community Facilities Revenue, Refunding, Series C, 5.00%, 10/01/23 1,100,000 1,198,703 10/01/24 1,250,000 1,344,288 New Albany Plain Local School District GO, School Improvement, Refunding, 4.00%, 12/01/49 10,000,000 7,724,400 New Lexington HDC Mortgage Revenue, Lincoln Park, Refunding, Series A, NATL Insured, 5.85%, 1/01/21 525,000 525,515 Newark City School District GO, School Improvement, Series A, NATL RE, FGIC Insured, 5.00%, 12/01/33 5,000,000 5,054,450 Northeast Ohio Medical University General Receipts Revenue, 5.00%, 12/01/42 13,445,000 12,714,264 Northmont City School District GO, School Improvement, Series A, 5.00%, 11/01/49 5,130,000 5,129,641 Ohio Capital Corp. HMR, Refunding, Series G, NATL Insured, 6.35%, 7/01/22 390,000 390,254 Ohio Center for Local Government Capital Asset Financing Program Fractionalized Interests GO, AGMC Insured, 4.875%, 12/01/18 1,255,000 1,261,890 5,25%, 12/01/18 1,210,000 1,415,8	Montgomery County Revenue, Catholic Health Initiatives,		
Series C-1, AGMC Insured, 5.00%, 10/01/41 10,000,000 9,734,800 Napoleon City School District GO, School Facilities Construction and Improvement, 5.00%, 12/01/49 11,460,000 10,890,209 New Albany Community Authority Community Facilities Revenue, Refunding, Series C, 5.00%, 10/01/23 1,100,000 1,198,703 10/01/24 1,250,000 1,344,288 New Albany Plain Local School District GO, School Improvement, Refunding, 4.00%, 12/01/49 10,000,000 7,724,400 New Lexington HDC Mortgage Revenue, Lincoln Park, Refunding, Series A, NATL Insured, 5.85%, 1/01/21 525,000 525,515 Newark City School District GO, School Improvement, Series A, NATL RE, FGIC Insured, 5.00%, 12/01/33 5,000,000 5,054,450 Northeast Ohio Medical University General Receipts Revenue, 5.00%, 12/01/42 13,445,000 12,714,264 Northmont City School District GO, School Improvement, Series A, 5.00%, 11/01/49 5,130,000 5,129,641 Ohio Capital Corp. HMR, Refunding, Series G, NATL Insured, 6.35%, 7/01/22 390,000 390,254 Ohio Center for Local Government Capital Asset Financing Program Fractionalized Interests GO, AGMC Insured, 4.875%, 12/01/18 1,255,000 1,261,890 5.25%, 12/01/23 1,410,000 1,415,894	Refunding, Series A, 5.50%, 5/01/34	12,500,000	13,479,250
Napoleon City School District GO, School Facilities Construction and Improvement, 5.00%, 12/01/49	Refunding, Series A, 5.00%, 5/01/39	10,000,000	9,500,500
12/01/49 11,460,000 10,890,209 New Albany Community Authority Community Facilities Revenue, Refunding, Series C, 5.00%, 1,100,000 1,198,703 10/01/23 1,250,000 1,344,288 New Albany Plain Local School District GO, School Improvement, Refunding, 4.00%, 10,000,000 7,724,400 New Lexington HDC Mortgage Revenue, Lincoln Park, Refunding, Series A, NATL Insured, 525,000 525,515 Newark City School District GO, School Improvement, Series A, NATL RE, FGIC Insured, 5,000,000 5,054,450 Northeast Ohio Medical University General Receipts Revenue, 5.00%, 12/01/42 13,445,000 12,714,264 Northmont City School District GO, School Improvement, Series A, 5.00%, 11/01/49 5,130,000 5,129,641 Ohio Capital Corp. HMR, Refunding, Series G, NATL Insured, 6.35%, 7/01/22 390,000 390,254 Ohio Center for Local Government Capital Asset Financing Program Fractionalized Interests GO, AGMC Insured, 1,255,000 1,261,890 4.875%, 12/01/18 1,255,000 1,415,894	Series C-1, AGMC Insured, 5.00%, 10/01/41	10,000,000	9,734,800
New Albany Community Authority Community Facilities Revenue, Refunding, Series C, 5.00%, 10/01/23 1,100,000 1,198,703 10/01/24 1,250,000 1,344,288 New Albany Plain Local School District GO, School Improvement, Refunding, 4.00%, 10,000,000 7,724,400 New Lexington HDC Mortgage Revenue, Lincoln Park, Refunding, Series A, NATL Insured, 525,000 525,515 Newark City School District GO, School Improvement, Series A, NATL RE, FGIC Insured, 5,000,000 5,054,450 Northeast Ohio Medical University General Receipts Revenue, 5.00%, 12/01/42 13,445,000 12,714,264 Northmont City School District GO, School Improvement, Series A, 5.00%, 11/01/49 5,130,000 5,129,641 Ohio Capital Corp. HMR, Refunding, Series G, NATL Insured, 6.35%, 7/01/22 390,000 390,254 Ohio Center for Local Government Capital Asset Financing Program Fractionalized Interests GO, AGMC Insured, 1,255,000 1,261,890 4.875%, 12/01/18 1,255,000 1,415,894	Napoleon City School District GO, School Facilities Construction and Improvement, 5.00%,		
10/01/23 1,100,000 1,198,703 10/01/24 1,250,000 1,344,288 New Albany Plain Local School District GO, School Improvement, Refunding, 4.00%, 10,000,000 7,724,400 New Lexington HDC Mortgage Revenue, Lincoln Park, Refunding, Series A, NATL Insured, 5.85%, 1/01/21 525,000 525,515 Newark City School District GO, School Improvement, Series A, NATL RE, FGIC Insured, 5.000,000 5,054,450 Northeast Ohio Medical University General Receipts Revenue, 5.00%, 12/01/42 13,445,000 12,714,264 Northmont City School District GO, School Improvement, Series A, 5.00%, 11/01/49 5,130,000 5,129,641 Ohio Capital Corp. HMR, Refunding, Series G, NATL Insured, 6.35%, 7/01/22 390,000 390,254 Ohio Center for Local Government Capital Asset Financing Program Fractionalized Interests GO, AGMC Insured, 1,255,000 1,261,890 4.875%, 12/01/18 1,255,000 1,415,894	12/01/49	11,460,000	10,890,209
10/01/24 1,250,000 1,344,288 New Albany Plain Local School District GO, School Improvement, Refunding, 4.00%, 10,000,000 7,724,400 New Lexington HDC Mortgage Revenue, Lincoln Park, Refunding, Series A, NATL Insured, 5.85%, 1/01/21 525,000 525,515 Newark City School District GO, School Improvement, Series A, NATL RE, FGIC Insured, 5.000,000 5,054,450 Northeast Ohio Medical University General Receipts Revenue, 5.00%, 12/01/42 13,445,000 12,714,264 Northmont City School District GO, School Improvement, Series A, 5.00%, 11/01/49 5,130,000 5,129,641 Ohio Capital Corp. HMR, Refunding, Series G, NATL Insured, 6.35%, 7/01/22 390,000 390,254 Ohio Center for Local Government Capital Asset Financing Program Fractionalized Interests 60, AGMC Insured, 1,255,000 1,261,890 4.875%, 12/01/18 1,255,000 1,415,894	New Albany Community Authority Community Facilities Revenue, Refunding, Series C, 5.00%,		
New Albany Plain Local School District GO, School Improvement, Refunding, 4.00%, 10,000,000 7,724,400 New Lexington HDC Mortgage Revenue, Lincoln Park, Refunding, Series A, NATL Insured, 525,000 525,515 Newark City School District GO, School Improvement, Series A, NATL RE, FGIC Insured, 5,000,000 5,054,450 Northeast Ohio Medical University General Receipts Revenue, 5.00%, 12/01/42 13,445,000 12,714,264 Northmont City School District GO, School Improvement, Series A, 5.00%, 11/01/49 5,130,000 5,129,641 Ohio Capital Corp. HMR, Refunding, Series G, NATL Insured, 6.35%, 7/01/22 390,000 390,254 Ohio Center for Local Government Capital Asset Financing Program Fractionalized Interests 60, AGMC Insured, 1,255,000 1,261,890 4.875%, 12/01/18 1,255,000 1,415,894	10/01/23	1,100,000	1,198,703
12/01/49 10,000,000 7,724,400 New Lexington HDC Mortgage Revenue, Lincoln Park, Refunding, Series A, NATL Insured, 5.85%, 1/01/21 525,000 525,515 Newark City School District GO, School Improvement, Series A, NATL RE, FGIC Insured, 5,000,000 5,054,450 Northeast Ohio Medical University General Receipts Revenue, 5.00%, 12/01/42 13,445,000 12,714,264 Northmont City School District GO, School Improvement, Series A, 5.00%, 11/01/49 5,130,000 5,129,641 Ohio Capital Corp. HMR, Refunding, Series G, NATL Insured, 6.35%, 7/01/22 390,000 390,254 Ohio Center for Local Government Capital Asset Financing Program Fractionalized Interests GO, AGMC Insured, 1,255,000 1,261,890 4.875%, 12/01/18 1,255,000 1,415,894	10/01/24	1,250,000	1,344,288
New Lexington HDC Mortgage Revenue, Lincoln Park, Refunding, Series A, NATL Insured, 5.85%, 1/01/21 525,000 525,515 Newark City School District GO, School Improvement, Series A, NATL RE, FGIC Insured, 5,000,000 5,054,450 Northeast Ohio Medical University General Receipts Revenue, 5.00%, 12/01/42 13,445,000 12,714,264 Northmont City School District GO, School Improvement, Series A, 5.00%, 11/01/49 5,130,000 5,129,641 Ohio Capital Corp. HMR, Refunding, Series G, NATL Insured, 6.35%, 7/01/22 390,000 390,254 Ohio Center for Local Government Capital Asset Financing Program Fractionalized Interests GO, AGMC Insured, 1,255,000 1,261,890 4.875%, 12/01/18 1,255,000 1,415,894	New Albany Plain Local School District GO, School Improvement, Refunding, 4.00%,		
5.85%, 1/01/21 525,000 525,515 Newark City School District GO, School Improvement, Series A, NATL RE, FGIC Insured, 5,000,000 5,054,450 5.00%, 12/01/33 5,000,000 5,054,450 Northeast Ohio Medical University General Receipts Revenue, 5.00%, 12/01/42 13,445,000 12,714,264 Northmont City School District GO, School Improvement, Series A, 5.00%, 11/01/49 5,130,000 5,129,641 Ohio Capital Corp. HMR, Refunding, Series G, NATL Insured, 6.35%, 7/01/22 390,000 390,254 Ohio Center for Local Government Capital Asset Financing Program Fractionalized Interests GO, AGMC Insured, 1,255,000 1,261,890 4.875%, 12/01/23 1,410,000 1,415,894	12/01/49	10,000,000	7,724,400
Newark City School District GO, School Improvement, Series A, NATL RE, FGIC Insured, 5,000,000 5,054,450 5.00%, 12/01/33 5,000,000 5,054,450 Northeast Ohio Medical University General Receipts Revenue, 5.00%, 12/01/42 13,445,000 12,714,264 Northmont City School District GO, School Improvement, Series A, 5.00%, 11/01/49 5,130,000 5,129,641 Ohio Capital Corp. HMR, Refunding, Series G, NATL Insured, 6.35%, 7/01/22 390,000 390,254 Ohio Center for Local Government Capital Asset Financing Program Fractionalized Interests 60, AGMC Insured, 1,255,000 1,261,890 4.875%, 12/01/23 1,410,000 1,415,894	New Lexington HDC Mortgage Revenue, Lincoln Park, Refunding, Series A, NATL Insured,		
5.00%, 12/01/33 5,000,000 5,054,450 Northeast Ohio Medical University General Receipts Revenue, 5.00%, 12/01/42 13,445,000 12,714,264 Northmont City School District GO, School Improvement, Series A, 5.00%, 11/01/49 5,130,000 5,129,641 Ohio Capital Corp. HMR, Refunding, Series G, NATL Insured, 6.35%, 7/01/22 390,000 390,254 Ohio Center for Local Government Capital Asset Financing Program Fractionalized Interests GO, AGMC Insured, 1,255,000 1,261,890 4.875%, 12/01/23 1,410,000 1,415,894	5.85%, 1/01/21	525,000	525,515
Northeast Ohio Medical University General Receipts Revenue, 5.00%, 12/01/42 13,445,000 12,714,264 Northmont City School District GO, School Improvement, Series A, 5.00%, 11/01/49 5,130,000 5,129,641 Ohio Capital Corp. HMR, Refunding, Series G, NATL Insured, 6.35%, 7/01/22 390,000 390,254 Ohio Center for Local Government Capital Asset Financing Program Fractionalized Interests 60, AGMC Insured, 1,255,000 1,261,890 4.875%, 12/01/18 1,201/23 1,410,000 1,415,894	Newark City School District GO, School Improvement, Series A, NATL RE, FGIC Insured,		
Northmont City School District GO, School Improvement, Series A, 5.00%, 11/01/49 5,130,000 5,129,641 Ohio Capital Corp. HMR, Refunding, Series G, NATL Insured, 6.35%, 7/01/22 390,000 390,254 Ohio Center for Local Government Capital Asset Financing Program Fractionalized Interests 60, AGMC Insured, 1,255,000 1,261,890 4.875%, 12/01/23 1,410,000 1,415,894	5.00%, 12/01/33	5,000,000	5,054,450
Ohio Capital Corp. HMR, Refunding, Series G, NATL Insured, 6.35%, 7/01/22 390,000 390,254 Ohio Center for Local Government Capital Asset Financing Program Fractionalized Interests 1,255,000 1,261,890 4.875%, 12/01/18 1,255,000 1,410,000 1,415,894	Northeast Ohio Medical University General Receipts Revenue, 5.00%, 12/01/42	13,445,000	12,714,264
Ohio Center for Local Government Capital Asset Financing Program Fractionalized Interests GO, AGMC Insured, 1,255,000 1,261,890 5.25%, 12/01/23 1,410,000 1,415,894	Northmont City School District GO, School Improvement, Series A, 5.00%, 11/01/49	5,130,000	5,129,641
GO, AGMC Insured, 4.875%, 12/01/18 1,255,000 1,261,890 5.25%, 12/01/23 1,410,000 1,415,894	Ohio Capital Corp. HMR, Refunding, Series G, NATL Insured, 6.35%, 7/01/22	390,000	390,254
GO, AGMC Insured, 4.875%, 12/01/18 1,255,000 1,261,890 5.25%, 12/01/23 1,410,000 1,415,894	· · · · · · · · · · · · · · · · · · ·	•	
5.25%, 12/01/23			
5.25%, 12/01/23	4.875%, 12/01/18	1,255,000	1,261,890
		1,410,000	1,415,894
	Ohio HFA Capital Fund Revenue, Series A, AGMC Insured, 5.00%, 4/01/27	5,545,000	5,783,990

Franklin Ohio Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
Ohio (continued)		
Ohio State Air Quality Development Authority Revenue,		
Environmental Improvement, Buckeye Power Inc. Project, 6.00%, 12/01/40	\$ 6,020,000	\$ 6,136,005
Pollution Control, Dayton Power and Light Co., Refunding, Series B, BHAC Insured,		
4.80%, 1/01/34	23,000,000	22,444,320
Ohio State Building Authority Revenue, State Facilities, Adult Correction Building Fund		
Projects, Series A, AGMC Insured, Pre-Refunded, 5.00%, 4/01/24	5,390,000	5,782,608
Ohio State GO, Higher Education, Refunding, Series A,		
5.00%, 8/01/24	3,485,000	3,989,454
4.50%, 2/01/32	17,470,000	17,619,718
Ohio State Higher Educational Facility Commission Revenue,		
Denison University Project, Refunding and Improvement, 5.00%, 11/01/26	1,445,000	1,538,882
Denison University Project, Refunding and Improvement, 5.00%, 11/01/30	1,360,000	1,398,406
Higher Educational Facility, Xavier University Project, Assured Guaranty, Pre-Refunded,		
5.00%, 5/01/23	3,385,000	3,775,832
Higher Educational Facility, Xavier University Project, Assured Guaranty, Pre-Refunded,		
5.00%, 5/01/24	2,000,000	2,230,920
Kenyon College Project, Refunding, 5.25%, 7/01/44	30,000,000	29,997,600
Summa Health System, 2010 Project, Refunding, Assured Guaranty, 5.25%, 11/15/40	21,805,000	20,685,531
Summa Health System, AGMC Insured, 5.75%, 11/15/40	4,500,000	4,556,835
University Hospital, BHAC Insured, 4.75%, 1/15/36	10,000,000	10,051,900
University Hospital, BHAC Insured, 4.75%, 1/15/46	25,000,000	25,014,000
University Hospital, BHAC Insured, 5.25%, 1/15/46	13,500,000	13,756,905
University of Dayton Project, XLCA Insured, Pre-Refunded, 5.00%, 12/01/34	8,500,000	8,993,595
Xavier University Project, 5.00%, 5/01/40	14,500,000	13,941,750
Ohio State Higher Educational Facility Revenue,	7.500.000	7.665.750
Case Western Reserve University Project, Refunding, NATL Insured, 5.00%, 12/01/44	7,500,000	7,665,750
Case Western Reserve University Project, Series A, AMBAC Insured, 5.00%, 12/01/34	4,000,000	4,011,480
Otterbein College Project, Assured Guaranty, 5.00%, 12/01/25	2,205,000 3,225,000	2,266,872 3,245,769
Ohio State Turnpike Commission Revenue, Infrastructure Projects, junior lien, Series A-1,	3,223,000	3,243,769
5.25%, 2/15/33	4,200,000	4,300,380
Ohio State University General Receipts Athens Revenue, NATL Insured, Pre-Refunded, 5.00%,	4,200,000	4,300,360
12/01/24	2,155,000	2,231,653
Olentangy Local School District GO,	2,133,000	2,231,033
AGMC Insured, 4.50%, 12/01/33	10,000,000	10,148,700
AGMC Insured, Pre-Refunded, 5.00%, 12/01/30	1,745,000	1,945,152
Refunding, Series A, AGMC Insured, 4.50%, 12/01/32	11,300,000	11,517,638
School Facilities Construction and Improvement, Refunding, Assured Guaranty, 5.00%,	11,000,000	11,017,000
12/01/36	7,505,000	7,756,868
School Facilities Construction and Improvement, Series A, FGIC Insured, Pre-Refunded,	.,,	.,,
5.25%, 12/01/32	11,200,000	11,619,104
Painesville City School District GO, School Improvement, NATL RE, FGIC Insured,	,,	, , .
Pre-Refunded, 5.00%, 12/01/28	2,515,000	2,661,046
Princeton City School District COP, School Facilities Project, 4.50%, 12/01/41	6,500,000	5,476,900
Reynoldsburg City School District GO, School Facilities Construction, AGMC Insured, 5.00%,	, ,	, ,
12/01/32	3,000,000	3,126,840
Ross County Hospital Revenue, Facilities, Adena Health System, Refunding, Assured Guaranty,	. ,	•
5.25%, 12/01/38	15,000,000	14,833,200
Shawnee State University Revenue, General Receipts, NATL Insured, 5.00%, 6/01/28	5,780,000	5,702,490

Franklin Ohio Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
Ohio (continued)		
Sheffield Lake City School District GO, School Improvement, 5.00%, 12/01/37	\$ 9,635,000	\$ 9,706,106
Facilities Construction and Improvement, 4.00%, 12/01/42	11,050,000	9,177,025
12/01/27	5,175,000	5,694,104
12/01/28	2,000,000	2,182,520
Springboro Sewer System Revenue, Mortgage, NATL Insured, Pre-Refunded, 5.00%, 6/01/27	1,095,000	1,133,533
St. Bernard Income Tax Revenue, Various Purpose, Special Obligations, AGMC Insured,		
5.00%, 12/01/43	3,760,000	3,707,774
St. Mary's City School District GO, School Facilities Construction and Improvement,		
AGMC Insured, 5.00%, 12/01/35	3,500,000	3,467,275
Strongsville City School District GO, School Improvement, 4.00%, 12/01/45	17,515,000	14,458,457
Project, 6.00%, 1/01/42	11,580,000	12,472,934
4.00%, 12/01/37	5,500,000	4,588,870
12/01/36	7,660,000	8,035,110
5.375%, 12/01/35	4,565,000	4,744,952
Refunding, Series B, 5.00%, 12/01/32	7,830,000	8,057,070
Capital Improvement, Refunding, Assured Guaranty, 5.00%, 12/01/29	2,500,000	2,554,875
12/01/28	3,000,000	3,110,340
5.25%, 12/01/26	1,500,000	1,586,235
Toledo Water System Revenue,		
Improvement and Refunding, 5.00%, 11/15/38	12,000,000	12,017,400
NATL Insured, 5.00%, 11/15/30	6,425,000	6,654,051
Series A, 4.00%, 11/15/36	10,125,000	8,330,344
Trenton Water System Revenue, Improvement, AGMC Insured, Pre-Refunded, 5.125%,		
12/01/34	2,750,000	2,913,955
University of Akron General Receipts Revenue,		
NATL RE, FGIC Insured, 5.00%, 1/01/35	5,250,000	5,267,955
NATL RE, FGIC Insured, Pre-Refunded, 4.75%, 1/01/25	1,080,000	1,095,746
Refunding, Series A, AGMC Insured, 5.00%, 1/01/24	4,000,000	4,302,200
Series A, AGMC Insured, 5.00%, 1/01/33	5,000,000	5,150,350
Series B, AGMC Insured, 5.00%, 1/01/38	19,000,000	19,383,230
Series B, NATL RE, FGIC Insured, 5.00%, 1/01/28	1,475,000	1,482,714
University of Cincinnati General Receipts Revenue,		
Refunding, Series C, 4.00%, 6/01/30	7,400,000	6,736,886
Refunding, Series C, 4.00%, 6/01/31	5,000,000	4,447,700
Refunding, Series F, 5.00%, 6/01/32	5,805,000	5,993,082
Series A, AMBAC Insured, 5.00%, 6/01/23	180,000	183,373
Series A, AMBAC Insured, 5.00%, 6/01/24	190,000	193,378
Series A, AMBAC Insured, 5.00%, 6/01/25	195,000	198,208
Series A, AMBAC Insured, Pre-Refunded, 5.00%, 6/01/23	1,665,000	1,723,591

Statement of Investments, August 31, 2013 (unaudited) (continued)

Franklin Ohio Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
Ohio (continued)		
University of Cincinnati General Receipts Revenue, (continued)		
Series A, AMBAC Insured, Pre-Refunded, 5.00%, 6/01/24	\$ 1,750,000	\$ 1,812,248
Series A, AMBAC Insured, Pre-Refunded, 5.00%, 6/01/25	1,810,000	1,874,382
Series C, AGMC Insured, 5.00%, 6/01/31	8,000,000	8,258,000
University of Toledo General Receipts Revenue, Refunding, Series A, AMBAC Insured, 4.50%, 6/01/30	10,000,000	9,883,500
Warren City School District GO, School Improvement, NATL RE, FGIC Insured, Pre-Refunded,		
5.00%, 12/01/28	3,000,000	3,105,570
Westerville City School District GO, Refunding, XLCA Insured, 5.00%, 12/01/27	3,820,000	4,093,856
5.00%, 12/01/32	1,400,000	1,509,942
Wright State University Revenue, General Receipts, Series A, 5.00%, 5/01/31	10,120,000	10,286,676
12/01/42	7,250,000	7,264,717
12/01/49	9,625,000	9,342,217
5.25%, 12/15/29	4,000,000	4,152,920
5.50%, 12/15/33	4,225,000	4,387,451
	, -, -, -	1,459,543,387
U.S. Territories 5.6%		
Puerto Rico 4.4%		
Puerto Rico Commonwealth GO, Public Improvement, Refunding, Series A, AGMC Insured,		
5.00%, 7/01/35	3,500,000	2,934,890
Refunding, Series N, AGMC Insured, 5.50%, 7/01/29	14,000,000	13,006,000
Puerto Rico Public Finance Corp. Revenue, Commonwealth Appropriation, Series E, ETM,		
6.00%, 8/01/26	9,140,000	11,030,152
Puerto Rico Sales Tax FICO Sales Tax Revenue,		
Capital Appreciation, Refunding, Series A, NATL Insured, zero cpn., 8/01/43	50,000,000	5,774,000
Capital Appreciation, Refunding, Series A, NATL Insured, zero cpn., 8/01/44	47,550,000	5,108,772
Capital Appreciation, Refunding, Series A, NATL Insured, zero cpn., 8/01/46	100,000,000	9,270,000
first subordinate, Series A, 5.25%, 8/01/27	4,735,000	4,352,696
Refunding, Senior Series C, 5.00%, 8/01/40	5,000,000	4,282,950
Senior Series C, 5.25%, 8/01/40	15,025,000	13,364,287
II.S. Vivgin Islands 1 20/		69,123,747
U.S. Virgin Islands 1.2% Virgin Islands PFAR, Matching Fund Loan Notes, senior lien, AGMC Insured, 5.00%,		
10/01/29	18,340,000	19,160,715
Total U.S. Territories		88,284,462
Total Municipal Bonds (Cost \$1,581,517,039) 98.9%		1,547,827,849
Other Assets, less Liabilities 1.1%		17,170,840
Net Assets 100.0%		\$1,564,998,689

See Abbreviations on page 175.

Financial Highlights

Franklin Oregon Tax-Free Income Fund

	Six Months Ended August 31, 2013 Year Ended February 28,					
Class A	(unaudited)	2013	2012a	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$12.58	\$12.45	\$11.48	\$11.87	\$11.21	\$11.25
Income from investment operations ^b :						
Net investment income ^c	0.22	0.44	0.49	0.49	0.49	0.50
Net realized and unrealized gains (losses)	(1.29)	0.13	0.98	(0.37)	0.66	(0.06)
Total from investment operations	(1.07)	0.57	1.47	0.12	1.15	0.44
Less distributions from net investment income	(0.21)	(0.44)	(0.50)	(0.51)	(0.49)	(0.48)
Redemption feesd		_	_	_	_	е
Net asset value, end of period	\$11.30	\$12.58	\$12.45	\$11.48	\$11.87	\$11.21
Total return ^f	(8.58)%	4.64%	13.11%	0.94%	10.47%	4.02%
Ratios to average net assetsg						
Expenses	0.61%	0.62%	0.63%	0.63%	0.64%	0.64%
Net investment income	3.64%	3.53%	4.11%	4.11%	4.26%	4.40%
Supplemental data						
Net assets, end of period (000's)	\$974,067	\$1,189,801	\$1,082,877	\$946,755	\$954,860	\$787,595
Portfolio turnover rate	6.82%	7.51%	12.50%	8.19%	9.79%	10.00%

^aFor the year ended February 29.

bThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^cBased on average daily shares outstanding.

dEffective September 1, 2008, the redemption fee was eliminated.

eAmount rounds to less than \$0.01 per share.

Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

gRatios are annualized for periods less than one year.

Financial Highlights (continued)

Franklin Oregon Tax-Free Income Fund

	Six Months Ended August 31, 2013 Year Ended F			r Ended Febr	uary 28,	
Class C	(unaudited)	2013	2012a	2011	2010	2009
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$12.74	\$12.60	\$11.62	\$12.00	\$11.33	\$11.36
Income from investment operations ^b :						
Net investment income ^c	0.19	0.38	0.43	0.43	0.44	0.44
Net realized and unrealized gains (losses)	(1.30)	0.13	0.99	(0.37)	0.66	(0.05)
Total from investment operations	(1.11)	0.51	1.42	0.06	1.10	0.39
Less distributions from net investment income	(0.18)	(0.37)	(0.44)	(0.44)	(0.43)	(0.42)
Redemption feesd		_	_	_	_	е
Net asset value, end of period	\$11.45	\$12.74	\$12.60	\$11.62	\$12.00	\$11.33
T. I	(0.00)0(4.000/	10 440/	0.440/	0.050/	2.500/
Total return ^f	(8.82)%	4.08%	12.44%	0.44%	9.85%	3.50%
Ratios to average net assets ^g						
Expenses	1.16%	1.17%	1.18%	1.18%	1.19%	1.19%
Net investment income	3.09%	2.98%	3.56%	3.56%	3.71%	3.85%
Supplemental data						
Net assets, end of period (000's)	\$209,306	\$266,819	\$230,384	\$196,909	\$195,473	\$123,099
Portfolio turnover rate	6.82%	7.51%	12.50%	8.19%	9.79%	10.00%

^aFor the year ended February 29.

bThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

cBased on average daily shares outstanding.

dEffective September 1, 2008, the redemption fee was eliminated.

eAmount rounds to less than \$0.01 per share.

Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

gRatios are annualized for periods less than one year.

Financial Highlights (continued)

Franklin Oregon Tax-Free Income Fund

	Six Months Ended August 31, 2013			February 28,	
Advisor Class	(unaudited)	2013	2012ª	2011	2010 ^b
Per share operating performance (for a share outstanding throughout the period)					
Net asset value, beginning of period	\$12.59	\$12.46	\$11.48	\$11.87	\$11.44
Income from investment operations ^c :					
Net investment income ^d	0.23	0.46	0.50	0.50	0.32
Net realized and unrealized gains (losses)	(1.29)	0.12	1.00	(0.37)	0.42
Total from investment operations	(1.06)	0.58	1.50	0.13	0.74
Less distributions from net investment income	(0.22)	(0.45)	(0.52)	(0.52)	(0.31)
Net asset value, end of period	\$11.31	\$12.59	\$12.46	\$11.48	\$11.87
Total returne	(8.53)%	4.74%	13.31%	1.04%	6.49%
Ratios to average net assets ⁶					
Expenses	0.51%	0.52%	0.53%	0.53%	0.54%
Net investment income	3.74%	3.63%	4.21%	4.21%	4.36%
Supplemental data					
Net assets, end of period (000's)	\$40,839	\$48,678	\$39,434	\$14,482	\$6,412
Portfolio turnover rate	6.82%	7.51%	12.50%	8.19%	9.79%

^aFor the year ended February 29.

bFor the period July 15, 2009 (effective date) to February 28, 2010.

The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^dBased on average daily shares outstanding.

eTotal return is not annualized for periods less than one year.

fRatios are annualized for periods less than one year.

Statement of Investments, August 31, 2013 (unaudited)

Franklin Oregon Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds 98.9%		
Oregon 86.3%		
Astoria Hospital Facilities Authority Revenue, Columbia Memorial Hospital, Refunding, 5.00%,		
8/01/25	\$ 1,145,000	\$ 1,153,954
8/01/28	1,325,000	1,279,036
8/01/31	1,500,000	1,429,950
8/01/37	2,180,000	2,014,080
Beaverton School District GO,		
AGMC Insured, Pre-Refunded, 4.125%, 6/01/26	1,315,000	1,434,704
Washington County School District No. 48J, Assured Guaranty, 5.00%, 6/01/31	1,280,000	1,338,304
Washington County School District No. 48J, Assured Guaranty, 5.125%, 6/01/36	1,000,000	1,047,710
Benton County Hospital Facilities Authority Revenue, Samaritan Health, Refunding, 5.125%,		
10/01/28	1,525,000	1,526,449
Canby GO, 5.00%, 6/01/36	3,000,000	2,947,770
Chemeketa Community College District GO, 5.00%,		
6/15/25	1,500,000	1,594,725
6/15/26	2,615,000	2,760,132
Clackamas County Canby School District No. 86 GO, AGMC Insured, Pre-Refunded, 5.00%,		
6/15/23	1,000,000	1,080,280
6/15/25	1,000,000	1,080,280
Clackamas County Hospital Facility Authority Revenue,		
Gross Willamette Falls Project, Pre-Refunded, 5.375%, 4/01/22	2,125,000	2,290,516
Gross Willamette Falls Project, Pre-Refunded, 5.125%, 4/01/26	1,000,000	1,073,980
Legacy Health System, Series A, 5.50%, 7/15/35	6,525,000	6,645,451
Clackamas County School District No. 7J Lake Oswego GO, Refunding, AGMC Insured, 5.25%,	2.075.000	2 557 000
6/01/25	3,075,000	3,557,098
Clackamas County School District No. 12 North Clackamas GO,	2 250 000	2 224 420
Series P. ACMC Insured, 5.00%, 6/15/31	2,250,000	2,324,430
Series B, AGMC Insured, 5.00%, 6/15/27	25,000,000	26,569,750
5.00%, 6/15/32	6,855,000	7,087,110
Capital Appreciation, Refunding, zero cpn., 6/15/37	12,130,000	3,277,405
Capital Appreciation, Refunding, zero cpn., 6/15/38	12,495,000	3,179,853
Refunding, Series A, 5.00%, 6/15/28	2,210,000	2,341,583
Refunding, Series A, 5.00%, 6/15/29	2,655,000	2,796,193
Clackamas Education Service District GO, AMBAC Insured, 4.125%, 6/01/36	1,000,000	991,930
Columbia and Washington Counties School District No. 47J Vernonia GO, 5.00%, 6/15/35	5,175,000	5,339,617
Columbia Gorge Community College District GO, NATL Insured, Pre-Refunded, 5.00%,	0,170,000	0,003,017
6/15/22	1,000,000	1,080,280
Coos County School District No. 13 GO, AGMC Insured, 5.00%, 6/15/22	55,000	55,108
Crook County School District GO, 5.00%,		,
6/15/34	4,475,000	4,600,166
6/15/37	8,090,000	8,239,827
Deschutes and Jefferson Counties School District No. 2J Redmond GO,	, ,	, ,
Pre-Refunded, 5.50%, 6/15/34	5,000,000	5,903,500
Series A, NATL RE, FGIC Insured, 5.00%, 6/15/21	1,000,000	1,023,870
Deschutes County Hospital Facilities Authority Hospital Revenue, Cascade Healthcare		•
Community Inc.,		
Refunding, 8.25%, 1/01/38	20,000,000	23,647,600
Series B, AMBAC Insured, 5.375%, 1/01/35	7,000,000	7,215,530

Oregon (continued) Eugene Electric Utility Revenue, \$ 6,745,000 \$ 6,935,344 Refunding, Series A, 5.00%, 8/01/33 10,060,000 10,305,464 System, Refunding, 5.00%, 8/01/38 5,380,000 5,523,700 Eugene Water Revenue, Refunding, 5.00%, 8/01/40 4,425,000 4,549,873 Forest Grove Revenue, Campus Improvement, Pacific University Project, Refunding, 6.00%, 5/01/30 4,000,000 4,027,720 6.375%, 5/01/39 12,000,000 12,100,200 High Desert Education Service District GO, AMBAC Insured, 4.50%, 6/01/30 1,010,000 959,601 Hillsboro Hospital Facility Authority Revenue, Hospital Tuality Healthcare Project, Radian Insured, 5.375%, 10/01/26 2,000,000 2,000,380 10/01/26 2,000,000 2,000,380 10/01/31 2,000,000 2,195,898 6/15/35 2,110,000 2,195,898 6/15/40 3,975,000 4,096,754 Jackson County Airport Revenue, Series A, XLCA Insured, 5.25%, 12/01/27 1,000,000 1,035,990 12/01/32 1,000,000 1,020,460 12/01/37 1,475,000 1,482,655	Franklin Oregon Tax-Free Income Fund	Principal Amount	Value
Eugene Electric Utility Revenue, Refunding, Series A, 5.00%, 8/01/40 System, Refunding, 5.00%, 8/01/33 10,000,000 10,305,464 System, Refunding, 5.00%, 8/01/38 System, Refunding, 5.00%, 8/01/38 System, Refunding, 5.00%, 8/01/38 Forest Grove Revenue, Refunding, 5.00%, 8/01/40 System, Refunding, 5.00%, 8/01/38 Sories Grove Revenue, Campus Improvement, Pacific University Project, Refunding, 6.00%, 5/01/30 System, 8/01/39 Sories Grove Revenue, Campus Improvement, Pacific University Project, Refunding, 6.00%, 5/01/30 System, 8/01/39 System, 8	Municipal Bonds (continued)		
Refunding, Series A, 5.00%, 8/01/40 5,6745,000 5,935,344	Oregon (continued)		
System, Refunding, 5.00%, 8/01/33 10,060,000 10,305,464 System, Refunding, 5.00%, 8/01/38 5,380,000 5,523,700 4,549,873 5,00%, 8/01/30 4,425,000 4,549,873 5,00%, 8/01/30 4,000,000 4,027,720 6,375%, 5/01/39 12,000,000 12,100,200 12,100,200 18/10 5,00%, 5/01/39 12,000,000 12,100,200 18/10 5,00%, 6/01/30 1,010,000 12,100,200 18/10 5,00%, 6/01/30 1,010,000 12,100,200 18/10 5,00%, 6/01/30 1,010,000 1,010,000 1,000,000	Eugene Electric Utility Revenue,		
System, Refunding, 5.00%, 8/01/38 5,380,000 5,523,700 Lugner Water Revenue, Refunding, 5.00%, 8/01/40 4,425,000 4,549,003 Forest Grove Revenue, Campus Improvement, Pacific University Project, Refunding, 6.00%, 5/01/30 12,000,000 12,100,200 6.375%, 5/01/39 12,000,000 12,100,200 Hill bloor Hospital Facility Authority Revenue, Hospital Tuality Healthcare Project, Radian Insured, 5.375%, 10/01/26 2,000,000 2,000,380 1.001/26 2,000,000 1,999,840 Independence GO, City Hall Project, AGMC Insured, 5.00%, 6/15/35 2,110,000 1,958,898 6/15/40 3,975,000 4,096,754 Jackson County Airport Revenue, Series A, XLCA Insured, 5.25%, 12/01/27 1,000,000 1,035,990 12/01/37 1,475,000 1,482,655 Jackson County School District No. 549C Medford GO, 5,00%, 6/15/34 3,225,000 3,343,906 5,00%, 6/15/34 5,000,000 1,049,630 3,409,60 5,00%, 6/15/34 5,00%, 6/15/30 1,000,000 1,049,630 Refunding, 5,00%, 6/15/30 1,000,000 1,049,630 Refunding, 5,00%, 6/15/31 1,110,000 1,470,856	Refunding, Series A, 5.00%, 8/01/40	\$ 6,745,000	\$ 6,935,344
Eugene Water Revenue, Refunding, S. 00%, 8/01/40 Forest Grove Revenue, Campus Improvement, Pacific University Project, Refunding, 6.00%, 5/01/30 1,000,000 1,100,000 1	System, Refunding, 5.00%, 8/01/33	10,060,000	10,305,464
Forest Grove Revenue, Campus Improvement, Pacific University Project, Refunding, 6.00%, 5/01/30	System, Refunding, 5.00%, 8/01/38	5,380,000	5,523,700
Forest Grove Revenue, Campus Improvement, Pacific University Project, Refunding, 6.00%, 5/01/30			
6.00%, 5/01/30		, ,	, ,
6.375%, 5/01/39		4.000.000	4.027.720
High Desert Education Service District GO, AMBAC Insured, 4.50%, 6/01/30 1,010,000 959,601 Hillsboro Hospital Facility Authority Revenue, Hospital Tuality Healthcare Project, Radian Insured, 5.375%, 10/01/26 2,000,000 2,000,380 10/01/31 2,000,000 1,999,840 10/01/31 2,000,000 2,000,380 10/01/31 2,000,000 2,999,840 10/01/31 2,000,000 3,995,800 3,975,000 4,095,754 10/01/32 2,110,000 2,195,898 6/15/30 3,975,000 4,096,754 12/01/27 1,000,000 1,035,990 12/01/32 1,000,000 1,020,460 12/01/32 1,000,000 1,020,460 12/01/37 1,475,000 1,482,655 10/000,615/33 3,225,000 3,343,906 5,00%, 6/15/34 5,00%, 6/15/30 1,000,000 1,047,0856 5,00%, 6/15/30 1,000,000 1,047,0856 5,00%, 6/15/31 1,000,000 1,047,0856 5,00%, 6/15/31 1,410,000 1,470,856 5,00%, 6/15/31 1,410,000 1,470,856 5,00%, 6/15/30 1,00%, 6/15/31 1,15,000 1,000,000 1,000,000 1,000,000 1,000,000			
Hillsboro Hospital Facility Authority Revenue, Hospital Tuality Healthcare Project, Radian Insured, 5.375%, 10/01/26	,		
Radian Insured, 5.375%, 10/01/26 2,000,000 2,000,380 10/01/31 2,000,000 1,999,840 Independence GO, City Hall Project, AGMC Insured, 5.00%, 6/15/35 2,110,000 2,195,898 6/15/40 3,975,000 4,096,754 Jackson County Airport Revenue, Series A, XLCA Insured, 5.25%, 12/01/27 1,000,000 1,035,990 12/01/27 1,000,000 1,035,990 12/01/32 1,000,000 1,020,460 12/01/37 1,475,000 1,482,655 Jackson County School District No. 549C Medford GO, 5.00%, 6/15/34 5,000, 6/15/34 5,000, 6/15/34 5,000, 6/15/32 5,000, 6/15/32 5,000,000 5,063,150 5,00%, 6/15/34 5,000,000 1,201,460 5,00%, 6/15/34 5,000,000 5,063,150 5,00%, 6/15/30 1,000,000 1,020,460 6,000,000 1,000,000 1,000,000 1,000,000 1,000,000		1,010,000	303,001
10/01/26			
10/01/31		2 000 000	2 000 380
Independence GO, City Hall Project, AGMC Insured, 5.00%, 6/15/35			
6/15/40 3,975,000 4,096,754 Jackson County Airport Revenue, Series A, XLCA Insured, 5.25%. 12/01/27 1,000,000 1,035,990 12/01/32 1,000,000 1,020,460 12/01/37 1,475,000 1,482,655 Jackson County School District No. 549C Medford GO, 5.00%, 6/15/33 3,225,000 3,343,906 5.00%, 6/15/34 5,000,000 5,063,150 Series B, AGMC Insured, 5.00%, 12/15/32 5,765,000 5,970,926 Jefferson County School District GO, Madras South Dakota, Refunding, 5.00%, 6/15/30 1,000,000 1,049,630 Refunding, 5.00%, 6/15/31 1,410,000 1,470,856 Series B, 5.00%, 6/15/31 2,000,000 2,099,260 Keizer Special Assessment, Keizer Station Area A Local, 5.20%, 6/01/31 2,910,000 2,760,222 Klamath County School District GO, 5.00%, 6/15/29 1,155,000 1,217,024 6/15/30 1,000,000 1,044,023 6/15/31 1,000,000 1,044,023 6/15/31 1,000,000 1,044,023 6/15/31 1,000,000 1,044,023 6/15/31 1,000,000 1,044,023 6/15/31 1,000,000 1,044,023 6/15/31 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000 1,000,000	Independence GO, City Hall Project, AGMC Insured, 5.00%,	2,000,000	
Jackson County Airport Revenue, Series A, XLCA Insured, 5.25%, 1/201/27 1,000,000 1,035,990 12/01/32 1,000,000 1,020,460 12/01/37 1,475,000 1,482,655 Jackson County School District No. 549C Medford GO, 3,225,000 3,343,906 5.00%, 6/15/33 5,000,000 5,063,150 Series B, AGMC Insured, 5.00%, 12/15/32 5,765,000 5,970,926 Jefferson County School District GO, Madras South Dakota, Refunding, 5.00%, 6/15/30 1,000,000 1,049,630 Refunding, 5.00%, 6/15/30 1,000,000 1,049,630 Refunding, 5.00%, 6/15/31 1,410,000 1,470,886 Series B, 5.00%, 6/15/30 2,000,000 2,099,260 Keizer Special Assessment, Keizer Station Area A Local, 5.20%, 6/01/31 2,910,000 2,760,222 Klamath County School District GO, 5.00%, 6/15/30 1,155,000 1,217,024 6/15/30 1,095,000 1,144,023 6/15/29 1,155,000 1,095,000 1,038,330 Klamath Falls Intercommunity Hospital Authority Revenue, Merle West Medical Center Project, Refunding, Assured Guaranty, 5.00%, 9/01/36 5,000,000 4,719,550 Lake Oswego GO, Refunding, Series A, 5.00%, 12/01/31 6,400,000 6,674,880			
12/01/27 1,000,000 1,035,990 12/01/32 1,000,000 1,020,460 12/01/37 1,475,000 1,482,655 Jackson County School District No. 549C Medford GO, 5,00%, 6/15/33 3,225,000 3,343,906 5,00%, 6/15/34 5,000,000 5,063,150 Series B, AGMC Insured, 5,00%, 12/15/32 5,765,000 5,970,926 Jefferson County School District GO, Madras South Dakota, Refunding, 5,00%, 6/15/30 1,000,000 1,049,630 Refunding, 5,00%, 6/15/31 1,140,000 1,470,856 Series B, 5,00%, 6/15/30 2,000,000 2,099,260 Keizer Special Assessment, Keizer Station Area A Local, 5.20%, 6/01/31 2,910,000 2,760,222 Klamath County School District GO, 5.00%, 1,155,000 1,217,024 6/15/29 1,155,000 1,217,024 6/15/30 1,095,000 1,038,330 Klamath Falls Intercommunity Hospital Authority Revenue, Merle West Medical Center Project, Refunding, Assured Guaranty, 5.00%, 9/01/36 5,000,000 4,719,550 Lake Oswego GO, Refunding, Series A, 5.00%, 12/01/31 6,400,000 6,674,880 Lane County Metropolitan Wastewater Management Commission Revenue, 5,255%, 11/01/28		3,975,000	4,096,754
12/01/32	Jackson County Airport Revenue, Series A, XLCA Insured, 5.25%,		
12/01/37 1,475,000 1,482,655 Jackson County School District No. 549C Medford GO, 5.00%, 6/15/33 3,225,000 3,343,906 5.00%, 6/15/34 5,000,000 5,063,150 Series B, AGMC Insured, 5.00%, 12/15/32 5,765,000 5,970,926 Jefferson County School District GO, Madras South Dakota, Refunding, 5.00%, 6/15/30 1,000,000 1,049,630 Refunding, 5.00%, 6/15/30 1,000,000 1,0470,856 Series B, 5.00%, 6/15/31 1,410,000 1,470,856 Series B, 5.00%, 6/15/30 2,000,000 2,099,260 Keizer Special Assessment, Keizer Station Area A Local, 5.20%, 6/01/31 2,910,000 2,760,222 Klamath County School District GO, 5.00%, 6/15/29 1,155,000 1,217,024 6/15/30 1,095,000 1,144,023 6/15/31 1,000,000 1,038,330 Klamath Falls Intercommunity Hospital Authority Revenue, Merle West Medical Center Project, Refunding, Assured Guaranty, 5.00%, 9/01/36 5,000,000 4,719,550 Lake Oswego GO, Refunding, Series A, 5.00%, 12/01/31 6,400,000 6,674,880 Lane County Metropolitan Wastewater Management Commission Revenue, 5.25%, 11/01/28 5,000,000 5,243,200 NATL RE, FGIC Insured, 4.75%, 11/01/26 1,615,000 1,666,454 Lane County School District No. 19 Springfield GO, AGMC Insured, zero cpn. 6/15/29 5,580,000 2,987,644 6/15/28 2,000,000 1,017,380 6/15/29 1,925,000 928,408 Lebanon GO, AMBAC Insured, 5.00%, 6/01/27 1,675,000 1,703,278 6/01/27 1,675,000 1,703,278 6/01/27 1,675,000 1,728,416 Marion and Clackamas Counties School District No. 4J Silver Falls GO, Refunding, 5.00%,	12/01/27	1,000,000	1,035,990
Jackson County School District No. 549C Medford GO, 3,225,000 3,343,906 5.00%, 6/15/33 5,000,000 5,063,150 Series B, AGMC Insured, 5.00%, 12/15/32 5,765,000 5,970,926 Jefferson County School District GO, Madras South Dakota, Refunding, 5.00%, 6/15/30 1,000,000 1,049,630 Refunding, 5.00%, 6/15/31 1,410,000 1,470,856 Series B, 5.00%, 6/15/30 2,000,000 2,099,260 Keizer Special Assessment, Keizer Station Area A Local, 5.20%, 6/01/31 2,910,000 2,760,222 Klamath County School District GO, 5.00%, 6/15/30 1,155,000 1,217,024 6/15/29 1,155,000 1,217,024 6/15/31 1,000,000 1,038,330 Klamath Falls Intercommunity Hospital Authority Revenue, Merle West Medical Center Project, Refunding, Assured Guaranty, 5.00%, 9/01/36 5,000,000 4,719,550 Lake Oswego GO, Refunding, Series A, 5.00%, 12/01/31 6,400,000 6,674,880 Lane County Metropolitan Wastewater Management Commission Revenue, 5,25%, 11/01/28 5,000,000 5,243,200 NATL RE, FGIC Insured, 4.75%, 11/01/26 1,615,000 1,666,454 Lane County School District No. 19 Springfield GO, AGMC Insured, zero cpn. 5,580,000	12/01/32	1,000,000	1,020,460
5.00%, 6/15/33 3,225,000 3,343,906 5.00%, 6/15/34 5,000,000 5,063,150 Series B, AGMC Insured, 5.00%, 12/15/32 5,765,000 5,970,926 Jefferson County School District GO, Madras South Dakota, 1,000,000 1,049,630 Refunding, 5.00%, 6/15/30 1,000,000 1,470,856 Series B, 5.00%, 6/15/30 2,000,000 2,099,260 Keizer Special Assessment, Keizer Station Area A Local, 5.20%, 6/01/31 2,910,000 2,760,222 Klamath County School District GO, 5.00%, 1,155,000 1,217,024 6/15/29 1,155,000 1,217,024 6/15/31 1,000,000 1,038,330 Klamath Falls Intercommunity Hospital Authority Revenue, Merle West Medical Center Project, Refunding, Assured Guaranty, 5.00%, 9/01/36 5,000,000 4,719,550 Lake Oswego GO, Refunding, Series A, 5.00%, 12/01/31 6,400,000 6,674,880 Lane County Metropolitan Wastewater Management Commission Revenue, 5,200,000 5,243,200 NATL RE, FGIC Insured, 4.75%, 11/01/26 1,615,000 1,666,454 Lane County School District No. 19 Springfield GO, AGMC Insured, zero cpn. 6/15/28 2,000,000 1,017,380 6/15/29 1,925,000	12/01/37	1,475,000	1,482,655
5.00%, 6/15/34 5,000,000 5,063,150 Series B, AGMC Insured, 5.00%, 12/15/32 5,765,000 5,970,926 Jefferson County School District GO, Madras South Dakota, 1,000,000 1,049,630 Refunding, 5.00%, 6/15/30 1,410,000 1,470,856 Series B, 5.00%, 6/15/30 2,000,000 2,099,260 Keizer Special Assessment, Keizer Station Area A Local, 5.20%, 6/01/31 2,910,000 2,760,222 Klamath County School District GO, 5.00%, 1,155,000 1,217,024 6/15/29 1,155,000 1,144,023 6/15/31 1,000,000 1,038,330 Klamath Falls Intercommunity Hospital Authority Revenue, Merle West Medical Center Project, Refunding, Assured Guaranty, 5.00%, 9/01/36 5,000,000 4,719,550 Lake Oswego GO, Refunding, Series A, 5.00%, 12/01/31 6,400,000 6,674,880 Lane County Metropolitan Wastewater Management Commission Revenue, 5,25%, 11/01/28 5,000,000 5,243,200 NATL RE, FGIC Insured, 4.75%, 11/01/26 1,615,000 1,666,454 Lane County School District No. 19 Springfield GO, AGMC Insured, zero cpn. 6/15/27 5,580,000 2,987,644 6/15/29 1,925,000 928,408 Lebanon GO, AMBAC	Jackson County School District No. 549C Medford GO,		
Series B, AGMC Insured, 5.00%, 12/15/32 5,765,000 5,970,926 Jefferson County School District GO, Madras South Dakota, 1,000,000 1,049,630 Refunding, 5.00%, 6/15/30 1,410,000 1,470,856 Series B, 5.00%, 6/15/30 2,000,000 2,099,260 Keizer Special Assessment, Keizer Station Area A Local, 5.20%, 6/01/31 2,910,000 2,760,222 Klamath County School District GO, 5.00%, 6/15/29 1,155,000 1,217,024 6/15/30 1,095,000 1,144,023 6/15/31 1,000,000 1,038,330 Klamath Falls Intercommunity Hospital Authority Revenue, Merle West Medical Center Project, Refunding, Assured Guaranty, 5.00%, 9/01/36 5,000,000 4,719,550 Lake Oswego GO, Refunding, Series A, 5.00%, 12/01/31 6,400,000 6,674,880 Lane County Metropolitan Wastewater Management Commission Revenue, 5,25%, 11/01/28 5,000,000 5,243,200 NATL RE, FGIC Insured, 4.75%, 11/01/26 1,615,000 1,666,454 Lane County School District No. 19 Springfield GO, AGMC Insured, zero cpn., 6/15/27 5,580,000 2,987,644 6/15/28 2,000,000 1,017,380 6/15/29 1,925,000 928,408	5.00%, 6/15/33	3,225,000	3,343,906
Jefferson County School District GO, Madras South Dakota, 1,000,000 1,049,630 Refunding, 5.00%, 6/15/30 1,410,000 1,470,856 Series B, 5.00%, 6/15/30 2,000,000 2,099,260 Keizer Special Assessment, Keizer Station Area A Local, 5.20%, 6/01/31 2,910,000 2,760,222 Klamath County School District GO, 5.00%, 1,155,000 1,217,024 6/15/29 1,155,000 1,217,024 6/15/30 1,095,000 1,144,023 6/15/31 1,000,000 1,038,330 Klamath Falls Intercommunity Hospital Authority Revenue, Merle West Medical Center Project, 5,000,000 4,719,550 Lake Oswego GO, Refunding, Series A, 5.00%, 9/01/36 5,000,000 4,719,550 Lane County Metropolitan Wastewater Management Commission Revenue, 5,000,000 5,243,200 NATL RE, FGIC Insured, 4.75%, 11/01/26 1,615,000 1,666,454 Lane County School District No. 19 Springfield GO, AGMC Insured, zero cpn., 6/15/27 5,580,000 2,987,644 6/15/29 1,925,000 928,408 Lebanon GO, AMBAC Insured, 5.00%, 1,600,000 1,703,278 6/01/25 1,635,000 1,703,278 6/01/27 1,675	5.00%, 6/15/34	5,000,000	5,063,150
Refunding, 5.00%, 6/15/30 1,000,000 1,049,630 Refunding, 5.00%, 6/15/31 1,410,000 1,470,856 Series B, 5.00%, 6/15/30 2,000,000 2,099,260 Keizer Special Assessment, Keizer Station Area A Local, 5.20%, 6/01/31 2,910,000 2,760,222 Klamath County School District GO, 5.00%, 6/15/29 1,155,000 1,217,024 6/15/30 1,095,000 1,144,023 6/15/31 1,000,000 1,038,330 Klamath Falls Intercommunity Hospital Authority Revenue, Merle West Medical Center Project, 5,000,000 4,719,550 Lake Oswego GO, Refunding, Series A, 5.00%, 12/01/31 6,400,000 6,674,880 Lane County Metropolitan Wastewater Management Commission Revenue, 5,000,000 5,243,200 NATL RE, FGIC Insured, 4.75%, 11/01/26 1,615,000 1,666,454 Lane County School District No. 19 Springfield GO, AGMC Insured, zero cpn., 6/15/27 5,580,000 2,987,644 6/15/29 2,000,000 1,017,380 6/15/29 928,408 Lebanon GO, AMBAC Insured, 5.00%, 1,635,000 1,703,278 6/01/25 1,635,000 1,728,416 Marion and Clackamas Counties School District No. 4J Silver Falls GO, Refunding, 5.00%,	Series B, AGMC Insured, 5.00%, 12/15/32	5,765,000	5,970,926
Refunding, 5.00%, 6/15/30 1,000,000 1,049,630 Refunding, 5.00%, 6/15/31 1,410,000 1,470,856 Series B, 5.00%, 6/15/30 2,000,000 2,099,260 Keizer Special Assessment, Keizer Station Area A Local, 5.20%, 6/01/31 2,910,000 2,760,222 Klamath County School District GO, 5.00%, 6/15/29 1,155,000 1,217,024 6/15/30 1,095,000 1,144,023 6/15/31 1,000,000 1,038,330 Klamath Falls Intercommunity Hospital Authority Revenue, Merle West Medical Center Project, 5,000,000 4,719,550 Lake Oswego GO, Refunding, Series A, 5.00%, 12/01/31 6,400,000 6,674,880 Lane County Metropolitan Wastewater Management Commission Revenue, 5,000,000 5,243,200 NATL RE, FGIC Insured, 4.75%, 11/01/26 1,615,000 1,666,454 Lane County School District No. 19 Springfield GO, AGMC Insured, zero cpn., 6/15/27 5,580,000 2,987,644 6/15/29 2,000,000 1,017,380 6/15/29 928,408 Lebanon GO, AMBAC Insured, 5.00%, 1,635,000 1,703,278 6/01/25 1,635,000 1,728,416 Marion and Clackamas Counties School District No. 4J Silver Falls GO, Refunding, 5.00%,	Jefferson County School District GO, Madras South Dakota,		
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Series B, 5.00%, 6/15/30 2,000,000 2,099,260 Keizer Special Assessment, Keizer Station Area A Local, 5.20%, 6/01/31 2,910,000 2,760,222 Klamath County School District GO, 5.00%, 6/15/29 1,155,000 1,217,024 6/15/30 1,095,000 1,144,023 6/15/31 1,000,000 1,038,330 Klamath Falls Intercommunity Hospital Authority Revenue, Merle West Medical Center Project, Refunding, Assured Guaranty, 5.00%, 9/01/36 5,000,000 4,719,550 Lake Oswego GO, Refunding, Series A, 5.00%, 12/01/31 6,400,000 6,674,880 Lane County Metropolitan Wastewater Management Commission Revenue, 5.25%, 11/01/28 5,000,000 5,243,200 NATL RE, FGIC Insured, 4.75%, 11/01/26 1,615,000 1,666,454 Lane County School District No. 19 Springfield GO, AGMC Insured, zero cpn., 6/15/27 5,580,000 2,987,644 6/15/28 2,000,000 1,017,380 6/15/29 3,925,000 928,408 Lebanon GO, AMBAC Insured, 5.00%, 6/01/25 1,635,000 1,703,278 6/01/27 1,675,000 1,728,416 Marion and Clackamas Counties School District No. 4J Silver Falls GO, Refunding, 5.00%,		1,410,000	1,470,856
Keizer Special Assessment, Keizer Station Area A Local, 5.20%, 6/01/31 2,910,000 2,760,222 Klamath County School District GO, 5.00%, 1,155,000 1,217,024 6/15/29 1,095,000 1,144,023 6/15/31 1,000,000 1,038,330 Klamath Falls Intercommunity Hospital Authority Revenue, Merle West Medical Center Project, Ferunding, Assured Guaranty, 5.00%, 9/01/36 5,000,000 4,719,550 Lake Oswego GO, Refunding, Series A, 5.00%, 12/01/31 6,400,000 6,674,880 Lane County Metropolitan Wastewater Management Commission Revenue, 5,000,000 5,243,200 NATL RE, FGIC Insured, 4.75%, 11/01/26 1,615,000 1,666,454 Lane County School District No. 19 Springfield GO, AGMC Insured, zero cpn., 6/15/27 5,580,000 2,987,644 6/15/28 2,000,000 1,017,380 6/15/29 1,925,000 928,408 Lebanon GO, AMBAC Insured, 5.00%, 6/01/25 1,635,000 1,703,278 6/01/27 1,675,000 1,728,416 Marion and Clackamas Counties School District No. 4J Silver Falls GO, Refunding, 5.00%,			
Klamath County School District GO, 5.00%, 1,155,000 1,217,024 6/15/29 1,095,000 1,144,023 6/15/31 1,000,000 1,038,330 Klamath Falls Intercommunity Hospital Authority Revenue, Merle West Medical Center Project, 5,000,000 4,719,550 Lake Oswego GO, Refunding, Series A, 5.00%, 9/01/36 5,000,000 6,674,880 Lane County Metropolitan Wastewater Management Commission Revenue, 5,25%, 11/01/28 5,000,000 5,243,200 NATL RE, FGIC Insured, 4.75%, 11/01/26 1,615,000 1,666,454 Lane County School District No. 19 Springfield GO, AGMC Insured, zero cpn., 6/15/27 5,580,000 2,987,644 6/15/28 2,000,000 1,017,380 6/15/29 1,925,000 928,408 Lebanon GO, AMBAC Insured, 5.00%, 1,635,000 1,703,278 6/01/25 1,635,000 1,728,416 Marion and Clackamas Counties School District No. 4J Silver Falls GO, Refunding, 5.00%,			
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6/15/30		1.155.000	1.217.024
6/15/31			
Klamath Falls Intercommunity Hospital Authority Revenue, Merle West Medical Center Project, 5,000,000 4,719,550 Refunding, Assured Guaranty, 5.00%, 9/01/36 5,000,000 4,719,550 Lake Oswego GO, Refunding, Series A, 5.00%, 12/01/31 6,400,000 6,674,880 Lane County Metropolitan Wastewater Management Commission Revenue, 5,000,000 5,243,200 NATL RE, FGIC Insured, 4.75%, 11/01/26 1,615,000 1,666,454 Lane County School District No. 19 Springfield GO, AGMC Insured, zero cpn., 5,580,000 2,987,644 6/15/27 5,580,000 2,987,644 6/15/28 2,000,000 1,017,380 6/15/29 1,925,000 928,408 Lebanon GO, AMBAC Insured, 5.00%, 1,635,000 1,703,278 6/01/25 1,635,000 1,728,416 Marion and Clackamas Counties School District No. 4J Silver Falls GO, Refunding, 5.00%,		, ,	
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Lake Oswego GO, Refunding, Series A, 5.00%, 12/01/31 6,400,000 6,674,880 Lane County Metropolitan Wastewater Management Commission Revenue, 5.25%, 11/01/28 5,000,000 5,243,200 NATL RE, FGIC Insured, 4.75%, 11/01/26 1,615,000 1,666,454 Lane County School District No. 19 Springfield GO, AGMC Insured, zero cpn., 5,580,000 2,987,644 6/15/28 2,000,000 1,017,380 6/15/29 1,925,000 928,408 Lebanon GO, AMBAC Insured, 5.00%, 1,635,000 1,703,278 6/01/25 1,635,000 1,728,416 Marion and Clackamas Counties School District No. 4J Silver Falls GO, Refunding, 5.00%,		5 000 000	4 719 550
Lane County Metropolitan Wastewater Management Commission Revenue, 5.25%, 11/01/28 5,000,000 5,243,200 NATL RE, FGIC Insured, 4.75%, 11/01/26 1,615,000 1,666,454 Lane County School District No. 19 Springfield GO, AGMC Insured, zero cpn., 5,580,000 2,987,644 6/15/27 5,580,000 2,987,644 6/15/28 2,000,000 1,017,380 6/15/29 1,925,000 928,408 Lebanon GO, AMBAC Insured, 5.00%, 1,635,000 1,703,278 6/01/25 1,635,000 1,703,278 6/01/27 1,675,000 1,728,416 Marion and Clackamas Counties School District No. 4J Silver Falls GO, Refunding, 5.00%,		, ,	, ,
5.25%, 11/01/28 5,000,000 5,243,200 NATL RE, FGIC Insured, 4.75%, 11/01/26 1,615,000 1,666,454 Lane County School District No. 19 Springfield GO, AGMC Insured, zero cpn., 5,580,000 2,987,644 6/15/28 2,000,000 1,017,380 6/15/29 1,925,000 928,408 Lebanon GO, AMBAC Insured, 5.00%, 1,635,000 1,703,278 6/01/25 1,675,000 1,728,416 Marion and Clackamas Counties School District No. 4J Silver Falls GO, Refunding, 5.00%,		0,400,000	0,074,000
NATL RE, FGIC Insured, 4.75%, 11/01/26 1,666,454 Lane County School District No. 19 Springfield GO, AGMC Insured, zero cpn., 6/15/27 5,580,000 2,987,644 6/15/28 2,000,000 1,017,380 6/15/29 1,925,000 928,408 Lebanon GO, AMBAC Insured, 5.00%, 6/01/25 1,635,000 1,703,278 6/01/27 1,675,000 1,728,416 Marion and Clackamas Counties School District No. 4J Silver Falls GO, Refunding, 5.00%,		5 000 000	5 2/13 200
Lane County School District No. 19 Springfield GO, AGMC Insured, zero cpn., 5,580,000 2,987,644 6/15/27 5,580,000 2,987,644 6/15/28 2,000,000 1,017,380 6/15/29 1,925,000 928,408 Lebanon GO, AMBAC Insured, 5.00%, 1,635,000 1,703,278 6/01/25 1,635,000 1,728,416 Marion and Clackamas Counties School District No. 4J Silver Falls GO, Refunding, 5.00%, 1,728,416	·		
6/15/27 5,580,000 2,987,644 6/15/28 2,000,000 1,017,380 6/15/29 1,925,000 928,408 Lebanon GO, AMBAC Insured, 5.00%, 1,635,000 1,703,278 6/01/25 1,675,000 1,728,416 Marion and Clackamas Counties School District No. 4J Silver Falls GO, Refunding, 5.00%, 1		1,013,000	1,000,434
6/15/28 2,000,000 1,017,380 6/15/29 1,925,000 928,408 Lebanon GO, AMBAC Insured, 5.00%, 1,635,000 1,703,278 6/01/25 1,675,000 1,728,416 Marion and Clackamas Counties School District No. 4J Silver Falls GO, Refunding, 5.00%,		E E90 000	2 007 644
6/15/29 1,925,000 928,408 Lebanon GO, AMBAC Insured, 5.00%, 1,635,000 1,703,278 6/01/25 1,675,000 1,728,416 Marion and Clackamas Counties School District No. 4J Silver Falls GO, Refunding, 5.00%, 1,000 1,728,416			
Lebanon GO, AMBAC Insured, 5.00%, 1,635,000 1,703,278 6/01/25 1,675,000 1,728,416 Marion and Clackamas Counties School District No. 4J Silver Falls GO, Refunding, 5.00%, 1,675,000 1,728,416		, ,	, ,
6/01/25 1,635,000 1,703,278 6/01/27 1,675,000 1,728,416 Marion and Clackamas Counties School District No. 4J Silver Falls GO, Refunding, 5.00%, 1,728,416		1,925,000	928,408
6/01/27		1 605 000	1 700 070
Marion and Clackamas Counties School District No. 4J Silver Falls GO, Refunding, 5.00%,		, ,	
		1,6/5,000	1,728,416
6/15/26			
	6/15/26	2,150,000	2,346,101

Franklin Oregon Tax-Free Income Fund	Principal Amount		Value
Municipal Bonds (continued)			
Oregon (continued)			
Marion County School District No. 5 Cascade GO, Refunding, 5.00%, 6/15/26	\$ 1,260,000	\$	1,391,116
Medford Hospital Facilities Authority Revenue,	. , ,	•	, ,
Asante Health System, Refunding, Assured Guaranty, 5.125%, 8/15/40	25,000,000		24,132,000
Asante Health System, Series A, Assured Guaranty, 5.00%, 8/15/40	10,050,000		9,523,279
Rogue Valley Manor, Refunding, 5.00%, 10/01/33	1,500,000		1,423,440
Rogue Valley Manor, Refunding, 5.00%, 10/01/42	16,320,000		14,899,997
Mount Hood Community College District GO, 5.00%, 6/01/33	1,390,000		1,434,258
Multnomah County Hospital Facilities Authority Revenue,	, ,		
Adventist Health System-West, Series A, 5.125%, 9/01/40	5,500,000		5,480,035
Terwilliger Plaza, Refunding, 5.00%, 12/01/20	2,000,000		2,149,220
Terwilliger Plaza, Refunding, 5.00%, 12/01/22	750,000		790,800
Terwilliger Plaza, Refunding, 5.00%, 12/01/29	3,600,000		3,502,188
Multnomah County School District No. 3 Park Rose GO, Series A, 5.00%,	, ,		
6/30/35	2,000,000		2,051,920
6/30/36	1,500,000		1,535,970
Multnomah County School District No. 7 Reynolds GO, Refunding, 5.00%, 6/01/35	6,605,000		6,717,813
Multnomah County School District No. 40 GO, Series B, zero cpn.,	, ,		, ,
6/15/24	1,640,000		1,038,760
6/15/25	1,325,000		781,578
6/15/26	2,585,000		1,427,385
6/15/27	2,655,000		1,374,945
6/15/28	2,495,000		1,202,116
6/15/29	2,595,000		1,169,307
6/15/30	1,885,000		794,396
6/15/31	2,030,000		804,428
6/15/32	2,000,000		741,800
Ontario Hospital Facility Authority Revenue, Trinity Health, Series E, 5.00%, 12/01/37	6,460,000		6,352,570
Oregon Health and Science University Revenue,	, ,		
5.00%, 7/01/22	2,910,000		3,259,811
5.00%, 7/01/23	1,000,000		1,105,760
5.00%, 7/01/26	1,500,000		1,591,020
Capital Appreciation, Refunding, Series A, NATL Insured, zero cpn., 7/01/21	11,480,000		8,672,336
Refunding, Series E, 5.00%, 7/01/28	1,500,000		1,560,675
Refunding, Series E, 5.00%, 7/01/30	5,350,000		5,495,573
Series A, 5.875%, 7/01/33	2,500,000		2,702,075
Series A, 5.75%, 7/01/39	13,175,000		13,947,187
Series E, 5.00%, 7/01/32	16,125,000		16,376,872
Oregon State Department of Administrative Services COP,			
Series A, 5.25%, 5/01/39	3,800,000		3,893,024
Series A, AGMC Insured, Pre-Refunded, 5.00%, 5/01/23	2,695,000		2,901,680
Series A, AGMC Insured, Pre-Refunded, 5.00%, 5/01/30	13,205,000		14,217,691
Series B, NATL RE, FGIC Insured, Pre-Refunded, 5.00%, 11/01/30	20,100,000		22,054,926
Series C, 5.00%, 11/01/34	8,000,000		8,020,480
Oregon State Department of Administrative Services Lottery Revenue, Series A, 5.00%,			
4/01/27	17,880,000		19,443,606
4/01/28	18,225,000		19,751,161
4/01/28	5,800,000		6,262,144
4/01/29	1,750,000		1,890,087
4/01/30	9,210,000		9,770,613
4/01/32	5,000,000		5,240,100
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Franklin Oregon Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
Oregon (continued)		
Oregon State Department of Transportation Highway User Tax Revenue,		
senior lien, Series A, 5.00%, 11/15/29	\$ 3,085,000	\$ 3,263,066
senior lien, Series A, 4.50%, 11/15/32	21,000,000	21,174,510
senior lien, Series A, 5.00%, 11/15/33	21,530,000	22,459,450
Series A, Pre-Refunded, 5.00%, 11/15/28	15,000,000	15,852,900
Oregon State Facilities Authority Revenue,	, ,	, ,
College Inn Student Housing Project, senior lien, Series A, XLCA Insured, 5.00%,		
7/01/35	3,660,000	2,884,629
Legacy Health System, Refunding, Series A, 5.00%, 3/15/30	1,500,000	1,499,970
Lewis and Clark College Project, Refunding, Series A, 5.75%, 10/01/41	30,000,000	30,816,600
Limited College Project, Refunding, Series A, 5.00%, 10/01/31	2,000,000	1,995,200
Limited College Project, Refunding, Series A, 5.00%, 10/01/34	2,975,000	2,891,819
Limited College Project, Refunding, Series A, 5.25%, 10/01/40	3,750,000	3,696,525
Peacehealth, Refunding, Series A, 5.00%, 11/01/39	32,790,000	32,551,289
Reed College Project, Refunding, Series A, 5.00%, 7/01/29	1,500,000	1,578,630
Reed College Project, Refunding, Series A, 4.75%, 7/01/32	2,000,000	2,019,600
Reed College Project, Refunding, Series A, 5.125%, 7/01/41	10,000,000	10,256,700
Samaritan Health Services, Refunding, Series A, 5.25%, 10/01/40	7,500,000	7,278,300
Student Housing, CHF Ashland, Assured Guaranty, 5.00%, 7/01/44	8,910,000	8,428,147
University of Portland Projects, Series A, 5.00%, 4/01/32	8,795,000	8,385,329
Willamette University Projects, Series A, NATL RE, FGIC Insured, Pre-Refunded, 5.00%,		
10/01/35	5,210,000	5,697,239
Oregon State GO,		
Alternative Energy Project, Series B, 6.00%, 10/01/26	1,680,000	1,907,002
Elderly and Disabled Housing, Series A, 6.00%, 8/01/15	520,000	520,775
Elderly and Disabled Housing, Series A, 6.00%, 8/01/21	375,000	375,266
Elderly and Disabled Housing, Series A, 5.375%, 8/01/28	1,115,000	1,114,967
Elderly and Disabled Housing, Series A, 4.70%, 8/01/42	3,150,000	2,798,523
Elderly and Disabled Housing, Series B, 6.10%, 8/01/17	945,000	946,049
Elderly and Disabled Housing, Series B, 6.25%, 8/01/23	1,355,000	1,356,287
Odot Project, Series I, 5.00%, 5/01/37	3,705,000	3,814,964
Oregon University System Projects, Series G, 5.00%, 8/01/36	3,300,000	3,399,759
Various Projects, Series H, 5.00%, 5/01/36	1,000,000	1,032,560
State Board of Higher Education, Refunding, Series B, 5.00%, 8/01/38	1,500,000	1,584,630
State Board of Higher Education, Series A, 5.00%, 8/01/34	5,000,000	5,305,100
State Board of Higher Education, Series A, 5.00%, 8/01/37	5,555,000	5,858,581
State Board of Higher Education, Series A, Pre-Refunded, 5.00%, 8/01/31	1,695,000	1,901,129
State Board of Higher Education, Series A, Pre-Refunded, 5.00%, 8/01/35	6,000,000	6,516,180
State Board of Higher Education, Series A, Pre-Refunded, 5.00%, 8/01/36	2,715,000	3,045,171
State Board of Higher Education, Series B, 5.00%, 8/01/38	5,000,000	5,282,100
State Board of Higher Education, Series C, 5.00%, 8/01/37	1,115,000	1,175,935
State Board of Higher Education, Series E, Pre-Refunded, 5.00%, 8/01/29	7,745,000	8,078,964
State Property, Series J, 5.00%, 5/01/36	8,500,000	8,749,985
Veterans' Welfare, Series 92B, 4.625%, 12/01/38	5,330,000	5,232,248
Oregon State Health Housing Educational and Cultural Facilities Authority Revenue,		
PeaceHealth, AMBAC Insured, 5.00%, 11/15/26	5,500,000	5,503,245

Franklin Oregon Tax-Free Income Fund	Principal Amount		Value
Municipal Bonds (continued)			
Oregon (continued)			
Oregon State Housing and Community Services Department Mortgage Revenue, SFM Program,			
Refunding, Series G, 5.35%, 7/01/30	\$ 3,500,000	\$	3,576,825
Series C, 4.75%, 7/01/42	3,990,000	•	3,971,766
Philomath School District No. 17J Benton and Polk Counties GO, Series B, zero cpn.,	, ,		, ,
6/15/31	1,000,000		452,540
Port of Portland International Airport Revenue, Series Nineteen, 5.50%, 7/01/38	23,000,000		24,404,840
Portland EDR, Broadway Project, Refunding, Series A, 6.50%, 4/01/35	5,000,000		5,559,350
Portland GO, Limited Tax,	, ,		, ,
Refunding, Series A, 5.00%, 6/01/28	7,840,000		8,416,318
Refunding, Series A, 5.00%, 6/01/29	8,330,000		8,873,532
Refunding, Series A, 5.00%, 6/01/30	8,750,000		9,255,312
Series B, zero cpn., 6/01/21	1,000,000		794,790
Portland Housing Authority MFR, Housing, Lovejoy Station Apartments Project, NATL Insured,			
6.00%, 7/01/33	2,000,000		2,001,540
Portland River District Urban Renewal and Redevelopment Tax Allocation,			
Refunding, Series B, 5.00%, 6/15/22	1,035,000		1,146,459
Series C, 5.00%, 6/15/26	1,895,000		1,974,116
Series C, 5.00%, 6/15/28	1,000,000		1,022,030
Series C, 5.00%, 6/15/29	850,000		861,390
Series C, 5.00%, 6/15/30	1,000,000		1,005,570
Series C, 5.00%, 6/15/31	750,000		749,940
Portland Sewer System Revenue,			
first lien, Series A, AGMC Insured, 5.00%, 10/01/24	6,235,000		6,424,295
second lien, Refunding, Series A, AGMC Insured, 5.00%, 6/01/23	2,500,000		2,504,700
second lien, Series A, 5.00%, 3/01/34	25,270,000		26,334,878
second lien, Series B, NATL Insured, 5.00%, 6/15/28	5,105,000		5,362,394
Portland Urban Renewal and Redevelopment Tax Allocation,			
Interstate Corridor, Refunding, Series A, NATL RE, FGIC Insured, 5.00%, 6/15/24	1,295,000		1,315,590
Interstate Corridor, Refunding, Series A, NATL RE, FGIC Insured, 5.00%, 6/15/25	2,385,000		2,415,576
Interstate Corridor, Series B, 5.00%, 6/15/29	1,000,000		988,110
Interstate Corridor, Series B, 5.00%, 6/15/30	1,000,000		975,530
Interstate Corridor, Series B, 5.00%, 6/15/31	1,000,000		965,650
Lents Town Center, Series B, 5.00%, 6/15/27	2,500,000		2,532,775
Lents Town Center, Series B, 5.00%, 6/15/28	1,175,000		1,182,297
Lents Town Center, Series B, 4.75%, 6/15/29	1,000,000		971,800
Lents Town Center, Series B, 5.00%, 6/15/30	1,800,000		1,775,736
North Macadam, Series B, 5.00%, 6/15/29	4,250,000		4,245,070
North Macadam, Series B, 5.00%, 6/15/30	4,725,000		4,661,307
Portland Water System Revenue,			
NATL Insured, Pre-Refunded, 4.50%, 10/01/27	1,000,000		1,114,970
NATL Insured, Pre-Refunded, 4.50%, 10/01/28	3,895,000		4,342,808
second lien, Series A, NATL Insured, Pre-Refunded, 4.375%, 10/01/25	3,415,000		3,794,680
Redmond Airport Revenue, 6.25%, 6/01/39	1,010,000		1,038,250
Redmond GO, Terminal Expansion Project, 5.00%, 6/01/39	1,000,000		944,640
Salem Hospital Facility Authority Revenue, Salem Hospital Project, Series A,			
5.75%, 8/15/23	10,000,000		10,736,100
5.00%, 8/15/27	11,000,000		11,192,280
5.00%, 8/15/36	9,000,000		8,690,040

Franklin Oregon Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
Oregon (continued)		
Salem-Keizer School District No. 24J GO, Series B, zero cpn., 6/15/30	\$ 8,500,000	\$ 3,723,850
Sherwood GO, Refunding, AGMC Insured, 5.00%, 6/01/36	4,240,000	4,299,445
Tigard Water System Revenue, 5.00%,		, ,
8/01/37	10,050,000	10,078,140
8/01/42	20,915,000	20,787,418
Tillamook and Yamhill Counties School District No. 101 Nestucca Valley GO, AGMC Insured,		, ,
Pre-Refunded, 5.00%, 6/15/25	1,560,000	1,685,237
Tri-County Metropolitan Transportation District Revenue, Payroll Tax,		
senior lien, Series A, 5.00%, 9/01/26	3,660,000	4,015,130
senior lien, Series A, 5.00%, 9/01/28	4,045,000	4,351,045
senior lien, Series A, 5.00%, 9/01/29	4,255,000	4,537,192
senior lien, Series A, 5.00%, 9/01/30	4,475,000	4,733,834
senior lien, Series A, 5.00%, 9/01/31	4,700,000	4,943,131
senior lien, Series A, 5.00%, 9/01/32	4,945,000	5,170,789
senior lien, Series A, 5.00%, 9/01/37	14,000,000	14,346,220
Washington Clackamas and Yamhill Counties Sherwood School District No. 88J GO,	- 1,000,000	_ ,, _ , _ ,
Series A, NATL Insured, zero cpn., 6/15/26	6,850,000	3,872,442
Series A, NATL Insured, zero cpn., 6/15/27	7,090,000	3,800,807
Series A, NATL Insured, zero cpn., 6/15/29	3,110,000	1,503,250
Series A, NATL Insured, zero cpn., 6/15/30	3,260,000	1,496,927
Sherwood, Series A, NATL Insured, zero cpn., 6/15/28	2,960,000	1,507,469
Sherwood, Series A, NATL Insured, zero cpn., 12/15/31	3,515,000	1,479,710
Sherwood, Series B, NATL Insured, 4.50%, 12/15/31	2,900,000	2,945,124
Washington County GO, Refunding, 4.375%, 6/01/26	1,000,000	1,053,750
Washington County School District No. 15 Forest Grove GO, Series B, zero cpn.,	1,000,000	2,000,700
6/15/29	2,545,000	1,144,232
6/15/30	2,490,000	1,037,907
6/15/31	3,140,000	1,229,687
Yamhill County McMinnville School District No. 40 GO, AGMC Insured, Pre-Refunded, 5.00%,	0,110,000	1,223,007
6/15/28	4,000,000	4,567,640
0/10/20	4,000,000	
		1,056,326,323
U.S. Territories 12.6%		
Guam 0.4%		
Guam Government Limited Obligation Revenue, Section 30, Series A, 5.625%,		
12/01/24	840,000	874,616
12/01/29	3,250,000	3,294,850
		4,169,466
		4,109,400
Puerto Rico 12.2%		
Children's Trust Fund Tobacco Settlement Revenue, Asset-Backed Bonds, Refunding, 5.625%,		
5/15/43	10,000,000	8,430,500
Puerto Rico Commonwealth GO, Public Improvement,		
Refunding, Series A, 5.50%, 7/01/32	15,000,000	11,170,350
Refunding, Series A, 5.75%, 7/01/41	15,000,000	10,831,800
Refunding, Sub Series C-7, NATL Insured, 6.00%, 7/01/28	4,500,000	3,746,610
Series A, 5.125%, 7/01/31	9,885,000	7,098,419
Series A, 5.375%, 7/01/33	10,000,000	7,261,800

Statement of Investments, August 31, 2013 (unaudited) (continued)

Franklin Oregon Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
U.S. Territories (continued)		
Puerto Rico (continued)		
Puerto Rico Commonwealth Highways and Transportation Authority Highway Revenue, Series Y,		
Pre-Refunded, 5.50%, 7/01/36	\$13,000,000	\$ 14,748,500
Puerto Rico Commonwealth Highways and Transportation Authority Transportation Revenue,		
Refunding, Series N, FGIC Insured, 5.25%, 7/01/39	10,000,000	6,933,100
Puerto Rico Convention Center District Authority Hotel Occupancy Tax Revenue, Series A,		
AMBAC Insured, 5.00%, 7/01/31	6,250,000	4,415,375
Puerto Rico Electric Power Authority Power Revenue,	10 000 000	10 000 000
Series RR, FGIC Insured, Pre-Refunded, 5.00%, 7/01/35	10,000,000	10,828,600
Series WW, 5.25%, 7/01/33	9,690,000	7,069,049
Puerto Rico PBA Guaranteed Revenue, Government Facilities, Refunding, Series M-3, NATL Insured, 6.00%, 7/01/25	15,000,000	13,362,300
Puerto Rico Public Finance Corp. Revenue, Commonwealth Appropriation, Refunding, Series B,	13,000,000	13,302,300
5.50%, 8/01/31	10,000,000	7,525,500
Puerto Rico Sales Tax FICO Sales Tax Revenue,	10,000,000	7,020,000
Capital Appreciation, first subordinate, Series A, zero cpn. to 8/01/16, 6.75% thereafter,		
8/01/32	20,000,000	16,943,600
first subordinate, Series A, 5.375%, 8/01/39	9,000,000	7,353,360
first subordinate, Series A, 6.50%, 8/01/44	10,000,000	9,490,700
Senior Series C, 5.25%, 8/01/40	2,860,000	2,543,884
		149,753,447
Total U.S. Territories		153,922,913
Total Municipal Bonds (Cost \$1,234,894,220) 98.9%		1,210,249,236
Other Assets, less Liabilities 1.1%		13,962,683
Net Assets 100.0%		\$1,224,211,919

See Abbreviations on page 175.

Financial Highlights

Franklin Pennsylvania Tax-Free Income Fund

	Six Months Ended August 31, 2013 Year Ended February 28,					
Class A	(unaudited)	2013	2012ª	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$10.94	\$10.79	\$ 9.83	\$10.27	\$ 9.65	\$9.82
Income from investment operations ^b :						
Net investment income ^c	0.20	0.41	0.44	0.44	0.45	0.44
Net realized and unrealized gains (losses)	(1.11)	0.14	0.97	(0.43)	0.62	(0.18)
Total from investment operations	(0.91)	0.55	1.41	0.01	1.07	0.26
Less distributions from net investment income	(0.20)	(0.40)	(0.45)	(0.45)	(0.45)	(0.43)
Redemption feesd						е
Net asset value, end of period	\$ 9.83	\$10.94	\$10.79	\$ 9.83	\$10.27	\$9.65
Total return ^f	(8.46)%	5.21%	14.64%	(0.02)%	11.22%	2.72%
Ratios to average net assets ^g						
Expenses	0.62%	0.63%	0.64%	0.64%	0.65%	0.65%
Net investment income	3.76%	3.77%	4.30%	4.28%	4.43%	4.53%
Supplemental data						
Net assets, end of period (000's)	\$1,088,541	\$1,310,224	\$1,170,547	\$1,003,723	\$1,016,824	\$820,227
Portfolio turnover rate	5.84%	4.99%	9.48%	13.15%	12.88%	11.50%

^aFor the year ended February 29.

bThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^cBased on average daily shares outstanding.

dEffective September 1, 2008, the redemption fee was eliminated.

eAmount rounds to less than \$0.01 per share.

Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

gRatios are annualized for periods less than one year.

Financial Highlights (continued)

Franklin Pennsylvania Tax-Free Income Fund

	Six Months End August 31, 201		Yea			
Class C	(unaudited)	2013	2012a	2011	2010	2009
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$11.06	\$10.90	\$ 9.92	\$10.36	\$ 9.73	\$9.90
Income from investment operations ^b :						
Net investment income ^c	0.17	0.35	0.39	0.39	0.39	0.39
Net realized and unrealized gains (losses)	(1.12)	0.15	0.98	(0.44)	0.63	(0.18)
Total from investment operations	(0.95)	0.50	1.37	(0.05)	1.02	0.21
Less distributions from net investment income	(0.17)	(0.34)	(0.39)	(0.39)	(0.39)	(0.38)
Redemption feesd		_	_	_	_	е
Net asset value, end of period	\$ 9.94	\$11.06	\$10.90	\$ 9.92	\$10.36	\$9.73
Total return ^f	(8.71)%	4.67%	14.09%	(0.58)%	10.62%	2.13%
Ratios to average net assets ^g						
Expenses	1.17%	1.18%	1.19%	1.19%	1.20%	1.20%
Net investment income	3.21%	3.22%	3.75%	3.73%	3.88%	3.98%
Supplemental data						
Net assets, end of period (000's)	\$288,743	\$350,937	\$288,344	\$237,907	\$217,322	\$135,480
Portfolio turnover rate	5.84%	4.99%	9.48%	13.15%	12.88%	11.50%

^aFor the year ended February 29.

bThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

cBased on average daily shares outstanding.

dEffective September 1, 2008, the redemption fee was eliminated.

eAmount rounds to less than \$0.01 per share.

Total return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

gRatios are annualized for periods less than one year.

Financial Highlights (continued)

Franklin Pennsylvania Tax-Free Income Fund

Advisor Class	Six Months Ended August 31, 2013 (unaudited)		Year Ended	February 28, 2011	2010 ^b
Per share operating performance (for a share outstanding throughout the period)	(unauditeu)	2013	2012	2011	2010
Net asset value, beginning of period	\$10.95	\$10.80	\$ 9.83	\$10.27	\$ 9.92
Income from investment operations ^c :					
Net investment income ^d	0.21	0.42	0.45	0.45	0.29
Net realized and unrealized gains (losses)	(1.12)	0.15	0.98	(0.43)	0.34
Total from investment operations	(0.91)	0.57	1.43	0.02	0.63
Less distributions from net investment income	(0.20)	(0.42)	(0.46)	(0.46)	(0.28)
Net asset value, end of period	\$ 9.84	\$10.95	\$10.80	\$ 9.83	\$10.27
Total returne	(8.40)%	5.31%	14.85%	0.08%	6.42%
Ratios to average net assets					
Expenses	0.52%	0.53%	0.54%	0.54%	0.55%
Net investment income	3.86%	3.87%	4.40%	4.38%	4.53%
Supplemental data					
Net assets, end of period (000's)	\$45,830	\$57,430	\$40,671	\$18,933	\$6,832
Portfolio turnover rate	5.84%	4.99%	9.48%	13.15%	12.88%

^aFor the year ended February 29.

bFor the period July 15, 2009 (effective date) to February 28, 2010.

The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^dBased on average daily shares outstanding.

eTotal return is not annualized for periods less than one year.

fRatios are annualized for periods less than one year.

Statement of Investments, August 31, 2013 (unaudited)

Numerican Name	Franklin Pennsylvania Tax-Free Income Fund	Principal Amount	Value
Pennsylvania 88.0%	Municipal Bonds 97.5%		
Series C-60, AGMC Insured, 5.00%, 12/01/33 5,000,000 4,987,000 Series C-61, Assured Guaranty, 5.00%, 12/01/33 5,000,000 4,987,000 Series C-65, 5.375%, 50/01/31 5,000,000 4,889,650 Allegheny County Higher Education Building Authority University Revenue, Duquesne The street of the stre	Pennsylvania 88.0%		
Series C-61, Assured Guaranty, 5.00%, 12/01/33	Allegheny County GO,		
Series C-65, 5.375%, 5/01/31 5,000,000 5,169,100 Series C-70, 5.00%, 12/01/37 5,000,000 4,889,650 Allegheny County Higher Education Building Authority University Revenue, Duquesne 5,00%, 300,000 3,099,720 5,00%, 3/01/28 3,000,000 1,319,292 5,00%, 3/01/33 1,300,000 1,319,292 Series A, 5.50%, 3/01/31 3,000,000 1,012,810 Series A, XLCA Insured, 5,00%, 3/01/29 5,000,000 5,135,200 Series A, XLCA Insured, 5,00%, 3/01/33 5,630,000 5,738,040 Allegheny County Hospital Development Authority Revenue, University of Pittsburgh Medical 12,000,000 1,2658,860 Center, Series A, S. 5,525%, 8/15/39 12,000,000 1,2658,860 Allegheny County Hospital Development Authority Sewer Revenue, 4,912,750 7,000,000 4,912,750 Allegheny County Sanitary Authority Sewer Revenue, 6,645,000 7,000,000 7,199,500 Allegheny County Sanitary Authority Sewer Revenue, 6,745,000 7,000,000 7,199,500 Allegheny County Sanitary Authority Sewer Revenue, 1,101/28 1,500,000 1,568,476 Allegheny County Sanitary Sewer	Series C-60, AGMC Insured, 5.00%, 11/01/27	\$ 3,000,000	\$ 3,113,640
Series C-70, 5.00%, 12/01/37 5,000,000 4,889,650 Allegheny County Higher Education Building Authority University Revenue, Duquesne University,	Series C-61, Assured Guaranty, 5.00%, 12/01/33	5,000,000	4,987,000
Allegheny County Higher Education Building Authority University Revenue, Duquesne University, 5.00%, 3/01/28 3,000,000 3,099,720 5.00%, 3/01/33 1,300,000 1,319,500 Series A, 5.50%, 3/01/31 3,000,000 3,151,950 Series A, 5.50%, 3/01/33 1,000,000 1,012,810 Series A, 5.00%, 3/01/33 1,000,000 1,012,810 Series A, XLCA Insured, 5.00%, 3/01/29 5,000,000 5,738,040 Allegheny County Hospital Development Authority Revenue, University of Pittsburgh Medical Center, Series A, S.65%, 8/15/39 12,000,000 12,658,560 Allegheny County Hospital Development Authority Revenue, University of Pittsburgh Medical Center, Series A, 5.65%, 8/15/39 12,000,000 12,658,560 Allegheny County Sanitary Authority Sever Revenue, AGMC Insured, 5.00%, 6/01/40 5,000,000 4,912,750 NATL RE, FGIC Insured, 5.00%, 1/201/37 6,745,000 7,000,000 7,199,500 Allegheny Valley School District GO, Series A, NATL Insured, 5.00%, 11/01/28 1,550,000 1,568,476 Allentown Parking Authority Parking Revenue, AGMC Insured, 5.00%, 11/01/28 1,550,000 2,436,828 Berks County Municipal Authority, The Reading Hospital and Medical Center Project, Series A, 5.00%, 11/01/44 2,500,000 3,277,736 Bethlehem Area School District GO, 5.10%, 8/01/33 3,600,000 3,27,736 Bethlehem Area School District GO, 5.10%, 8/01/33 3,600,000 3,27,736 Bethlehem Area School District GO, 5.00%, 11/01/28 4,995,000 5,299,395 Blair County Hospital Authority Revenue, Altoona Regional Heath System, 6.00%, 11/15/39 4,995,000 5,299,395 Blair County Hospital Authority Revenue, Altoona Regional Heath System, 6.00%, 11/15/39 5,000,000 4,977,500 Series A, 5.00%, 9/15/44 5,00%, 12/01/35 2,00%, 4/01/31 4,000,000 10,062,600 Bucks County Water and Sewer Authority Sewer System Revenue, Refunding, Series A, Assured Guaranty, 5.00%, 12/01/35 5,00%, 3/15/37 5,855,000 6,224,907 Central Bradford Progress Authority Hospital Revenue, Butler Health System Project, 7.25%, 7/01/39 5,855,000 6,224,977 Central Bradford Progress Authority Revenue, Guthrie Health Issue, Refunding, 5.375%, 12/15/37 5,855,000 6,224,977 Central Bradford Prog	Series C-65, 5.375%, 5/01/31	5,000,000	5,169,100
University,	Series C-70, 5.00%, 12/01/37	5,000,000	4,889,650
5.00%, 3/01/28 3,000,000 1,390,292 5.00%, 3/01/31 1,300,000 3,151,950 Series A, 5.50%, 3/01/31 3,000,000 3,151,950 Series A, 5.50%, 3/01/32 1,000,000 5,135,200 Series A, XLCA Insured, 5.00%, 3/01/29 5,000,000 5,135,200 Series A, XLCA Insured, 5.00%, 3/01/33 5,630,000 5,738,040 Allegheny County Hospital Development Authority Revenue, University of Pittsburgh Medical Center, Series A, 5,625%, 8/15/39 12,000,000 12,658,560 Allegheny County Sanitary Authority Sewer Revenue, AGMC Insured, 5,00%, 6/01/40 5,000,000 4,912,750 NATL RE, FGIC Insured, 5,00%, 6/01/40 5,000,000 7,000,000 Allegheny Valley School District Go, 5,00%, 12/01/37 6,745,000 6,596,138 Refunding, Series A, NATL Insured, 5,00%, 11/01/28 1,550,000 1,568,476 Allentown Parking Authority Parking Revenue, AGMC Insured, 5,00%, 11/15/35 2,430,000 2,345,6228 Berks County Municipal Authority, The Reading Hospital and Medical Center Project, Series A, 5,000, 11/10/144 25,000,000 23,570,250 Bethleher Area School District GO, AGMC Insured, 5,26%, 11/15/26 6,605,000 6,988,288 Beth	Allegheny County Higher Education Building Authority University Revenue, Duquesne		
5.00%, 3/01/33 1,300,000 3,151,950 Series A, 5.50%, 3/01/31 3,000,000 3,151,950 Series A, 5.50%, 3/01/33 1,000,000 1,012,810 Series A, XLCA Insured, 5.00%, 3/01/39 5,000,000 5,135,200 Series A, XLCA Insured, 5.00%, 3/01/33 5,500,000 5,738,040 Allegheny County Hospital Development Authority Revenue, University of Pittsburgh Medical Center, Series A, 5.625%, 8/15/39 12,000,000 12,658,560 Allegheny County Hospital Development Authority Revenue, University of Pittsburgh Medical Center, Series A, 5.625%, 8/15/39 12,000,000 4,912,750 Allegheny County Sanitary Authority Sewer Revenue, AGMC Insured, 5.00%, 6/01/40 5,000,000 4,912,750 NATL RE, FGIC Insured, 5.00%, 12/01/37 6,745,000 6,596,138 Refunding, Series A, NATL Insured, 5.00%, 12/01/30 7,000,000 7,199,500 Allegheny Valley School District GO, Series A, NATL Insured, 5.00%, 11/01/28 1,550,000 1,568,476 Allentown Parking Authority Parking Revenue, AGMC Insured, 5.00%, 11/15/35 2,430,000 2,436,828 Berks County Municipal Authority, The Reading Hospital and Medical Center Project, Series A, 5.00%, 11/01/44 25,000,000 3,827,736 Bethlehe Park School District GO, 501%, 8/01/33 3,600,000 3,827,736 Bethlehe Park School District GO, 501%, 8/01/33 3,600,000 3,827,736 Bethlehem GO, Refunding, Series B, AGMC Insured, 5.25%, 11/5/26 6,605,000 6,988,288 Bethlehem GO, Refunding, Series B, AGMC Insured, 5.00%, 12/01/32 4,995,000 5,299,395 Blair County Hospital Authority Revenue, Altoona Regional Heath System, 6.00%, 11/15/39 1,000,000 1,002,600 1,002,600 1,002,600 1,003,600 1,004,6200	University,		
Series A, 5.50%, 3/01/31 3,000,000 3,151,950 Series A, 5.00%, 3/01/33 1,000,000 1,012,810 5,000,000 5,135,200 5,200,000 5,135,200 5,200,000 5,135,200 5,200,000 5,135,200 5,200,000 5,135,200 5,200,000	,	3,000,000	3,099,720
Series A, 5.00%, 3/01/33 1,000,000 1,012,810 5eries A, XLCA Insured, 5.00%, 3/01/39 5,000,000 5,738,040 5,738,040 5,738,040 5,738,040 5,738,040 5,738,040 5,738,040 6,738,040 6,738,040 6,738,040 7,738,04	5.00%, 3/01/33	1,300,000	
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Bucks County Water and Sewer Authority Water System Revenue, AGMC Insured, 5.00%, 12/01/41 10,000,000 10,046,200 Butler Area School District GO, AGMC Insured, Pre-Refunded, 5.00%, 4/01/31 4,000,000 4,109,280 Butler County Hospital Authority Hospital Revenue, Butler Health System Project, 7.25%, 7/01/39 4,500,000 5,161,995 Catasauqua Area School District GO, Refunding, AGMC Insured, 5.00%, 2/15/36 6,000,000 6,029,940 Centennial School District Bucks County GO, Series A, 5.00%, 12/15/37 5,855,000 6,224,977 Central Bradford Progress Authority Revenue, Guthrie Health Issue, Refunding, 5.375%, 12/01/41 3,000,000 3,044,610 Centre County Hospital Authority Hospital Revenue, Mount Nittany Medical Center Project, Assured Guaranty, Pre-Refunded, 5.875%, 11/15/29 1,000,000 1,067,290 6.125%, 11/15/39 3,200,000 3,424,864		0.500.000	
12/01/41 10,000,000 10,046,200 Butler Area School District GO, AGMC Insured, Pre-Refunded, 5.00%, 4/01/31 4,000,000 4,109,280 Butler County Hospital Authority Hospital Revenue, Butler Health System Project, 7.25%, 7/01/39 4,500,000 5,161,995 Catasauqua Area School District GO, Refunding, AGMC Insured, 5.00%, 2/15/36 6,000,000 6,029,940 Centennial School District Bucks County GO, Series A, 5.00%, 12/15/37 5,855,000 6,224,977 Central Bradford Progress Authority Revenue, Guthrie Health Issue, Refunding, 5.375%, 12/01/41 3,000,000 3,044,610 Centre County Hospital Authority Hospital Revenue, Mount Nittany Medical Center Project, Assured Guaranty, Pre-Refunded, 5.875%, 11/15/29 1,000,000 1,067,290 6.125%, 11/15/39 3,200,000 3,424,864		2,500,000	2,524,000
Butler Area School District GO, AGMC Insured, Pre-Refunded, 5.00%, 4/01/31 4,000,000 4,109,280 Butler County Hospital Authority Hospital Revenue, Butler Health System Project, 7.25%, 7/01/39 4,500,000 5,161,995 Catasauqua Area School District GO, Refunding, AGMC Insured, 5.00%, 2/15/36 6,000,000 6,029,940 Centennial School District Bucks County GO, Series A, 5.00%, 12/15/37 5,855,000 6,224,977 Central Bradford Progress Authority Revenue, Guthrie Health Issue, Refunding, 5.375%, 12/01/41 3,000,000 3,044,610 Centre County Hospital Authority Hospital Revenue, Mount Nittany Medical Center Project, Assured Guaranty, Pre-Refunded, 5.875%, 11/15/29 1,000,000 1,067,290 6.125%, 11/15/39 3,200,000 3,424,864		10,000,000	10.046.000
Butler County Hospital Authority Hospital Revenue, Butler Health System Project, 7.25%, 4,500,000 5,161,995 Catasauqua Area School District GO, Refunding, AGMC Insured, 5.00%, 2/15/36 6,000,000 6,029,940 Centennial School District Bucks County GO, Series A, 5.00%, 12/15/37 5,855,000 6,224,977 Central Bradford Progress Authority Revenue, Guthrie Health Issue, Refunding, 5.375%, 3,000,000 3,044,610 Centre County Hospital Authority Hospital Revenue, Mount Nittany Medical Center Project, Assured Guaranty, Pre-Refunded, 1,000,000 1,067,290 6.125%, 11/15/39 3,200,000 3,424,864			, ,
7/01/39 4,500,000 5,161,995 Catasauqua Area School District GO, Refunding, AGMC Insured, 5.00%, 2/15/36 6,000,000 6,029,940 Centennial School District Bucks County GO, Series A, 5.00%, 12/15/37 5,855,000 6,224,977 Central Bradford Progress Authority Revenue, Guthrie Health Issue, Refunding, 5.375%, 12/01/41 3,000,000 3,044,610 Centre County Hospital Authority Hospital Revenue, Mount Nittany Medical Center Project, Assured Guaranty, Pre-Refunded, 5.875%, 11/15/29 1,000,000 1,067,290 6.125%, 11/15/39 3,200,000 3,424,864		4,000,000	4,109,280
Catasauqua Area School District GO, Refunding, AGMC Insured, 5.00%, 2/15/36 6,000,000 6,029,940 Centennial School District Bucks County GO, Series A, 5.00%, 12/15/37 5,855,000 6,224,977 Central Bradford Progress Authority Revenue, Guthrie Health Issue, Refunding, 5.375%, 3,000,000 3,044,610 Centre County Hospital Authority Hospital Revenue, Mount Nittany Medical Center Project, 4 <td< td=""><td></td><td>4 500 000</td><td>F 161 00F</td></td<>		4 500 000	F 161 00F
Centennial School District Bucks County GO, Series A, 5.00%, 12/15/37 5,855,000 6,224,977 Central Bradford Progress Authority Revenue, Guthrie Health Issue, Refunding, 5.375%, 3,000,000 3,044,610 Centre County Hospital Authority Hospital Revenue, Mount Nittany Medical Center Project, 4,000,000 1,000,000 1,067,290 5.875%, 11/15/39 3,200,000 3,424,864			
Central Bradford Progress Authority Revenue, Guthrie Health Issue, Refunding, 5.375%, 3,000,000 3,044,610 Centre County Hospital Authority Hospital Revenue, Mount Nittany Medical Center Project, 4,000,000 1,067,290 Assured Guaranty, Pre-Refunded, 1,000,000 1,067,290 6.125%, 11/15/39 3,200,000 3,424,864			
12/01/41 3,000,000 3,044,610 Centre County Hospital Authority Hospital Revenue, Mount Nittany Medical Center Project, 4,000,000 1,067,290 5.875%, 11/15/29 1,000,000 1,067,290 6.125%, 11/15/39 3,200,000 3,424,864		5,855,000	6,224,977
Centre County Hospital Authority Hospital Revenue, Mount Nittany Medical Center Project, Assured Guaranty, Pre-Refunded, 5.875%, 11/15/29 1,000,000 1,067,290 6.125%, 11/15/39 3,200,000 3,424,864		2 000 000	2.044.610
Assured Guaranty, Pre-Refunded, 5.875%, 11/15/29		3,000,000	3,044,610
5.875%, 11/15/29 1,000,000 1,067,290 6.125%, 11/15/39 3,200,000 3,424,864			
6.125%, 11/15/39		1 000 000	1 007 000
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0.25 /0, 11/15/44			
	0.20 /0, 11/10/44	۷,۵۵۵,۵۵۵	2,079,400

Franklin Pennsylvania Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
Pennsylvania (continued)		
Chester County IDA Student Housing Revenue, University Student Housing LLC Project at		
West Chester University of Pennsylvania, Series A, 5.00%,		
8/01/45	\$ 1,500,000	\$ 1,271,040
8/01/35	500,000	437,810
Commonwealth Financing Authority Revenue, Series B, 5.00%,		
6/01/32	5,000,000	5,008,100
6/01/36	5,000,000	4,912,950
Connellsville Area School District GO, Series B, AGMC Insured, Pre-Refunded, 5.00%,		
11/15/37	1,000,000	1,009,340
Cumberland County Municipal Authority College Revenue, Dickinson College Project, Assn.		
of Independent Colleges and Universities of Pennsylvania Financing Program,		
Series GG1, NATL Insured, 5.00%, 5/01/34	3,500,000	3,547,565
Series HH1, 5.00%, 11/01/39	1,200,000	1,174,212
Cumberland County Municipal Authority Revenue, Dickinson College Project, 5.00%,		
11/01/37	2,000,000	1,955,960
11/01/42	4,500,000	4,339,215
Dauphin County General Authority Health System Revenue, Pinnacle Health System Project,		
Refunding, Series A, 6.00%, 6/01/36	10,000,000	10,513,000
Series A, 5.00%, 6/01/42	15,590,000	14,179,417
Dauphin County General Authority Hospital Revenue, HAPSCO Group Inc., The Western		
Pennsylvania Hospital Project, Series B, NATL Insured, ETM, 6.25%, 7/01/16	2,155,000	2,306,238
Deer Lakes School District GO, Assured Guaranty, 5.50%, 4/01/39	7,500,000	7,772,250
Delaware County Authority Hospital Revenue, Crozer-Keystone Obligated Group, Series A,		
5.00%, 12/15/31	5,000,000	4,547,200
Delaware County Authority Revenue,		
Cabrini College, Refunding, Radian Insured, 5.875%, 7/01/29	1,140,000	1,140,125
Haverford College, 5.00%, 11/15/40	3,000,000	3,056,160
Health Facilities, Mercy Health Corp. Project, ETM, 6.00%, 12/15/26	10,800,000	11,700,936
Delaware County Authority University Revenue, Neumann University,		
5.00%, 10/01/25	1,250,000	1,256,613
5.25%, 10/01/31	1,250,000	1,257,275
Delaware County Regional Water Quality Control Authority Revenue, 5.00%,		
5/01/30	4,385,000	4,520,233
5/01/31	2,230,000	2,283,052
5/01/32	2,105,000	2,141,985
5/01/33	2,650,000	2,684,265
Delaware Valley Regional Finance Authority Local Government Revenue, Series B,		
AMBAC Insured, 5.60%, 7/01/17	5,000,000	5,546,050
East Hempfield Township IDA Revenue, Student Services Inc., Student Housing Project at		
Millersville University of Pennsylvania, 5.00%, 7/01/45	3,250,000	2,806,993
Erie County Hospital Authority Revenue, Hamot Health Foundation, CIFG Insured, 5.00%,		
11/01/35	6,000,000	5,881,500
Erie Higher Education Building Authority College Revenue, Mercyhurst College Project,		
5.50%, 3/15/38	2,000,000	2,021,800
Erie Parking Authority Parking Facilities Revenue, Guaranteed, Refunding, AGMC Insured,		
5.125%, 9/01/32	4,250,000	4,300,957
Erie Water Authority Revenue, AGMC Insured, 5.00%, 12/01/43	7,000,000	6,787,200

Franklin Pennsylvania Tax-Free Income Fund	Principal Amount		Value
Municipal Bonds (continued)			
Pennsylvania (continued)			
Falls Township Authority Water and Sewer Revenue, Guaranteed, 5.00%, 12/01/41	\$ 2,210,000	\$	2,183,458
Franklin County IDAR, Chambersburg Hospital Project, 5.375%, 7/01/42	10,000,000	•	9,791,200
General Authority of Southcentral Pennsylvania Revenue, WellSpan Health Obligated Group,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		, , , , , ,
Refunding, Series A, 6.00%, 6/01/25	10,000,000		11,137,800
General Authority of Southcentral Revenue, Assn. of Independent Colleges and Universities,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		, , , , , , , , , , , ,
York College of Pennsylvania Project, 5.75%, 11/01/41	9,500,000		9,747,380
Johnstown RDA Sewer Revenue, Series A, AGMC Insured, Pre-Refunded, 5.00%, 8/15/34	1,825,000		1,907,965
Lackawanna County GO, Series B, AGMC Insured, 5.00%,	, ,		, ,
9/01/30	8,100,000		7,487,802
9/01/35	7,500,000		6,687,225
Lancaster Parking Authority Parking Revenue, Guaranteed, Series A, AMBAC Insured, 5.00%,			, ,
12/01/32	1,700,000		1,705,015
12/01/35	2,500,000		2,470,050
Latrobe IDAR, St. Vincent College Project, 5.00%, 5/01/43	4,120,000		3,608,461
Lehigh County Authority Water and Sewer Revenue, Series A, 5.00%, 12/01/43	5,240,000		4,966,210
Lehigh County General Purpose Authority Revenue, Muhlenberg College Project, 5.25%,			
2/01/34	1,500,000		1,521,750
Lehigh County General Purpose Hospital Revenue, Lehigh Valley Health Network, Series B,			
AGMC Insured, 5.00%, 7/01/35	11,250,000		10,900,575
Luzerne County IDA Water Facility Revenue, Pennsylvania American Water Co. Water Facilities,			
Refunding, 5.50%, 12/01/39	10,000,000		10,318,400
Lycoming County Authority Health System Revenue, Susquehanna Health System Project,			
Refunding, Series A, 5.75%, 7/01/39	25,000,000		25,896,750
Lycoming County Authority Revenue, AICUP Financing Program, Lycoming College,			
Series MM1, 5.25%,			
11/01/38	1,400,000		1,365,546
11/01/43	1,495,000		1,440,163
Lycoming County Water and Sewer Authority Sewer Revenue, AGMC Insured, 5.00%,			
11/15/35	5,835,000		5,853,088
Marple Newtown School District GO, AGMC Insured, 5.00%, 6/01/31	11,225,000		11,777,270
McKeesport Municipal Authority Sewer Revenue, 5.75%, 12/15/39	5,000,000		5,131,800
Monroe County Hospital Authority Hospital Revenue, Pocono Medical Center,			
5.00%, 1/01/27	1,000,000		1,002,050
5.125%, 1/01/37	2,000,000		1,909,540
5.25%, 1/01/43	2,000,000		1,933,100
Series A, 5.00%, 1/01/41	2,000,000		1,821,720
Monroeville Finance Authority UPMC Revenue, Refunding, 5.00%, 2/15/42	7,585,000		7,231,008
Montgomery County GO, 5.00%, 9/15/22	645,000		646,206
Montgomery County Higher Education and Health Authority Revenue,			
Abington Memorial Hospital Obligated Group, 5.00%, 6/01/31	5,000,000		4,884,650
Arcadia University, 5.625%, 4/01/40	5,750,000		5,807,845
Montgomery County IDA Health Facilities Revenue, Jefferson Health System, Series A, 5.00%,			
10/01/41	9,600,000		9,304,032
Montgomery County IDAR, FHA Insured, 5.375%, 8/01/38	5,000,000		5,223,800
Montour School District GO, AGMC Insured, 5.00%,			
4/01/32	5,000,000		5,061,750
4/01/37	12,500,000		12,556,250
North Pennsylvania Water Authority Revenue, Refunding, 5.00%, 11/01/32	6,160,000		6,338,270

Franklin Pennsylvania Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
Pennsylvania (continued)		
Northampton Borough Municipal Authority Water Revenue, NATL Insured, Pre-Refunded,		
5.00%, 5/15/34	\$ 2,400,000	\$ 2,478,856
Northampton County General Purpose Authority Hospital Revenue, St. Luke's Hospital Project,		
Series A, 5.50%, 8/15/35	10,000,000	9,812,300
Series B, 5.50%, 8/15/33	2,200,000	2,236,696
Northampton County General Purpose Authority Revenue,		
Higher Education, Lehigh University, 5.00%, 11/15/39	20,000,000	20,166,000
Lafayette College, Refunding, 5.00%, 11/01/34	20,000,000	20,371,400
Northeastern Hospital and Education Authority Revenue, Wilkes University Project, Series A,		
5.25%, 3/01/42	2,400,000	2,294,232
Northeastern York School District GO, Series B, NATL RE, FGIC Insured, 5.00%,		
4/01/30	1,000,000	1,012,680
4/01/31	2,000,000	2,020,100
Norwin School District GO, AGMC Insured,		
5.00%, 4/01/37	10,000,000	9,917,500
Pre-Refunded, 5.00%, 4/01/35	3,000,000	3,335,610
Owen J. Roberts School District GO, AGMC Insured, 5.00%, 9/01/36	2,710,000	2,852,871
Pennsylvania Economic Development Financing Authority Revenue, Lincoln University of the		
Commonwealth System of Higher Education, Series A, NATL RE, FGIC Insured, 5.00%,		
6/01/33	3,325,000	3,326,430
Pennsylvania State Economic Development Financing Authority Exempt Facilities Revenue,	, ,	, ,
Allegheny Energy Supply Co. LLC Project, 7.00%, 7/15/39	10,000,000	10,239,400
Pennsylvania State Economic Development Financing Authority Revenue, Unemployment	, ,	, ,
Compensation, Refunding, Series A, 5.00%, 7/01/19	10,000,000	11,622,900
Pennsylvania State Economic Development Financing Authority Water Facilities Revenue,		
Aqua Pennsylvania Inc. Project, Series B, 5.00%, 12/01/43	25,000,000	24,539,250
Pennsylvania State Economic Development Financing Authority Water Facility Revenue,		
Pennsylvania-American Water Co. Project, 6.20%, 4/01/39	12,000,000	12,903,360
Pennsylvania State GO,	, ,	, ,
First Series, 5.00%, 11/15/26	12,545,000	13,632,651
Second Series, 5.00%, 4/15/23	10,000,000	11,289,800
Second Series A, 5.00%, 8/01/25	5,000,000	5,456,400
Pennsylvania State Higher Educational Facilities Authority Revenue,	, ,	, ,
AICUP Financing Program, Gwynedd Mercy College Project, Series KK1, 5.375%,		
5/01/42	1,800,000	1,676,988
AICUP Financing Program, St. Francis University Project, Series JJ2, 6.25%, 11/01/41	3,840,000	3,985,997
Bryn Mawr College, Refunding, AMBAC Insured, 5.00%, 12/01/37	5,000,000	5,060,800
Drexel University, Series A, NATL Insured, 5.00%, 5/01/37	25,525,000	25,488,244
Edinboro University Foundation, Student Housing Project, 6.00%, 7/01/43	3,500,000	3,341,100
Foundation for Indiana University, Student Housing Project, Refunding, Series B, 5.00%,	3,000,000	0,0 :1,100
7/01/41	1,250,000	1,107,913
La Salle University, Series A, 5.00%, 5/01/37	2,500,000	2,323,025
Philadelphia University, Refunding, 5.00%, 6/01/30	2,295,000	2,228,950
Shippensburg University Student Services Inc. Student Housing Project at Shippensburg	2,233,000	2,220,300
University of Pennsylvania, 5.00%, 10/01/35	1,400,000	1,272,838
Shippensburg University Student Services Inc. Student Housing Project at Shippensburg	1,400,000	1,2,2,000
University of Pennsylvania, 6.25%, 10/01/43	7,000,000	7,347,480
5.1176.51ty of Folinsylvania, 0.2576, 10/01/45	7,000,000	7,547,400

Municipal Bonds (continued) Pennsylvania (continued) Pennsylvania State Higher Educational Facilities Authority Revenue, (continued) 5 hippensburg Shippensburg University Student Services Inc. Student Housing Project at Shippensburg \$ 2,000,000 \$ 1,724,680 St. Joseph's University, Series A, 5.00%, 1/0/1/44 \$ 2,000,000 \$ 14,313,450 State System of Higher Education, Series AF, NATL Insured, 5.00%, 6/15/37 7,000,000 7,081,060 Temple University, First Series, 5.00%, 4/01/42 \$ 11,310,000 \$ 11,073,734 Temple University, Refunding, NATL Insured, 5.00%, 4/01/33 \$ 5,000,000 \$ 5,155,450 Temple University, Refunding, NATL Insured, 5.00%, 4/01/33 \$ 10,000,000 \$ 10,148,900 The Trustees of the University of Pennsylvania, Series A, 5.00%, 9/01/41 \$ 24,580,000 \$ 5,103,062 The Trustees of the University of Pennsylvania, Refunding, Series C, 5.00%, 7/15/38 \$ 5,000,000 \$ 5,020,850 Thomas Jefferson University, 5.00%, 3/01/40 \$ 16,980,000 \$ 16,566,028 Thomas Jefferson University, 5.00%, 3/01/42 \$ 1,080,000 \$ 10,057,504 University of Pennsylvania Health System, 8.75%, 8/15/41 \$ 3,950,000 \$ 5,000,000 Universit	Franklin Pennsylvania Tax-Free Income Fund	Principal Amount	Value
Pennsylvania State Higher Educational Facilities Authority Revenue, (continued) Shippensburg University Student Services Inc. Student Housing Project at Shippensburg \$ 2,000,000 \$ 1,724,680 St. Joseph's University, Series A, 5.00%, 11/01/40 15,000,000 14,313,450 State System of Higher Education, Series AF, NATL Insured, 5.00%, 6/15/37 7,000,000 7,081,060 Temple University, First Series, 5.00%, 4/01/42 11,310,000 11,073,734 Temple University, Refunding, NATL Insured, 5.00%, 4/01/28 5,000,000 5,155,450 Temple University, Refunding, NATL Insured, 5.00%, 4/01/33 10,000,000 10,148,900 The Trustees of the University of Pennsylvania, Refunding, Series C, 5.00%, 7/15/38 5,000,000 5,020,850 Thomas Jefferson University, 5.00%, 3/01/40 16,980,000 16,566,028 Thomas Jefferson University, 5.00%, 3/01/42 1,080,000 1,057,504 University of Pennsylvania Health System, Refunding, Series B, 6.00%, 8/15/26 5,000,000 5,674,600 University of Pittsburgh Medical Center, Series E, 5.00%, 5/15/31 13,000,000 12,983,880 University of the Sciences in Philadelphia, Assured Guaranty, 5.00%, 11/01/32 5,000,000 5,063,100 University of the Sciences in	Municipal Bonds (continued)		
Shippensburg University Student Services Inc. Student Housing Project at Shippensburg University of Pennsylvania, 5.00%, 10/01/44 \$ 2,000,000 \$ 1,724,680 St. Joseph's University, Series A, 5.00%, 11/01/40 15,000,000 14,313,450 State System of Higher Education, Series AF, NATL Insured, 5.00%, 6/15/37 7,000,000 7,081,060 Temple University, First Series, 5.00%, 4/01/42 11,310,000 11,073,734 Temple University, Refunding, NATL Insured, 5.00%, 4/01/28 5,000,000 5,155,450 Temple University, Refunding, NATL Insured, 5.00%, 4/01/33 10,000,000 10,148,900 The Trustees of the University of Pennsylvania, Series A, 5.00%, 9/01/41 24,580,000 25,103,062 The Trustees of the University of Pennsylvania, Refunding, Series C, 5.00%, 7/15/38 5,000,000 5,020,850 Thomas Jefferson University, 5.00%, 3/01/42 1,080,000 16,566,028 Thomas Jefferson University, 5.00%, 3/01/42 1,080,000 10,575,504 University of Pennsylvania Health System, Series B, 6.00%, 8/15/31 3,950,000 5,674,600 University of Pennsylvania Health System, Refunding, Series B, 6.00%, 8/15/31 13,000,000 12,983,880 University of the Sciences in Philadelphia, Assured Guaranty, 5.00%, 11/01/32 5,000,000 5,063,100	•		
University of Pennsylvania, 5.00%, 10/01/44 \$ 2,000,000 \$ 1,724,680 St. Joseph's University, Series A, 5.00%, 11/01/40 15,000,000 14,313,450 State System of Higher Education, Series AF, NATL Insured, 5.00%, 6/15/37 7,000,000 7,081,060 Temple University, First Series, 5.00%, 4/01/42 11,310,000 11,073,734 Temple University, Refunding, NATL Insured, 5.00%, 4/01/28 5,000,000 5,155,450 Temple University, Refunding, NATL Insured, 5.00%, 4/01/33 10,000,000 10,148,900 The Trustees of the University of Pennsylvania, Series A, 5.00%, 9/01/41 24,580,000 25,103,062 The Trustees of the University of Pennsylvania, Refunding, Series C, 5.00%, 7/15/38 5,000,000 5,020,850 Thomas Jefferson University, 5.00%, 3/01/42 1,080,000 16,566,028 Thomas Jefferson University, 5.00%, 3/01/42 1,080,000 1,057,504 University of Pennsylvania Health System, 8/15/41 3,950,000 4,100,179 University of Pennsylvania Health System, Refunding, Series B, 6.00%, 8/15/26 5,000,000 5,674,600 University of the Sciences in Philadelphia, 5.00%, 11/01/42 5,000,000 4,821,350 University of the Sciences in Philadelphia, Refunding, Series A, XLCA Insured, 5.00%, 11/01/32 5,000,000 4,823,3	Pennsylvania State Higher Educational Facilities Authority Revenue, (continued)		
St. Joseph's University, Series A, 5.00%, 11/01/40 15,000,000 14,313,450 State System of Higher Education, Series AF, NATL Insured, 5.00%, 6/15/37 7,000,000 7,081,060 Temple University, First Series, 5.00%, 4/01/42 11,310,000 11,073,734 Temple University, Refunding, NATL Insured, 5.00%, 4/01/28 5,000,000 5,155,450 Temple University, Refunding, NATL Insured, 5.00%, 4/01/33 10,000,000 10,148,900 The Trustees of the University of Pennsylvania, Series A, 5.00%, 9/01/41 24,580,000 25,103,062 The Trustees of the University of Pennsylvania, Refunding, Series C, 5.00%, 7/15/38 5,000,000 5,020,850 Thomas Jefferson University, 5.00%, 3/01/40 16,980,000 16,566,028 Thomas Jefferson University, 5.00%, 3/01/42 1,080,000 1,057,504 University of Pennsylvania Health System, 5.75%, 8/15/41 3,950,000 4,100,179 University of Pennsylvania Health System, Refunding, Series B, 6.00%, 8/15/26 5,000,000 5,674,600 University of Pittsburgh Medical Center, Series E, 5.00%, 5/15/31 13,000,000 12,983,880 University of the Sciences in Philadelphia, Assured Guaranty, 5.00%, 11/01/32 5,000,000 5,063,100 University of the Sciences in Philadelphia, Refunding, Series A, XLCA Insured, 5.00%, 11/01/36 </td <td>Shippensburg University Student Services Inc. Student Housing Project at Shippensburg</td> <td></td> <td></td>	Shippensburg University Student Services Inc. Student Housing Project at Shippensburg		
State System of Higher Education, Series AF, NATL Insured, 5.00%, 6/15/37 7,000,000 7,081,060 Temple University, First Series, 5.00%, 4/01/42 11,310,000 11,073,734 Temple University, Refunding, NATL Insured, 5.00%, 4/01/28 5,000,000 5,155,450 Temple University, Refunding, NATL Insured, 5.00%, 4/01/33 10,000,000 10,148,900 The Trustees of the University of Pennsylvania, Series A, 5.00%, 9/01/41 24,580,000 25,103,062 The Trustees of the University of Pennsylvania, Refunding, Series C, 5.00%, 7/15/38 5,000,000 5,020,850 Thomas Jefferson University, 5.00%, 3/01/40 16,980,000 16,566,028 Thomas Jefferson University, 5.00%, 3/01/42 1,080,000 1,057,504 University of Pennsylvania Health System, 5.75%, 8/15/41 3,950,000 4,100,179 University of Pennsylvania Health System, Refunding, Series B, 6.00%, 8/15/26 5,000,000 5,674,600 University of Pittsburgh Medical Center, Series E, 5.00%, 5/15/31 13,000,000 12,983,880 University of the Sciences in Philadelphia, Assured Guaranty, 5.00%, 11/01/32 5,000,000 5,063,100 University of the Sciences in Philadelphia, Refunding, Series A, XLCA Insured, 5.00%, 11/01/36 8,315,000 8,330,133 Widener University, 5.00%, 7/15/31 500,	University of Pennsylvania, 5.00%, 10/01/44	\$ 2,000,000	\$ 1,724,680
Temple University, First Series, 5.00%, 4/01/42 11,310,000 11,073,734 Temple University, Refunding, NATL Insured, 5.00%, 4/01/28 5,000,000 5,155,450 Temple University, Refunding, NATL Insured, 5.00%, 4/01/33 10,000,000 10,148,900 The Trustees of the University of Pennsylvania, Series A, 5.00%, 9/01/41 24,580,000 25,103,062 The Trustees of the University of Pennsylvania, Refunding, Series C, 5.00%, 7/15/38 5,000,000 5,020,850 Thomas Jefferson University, 5.00%, 3/01/40 16,980,000 16,566,028 Thomas Jefferson University, 5.00%, 3/01/42 1,080,000 1,057,504 University of Pennsylvania Health System, 5.75%, 8/15/41 3,950,000 4,100,179 University of Pennsylvania Health System, Refunding, Series B, 6.00%, 8/15/26 5,000,000 5,674,600 University of Pittsburgh Medical Center, Series E, 5.00%, 5/15/31 13,000,000 12,983,880 University of the Sciences in Philadelphia, Assured Guaranty, 5.00%, 11/01/32 5,000,000 5,063,100 University of the Sciences in Philadelphia, Refunding, Series A, XLCA Insured, 5.00%, 11/01/36 8,330,133 Widener University, 5.00%, 7/15/31 500,000 490,135	St. Joseph's University, Series A, 5.00%, 11/01/40	15,000,000	14,313,450
Temple University, Refunding, NATL Insured, 5.00%, 4/01/28 5,000,000 5,155,450 Temple University, Refunding, NATL Insured, 5.00%, 4/01/33 10,000,000 10,148,900 The Trustees of the University of Pennsylvania, Series A, 5.00%, 9/01/41 24,580,000 25,103,062 The Trustees of the University of Pennsylvania, Refunding, Series C, 5.00%, 7/15/38 5,000,000 5,020,850 Thomas Jefferson University, 5.00%, 3/01/40 16,980,000 16,566,028 Thomas Jefferson University, 5.00%, 3/01/42 1,080,000 1,057,504 University of Pennsylvania Health System, 5.75%, 8/15/41 3,950,000 4,100,179 University of Pennsylvania Health System, Refunding, Series B, 6.00%, 8/15/26 5,000,000 5,674,600 University of Pittsburgh Medical Center, Series E, 5.00%, 5/15/31 13,000,000 12,983,880 University of the Sciences in Philadelphia, 5.00%, 11/01/42 5,000,000 4,821,350 University of the Sciences in Philadelphia, Assured Guaranty, 5.00%, 11/01/32 5,000,000 5,063,100 University of the Sciences in Philadelphia, Refunding, Series A, XLCA Insured, 5.00%, 11/01/36 8,330,133 Widener University, 5.00%, 7/15/31 500,000 490,135	State System of Higher Education, Series AF, NATL Insured, 5.00%, 6/15/37	7,000,000	7,081,060
Temple University, Refunding, NATL Insured, 5.00%, 4/01/33 10,000,000 10,148,900 The Trustees of the University of Pennsylvania, Series A, 5.00%, 9/01/41 24,580,000 25,103,062 The Trustees of the University of Pennsylvania, Refunding, Series C, 5.00%, 7/15/38 5,000,000 5,020,850 Thomas Jefferson University, 5.00%, 3/01/40 16,980,000 16,566,028 Thomas Jefferson University, 5.00%, 3/01/42 1,080,000 1,057,504 University of Pennsylvania Health System, 5.75%, 8/15/41 3,950,000 4,100,179 University of Pennsylvania Health System, Refunding, Series B, 6.00%, 8/15/26 5,000,000 5,674,600 University of Pittsburgh Medical Center, Series E, 5.00%, 5/15/31 13,000,000 12,983,880 University of the Sciences in Philadelphia, 5.00%, 11/01/42 5,000,000 4,821,350 University of the Sciences in Philadelphia, Assured Guaranty, 5.00%, 11/01/32 5,000,000 5,063,100 University of the Sciences in Philadelphia, Refunding, Series A, XLCA Insured, 5.00%, 11/01/36 8,315,000 8,330,133 Widener University, 5.00%, 7/15/31 500,000 490,135	Temple University, First Series, 5.00%, 4/01/42	11,310,000	11,073,734
The Trustees of the University of Pennsylvania, Series A, 5.00%, 9/01/41 24,580,000 25,103,062 The Trustees of the University of Pennsylvania, Refunding, Series C, 5.00%, 7/15/38 5,000,000 5,020,850 Thomas Jefferson University, 5.00%, 3/01/40 16,980,000 16,566,028 Thomas Jefferson University, 5.00%, 3/01/42 1,080,000 1,057,504 University of Pennsylvania Health System, 5.75%, 8/15/41 3,950,000 4,100,179 University of Pennsylvania Health System, Refunding, Series B, 6.00%, 8/15/26 5,000,000 5,674,600 University of Pittsburgh Medical Center, Series E, 5.00%, 5/15/31 13,000,000 12,983,880 University of the Sciences in Philadelphia, 5.00%, 11/01/42 5,000,000 4,821,350 University of the Sciences in Philadelphia, Assured Guaranty, 5.00%, 11/01/32 5,000,000 5,063,100 University of the Sciences in Philadelphia, Refunding, Series A, XLCA Insured, 5.00%, 11/01/36 8,330,133 Widener University, 5.00%, 7/15/31 500,000 490,135	Temple University, Refunding, NATL Insured, 5.00%, 4/01/28	5,000,000	5,155,450
The Trustees of the University of Pennsylvania, Refunding, Series C, 5.00%, 7/15/38 5,000,000 5,020,850 Thomas Jefferson University, 5.00%, 3/01/40 16,980,000 16,566,028 Thomas Jefferson University, 5.00%, 3/01/42 1,080,000 1,057,504 University of Pennsylvania Health System, 5.75%, 8/15/41 3,950,000 4,100,179 University of Pennsylvania Health System, Refunding, Series B, 6.00%, 8/15/26 5,000,000 5,674,600 University of Pittsburgh Medical Center, Series E, 5.00%, 5/15/31 13,000,000 12,983,880 University of the Sciences in Philadelphia, 5.00%, 11/01/42 5,000,000 4,821,350 University of the Sciences in Philadelphia, Assured Guaranty, 5.00%, 11/01/32 5,000,000 5,063,100 University of the Sciences in Philadelphia, Refunding, Series A, XLCA Insured, 5.00%, 11/01/36 8,330,133 Widener University, 5.00%, 7/15/31 500,000 490,135	Temple University, Refunding, NATL Insured, 5.00%, 4/01/33	10,000,000	10,148,900
Thomas Jefferson University, 5.00%, 3/01/40 16,980,000 16,566,028 Thomas Jefferson University, 5.00%, 3/01/42 1,080,000 1,057,504 University of Pennsylvania Health System, 5.75%, 8/15/41 3,950,000 4,100,179 University of Pennsylvania Health System, Refunding, Series B, 6.00%, 8/15/26 5,000,000 5,674,600 University of Pittsburgh Medical Center, Series E, 5.00%, 5/15/31 13,000,000 12,983,880 University of the Sciences in Philadelphia, 5.00%, 11/01/42 5,000,000 4,821,350 University of the Sciences in Philadelphia, Assured Guaranty, 5.00%, 11/01/32 5,000,000 5,063,100 University of the Sciences in Philadelphia, Refunding, Series A, XLCA Insured, 5.00%, 11/01/36 8,315,000 8,330,133 Widener University, 5.00%, 7/15/31 500,000 490,135	The Trustees of the University of Pennsylvania, Series A, 5.00%, 9/01/41	24,580,000	25,103,062
Thomas Jefferson University, 5.00%, 3/01/42 1,080,000 1,057,504 University of Pennsylvania Health System, 5.75%, 8/15/41 3,950,000 4,100,179 University of Pennsylvania Health System, Refunding, Series B, 6.00%, 8/15/26 5,000,000 5,674,600 University of Pittsburgh Medical Center, Series E, 5.00%, 5/15/31 13,000,000 12,983,880 University of the Sciences in Philadelphia, 5.00%, 11/01/42 5,000,000 4,821,350 University of the Sciences in Philadelphia, Assured Guaranty, 5.00%, 11/01/32 5,000,000 5,063,100 University of the Sciences in Philadelphia, Refunding, Series A, XLCA Insured, 5.00%, 11/01/36 8,315,000 8,330,133 Widener University, 5.00%, 7/15/31 500,000 490,135	The Trustees of the University of Pennsylvania, Refunding, Series C, 5.00%, $7/15/38$	5,000,000	5,020,850
University of Pennsylvania Health System, 5.75%, 8/15/41 3,950,000 4,100,179 University of Pennsylvania Health System, Refunding, Series B, 6.00%, 8/15/26 5,000,000 5,674,600 University of Pittsburgh Medical Center, Series E, 5.00%, 5/15/31 13,000,000 12,983,880 University of the Sciences in Philadelphia, 5.00%, 11/01/42 5,000,000 4,821,350 University of the Sciences in Philadelphia, Assured Guaranty, 5.00%, 11/01/32 5,000,000 5,063,100 University of the Sciences in Philadelphia, Refunding, Series A, XLCA Insured, 5.00%, 11/01/36 8,315,000 8,330,133 Widener University, 5.00%, 7/15/31 500,000 490,135	Thomas Jefferson University, 5.00%, 3/01/40	16,980,000	16,566,028
University of Pennsylvania Health System, Refunding, Series B, 6.00%, 8/15/26 5,000,000 5,674,600 University of Pittsburgh Medical Center, Series E, 5.00%, 5/15/31 13,000,000 12,983,880 University of the Sciences in Philadelphia, 5.00%, 11/01/42 5,000,000 4,821,350 University of the Sciences in Philadelphia, Assured Guaranty, 5.00%, 11/01/32 5,000,000 5,063,100 University of the Sciences in Philadelphia, Refunding, Series A, XLCA Insured, 5.00%, 11/01/36 8,315,000 8,330,133 Widener University, 5.00%, 7/15/31 500,000 490,135		1,080,000	1,057,504
University of Pittsburgh Medical Center, Series E, 5.00%, 5/15/31 13,000,000 12,983,880 University of the Sciences in Philadelphia, 5.00%, 11/01/42 5,000,000 4,821,350 University of the Sciences in Philadelphia, Assured Guaranty, 5.00%, 11/01/32 5,000,000 5,063,100 University of the Sciences in Philadelphia, Refunding, Series A, XLCA Insured, 5.00%, 11/01/36 8,315,000 8,330,133 Widener University, 5.00%, 7/15/31 500,000 490,135			
University of the Sciences in Philadelphia, 5.00%, 11/01/42 5,000,000 4,821,350 University of the Sciences in Philadelphia, Assured Guaranty, 5.00%, 11/01/32 5,000,000 5,063,100 University of the Sciences in Philadelphia, Refunding, Series A, XLCA Insured, 5.00%, 11/01/36 8,315,000 8,330,133 Widener University, 5.00%, 7/15/31 500,000 490,135			
University of the Sciences in Philadelphia, Assured Guaranty, 5.00%, 11/01/32 5,000,000 5,063,100 University of the Sciences in Philadelphia, Refunding, Series A, XLCA Insured, 5.00%, 11/01/36 8,315,000 8,330,133 Widener University, 5.00%, 7/15/31 500,000 490,135			
University of the Sciences in Philadelphia, Refunding, Series A, XLCA Insured, 5.00%, 8,315,000 8,330,133 Widener University, 5.00%, 7/15/31 500,000 490,135			
11/01/36 8,315,000 8,330,133 Widener University, 5.00%, 7/15/31 500,000 490,135		5,000,000	5,063,100
Widener University, 5.00%, 7/15/31			
	Widener University, 5.00%, 7/15/39	5,750,000	5,400,630
Pennsylvania State Higher Educational Facilities Authority Student Housing Revenue,			
University Properties Inc. Student Housing Project at East Stroudsburg University of		F F00 000	4 700 005
Pennsylvania, 5.00%, 7/01/42		5,500,000	4,790,225
Pennsylvania State Public School Building Authority Community College Revenue, Community		E 000 000	E 402.0E0
College of Philadelphia Project, 6.00%, 6/15/28		5,000,000	5,402,050
Philadelphia Project, Refunding, Series B, AGMC Insured, 4.75%, 6/01/30		5 000 000	4 850 000
Pennsylvania State Public School Building Authority Revenue,		5,000,000	4,659,000
Career Institute of Technology, NATL RE, FGIC Insured, 5.00%, 11/15/28		1 000 000	1 022 270
Central Montgomery County Area, NATL RE, FGIC Insured, Pre-Refunded, 5.00%,		1,000,000	1,022,270
5/15/24		2 500 000	2 583 775
Pennsylvania State Turnpike Commission Oil Franchise Tax Revenue, Series B, NATL Insured,		2,000,000	2,000,770
5.00%, 12/01/24		1 655 000	1 664 897
Pre-Refunded, 5.00%, 12/01/31		, ,	, ,
Pennsylvania State Turnpike Commission Turnpike Revenue,		-,,	-,,
Refunding, Series C, Sub Series C-1, Assured Guaranty, 6.25%, 6/01/38		5.000.000	5.429.200
Series A, AMBAC Insured, 5.00%, 12/01/34			, ,
Series A, Assured Guaranty, 5.00%, 6/01/39			19,434,400
Series C, 5.00%, 12/01/43			9,696,000
Series D, 5.125%, 12/01/40	Series D, 5.125%, 12/01/40	10,000,000	9,692,400
Special, Motor License Fund Enhanced Turnpike, Series A, 5.50%, 12/01/41 5,000,000 5,156,000	Special, Motor License Fund Enhanced Turnpike, Series A, 5.50%, 12/01/41	5,000,000	5,156,000
Pennsylvania State University Revenue, 5.00%,			
9/01/35	9/01/35	1,000,000	1,013,770
3/01/40	3/01/40	1,500,000	1,508,235
Philadelphia Airport Revenue, Series A, AGMC Insured, 5.00%,	Philadelphia Airport Revenue, Series A, AGMC Insured, 5.00%,		
6/15/35 5,000,000 4,838,550	6/15/35	5,000,000	4,838,550
6/15/40 5,000,000 4,752,050	6/15/40	5,000,000	4,752,050

Franklin Pennsylvania Tax-Free Income Fund	Principal Amount		Value
Municipal Bonds (continued)			
Pennsylvania (continued)			
Philadelphia Authority for IDR,			
Cultural and Commercial Corridors Program, Series A, NATL RE, FGIC Insured, 5.00%,			
12/01/23	\$ 6,205,000	\$	6,340,269
Cultural and Commercial Corridors Program, Series A, NATL RE, FGIC Insured, 5.00%,	φ 0,203,000	Ψ	0,340,203
12/01/25	5,690,000		5,752,249
International Apartments at Temple University, Series A, 5.625%, 6/15/42	4,000,000		3,858,840
	2,000,000		, ,
Philadelphia Corp. for Aging Project, Series B, AMBAC Insured, 5.25%, 7/01/31	2,000,000		1,950,140
Philadelphia Gas Works Revenue,	F 700 000		E 21E 7C0
Ninth Series, 5.25%, 8/01/40	5,720,000		5,315,768
Twelfth Series B, NATL Insured, ETM, 7.00%, 5/15/20	615,000		739,691
Philadelphia GO,	F 000 000		5.044.000
Refunding, Series A, Assured Guaranty, 5.125%, 8/01/25	5,000,000		5,244,800
Refunding, Series A, Assured Guaranty, 5.25%, 8/01/26	5,000,000		5,258,500
Series A, 5.25%, 7/15/33	5,000,000		4,920,950
Series B, Assured Guaranty, 7.125%, 7/15/38	10,000,000		11,027,000
Philadelphia Hospitals and Higher Education Facilities Authority Revenue,			
Children's Hospital of Philadelphia Project, Series C, 5.00%, 7/01/41	5,000,000		4,867,750
Temple University Health System Obligated Group, Refunding, Series A, 5.50%,			
7/01/30	5,000,000		4,492,550
Temple University Health System Obligated Group, Refunding, Series A, 5.00%,			
7/01/34	4,000,000		3,185,080
Philadelphia Housing Authority Capital Fund Program Revenue, Series A, AGMC Insured,			
5.00%, 12/01/21	5,000,000		5,013,850
Philadelphia Municipal Authority Revenue, Lease, 6.50%,			
4/01/34	3,250,000		3,558,880
4/01/39	2,500,000		2,689,100
Philadelphia RDAR, Neighborhood Transformation Initiative,			
Refunding, 5.00%, 4/15/26	3,000,000		3,125,550
Series C, NATL RE, FGIC Insured, 5.00%, 4/15/31	13,565,000		13,587,111
Philadelphia School District GO,			
Series D, FGIC Insured, Pre-Refunded, 5.125%, 6/01/34	5,000,000		5,180,550
Series E, 6.00%, 9/01/38	5,000,000		5,178,200
Philadelphia Water and Wastewater Revenue,	, ,		, ,
Series A, 5.25%, 1/01/36	3,000,000		3,079,530
Series A, 5.00%, 1/01/41	18,000,000		17,527,860
Series A, 5.125%, 1/01/43	5,000,000		4,943,500
Series A, AGMC Insured, 5.00%, 7/01/29	11,645,000		11,983,404
Series C, AGMC Insured, 5.00%, 8/01/35	7,000,000		7,024,010
Pine-Richland School District GO, Allegheny County, Assured Guaranty, 5.00%, 3/01/39	15,130,000		15,397,650
Pittsburgh Water and Sewer Authority Revenue, FGIC Insured, ETM, 7.25%, 9/01/14	310,000		319,963
Plum Boro School District GO, Series E, Build America Mutual Assurance, 5.00%, 9/15/37	5,610,000		5,602,146
Reading GO, AGMC Insured, 6.00%, 11/01/28	2,000,000		2,100,860
Scranton School District GO,	E 420 000		E 257 000
Series A, AGMC Insured, 5.00%, 7/15/38	5,430,000		5,257,000
Series C, AGMC Insured, 5.00%, 7/15/38	5,000,000		4,840,700
Scranton-Lackawanna Health and Welfare Authority Revenue, University of Scranton,	0.105.000		0.010.506
XLCA Insured, 5.00%, 11/01/37	8,125,000		8,212,506

Franklin Pennsylvania Tax-Free Income Fund	Principal Amount		Value
Municipal Bonds (continued)			
Pennsylvania (continued)			
Snyder County Higher Education Authority University Revenue, Susquehanna University			
Project, 5.00%, 1/01/38	\$ 4,000,000	\$	3,927,920
South Fork Municipal Authority Hospital Revenue, Conemaugh Valley Memorial Hospital,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,	-,,
Refunding, Series B, Assured Guaranty, 5.375%, 7/01/35	10,000,000		9,980,100
Southmoreland School District GO, NATL Insured, Pre-Refunded, 5.00%, 4/01/27	5,025,000		5,391,021
State Public School Building Authority College Revenue, Delaware County Community College	3,020,000		0,001,021
Project, AGMC Insured, 5.00%, 10/01/32	1,000,000		1,013,410
State Public School Building Authority School Lease Revenue,	1,000,000		1,010,110
The School District of Philadelphia Project, 5.00%, 4/01/29	3,835,000		3,798,031
The School District of Philadelphia Project, 5.00%, 4/01/31	2,500,000		2,431,525
The School District of Philadelphia Project, 5.00%, 4/01/32	2,000,000		1,924,980
The School District of the City of Harrisburg Project, Series A, Assured Guaranty, 5.00%,	2,000,000		1,524,500
11/15/33	5,000,000		4,887,750
Susquehanna Area Regional Airport Authority Airport System Revenue, Series A, 6.50%,	3,000,000		4,887,730
1/01/38	4,000,000		4,244,640
Swarthmore Borough Authority College Revenue, Swathmore College Project, 5.00%,	4,000,000		4,244,040
9/15/439/15/43	1,000,000		1,021,350
	1,000,000		1,021,330
Union County Higher Educational Facilities Financing Authority University Revenue, Bucknell	6,255,000		6 211 170
University, Series A, 5.00%, 4/01/42	6,233,000		6,311,170
University of Pittsburgh of the Commonwealth System of Higher Education Revenue,			
University Capital Project,	F 000 000		F 120 COO
Refunding, Series C, 5.00%, 9/15/35	5,000,000		5,138,600
Series B, 5.00%, 9/15/31	10,000,000		10,476,300
Washington County IDA College Revenue, Washington and Jefferson College, Refunding,	7.505.000		7.600.647
5.25%, 11/01/30	7,525,000		7,689,647
5.00%, 11/01/36	8,470,000		8,154,577
West Mifflin Area School District GO, Allegheny County, AGMC Insured, 5.125%, 4/01/31	1,000,000		1,039,980
Westmoreland County Municipal Authority Revenue, 5.00%, 8/15/37	7,500,000		7,386,525
Whitehall-Coplay School District GO, Lehigh County, Series A, AGMC Insured, 5.375%,			
11/15/34	6,000,000		6,218,040
Wilkes-Barre Finance Authority Revenue, Wilkes University Project, Refunding, 5.00%,	4.500.000		4 177 005
3/01/37	4,500,000		4,177,305
Wyoming Area School District GO, Refunding, Series A, NATL Insured, 5.00%, 9/01/26	5,005,000		5,127,222
York County GO, Refunding, 5.00%, 6/01/38	5,000,000		5,014,900
		1,2	251,486,148
U.S. Territories 9.5%			
Puerto Rico 8.8%			
Puerto Rico Commonwealth Aqueduct and Sewer Authority Revenue, senior lien, Series A,			
6.00%, 7/01/44	2,100,000		1,529,535
Puerto Rico Commonwealth GO, Public Improvement,	2,100,000		1,023,000
Refunding, Series A, 5.75%, 7/01/41	7,730,000		5,581,988
Refunding, Series A-4, AGMC Insured, 5.25%, 7/01/30	5,000,000		4,508,150
Series A, 5.00%, 7/01/29	4,000,000		2,915,920
Series A, 5.00%, 7/01/29 Series A, 5.00%, 7/01/33 Series A, 5.00%, 7/01/33	7,800,000		5,438,472
Puerto Rico Commonwealth Infrastructure Financing Authority Special Tax Revenue, Series B,	7,000,000		3,430,472
5.00%, 7/01/37	7,010,000		4,644,826
J.00 /0, 1/01/31	7,010,000		4,044,020

Statement of Investments, August 31, 2013 (unaudited) (continued)

Franklin Pennsylvania Tax-Free Income Fund	Principal Amount	Value
Municipal Bonds (continued)		
U.S. Territories (continued)		
Puerto Rico (continued)		
Puerto Rico Electric Power Authority Power Revenue,		
Refunding, Series A, 5.00%, 7/01/42	\$ 8,500,000	\$ 5,650,715
Series TT, 5.00%, 7/01/32	5,100,000	3,631,557
Series XX, 5.25%, 7/01/40	16,020,000	11,222,811
Puerto Rico Public Finance Corp. Revenue, Commonwealth Appropriation, Refunding,		
Series B, 5.50%, 8/01/31	10,000,000	7,525,500
Puerto Rico Sales Tax FICO Sales Tax Revenue,	00 000 000	16.040.000
first subordinate, Series A, 5.375%, 8/01/39	20,000,000	16,340,800
first subordinate, Series A, 6.00%, 8/01/42	34,000,000	30,290,260
first subordinate, Series A-1, 5.25%, 8/01/43	10,000,000	7,975,200
first subordinate, Series C, 5.50%, 8/01/40 Refunding, Senior Series C, 5.00%, 8/01/46	15,000,000 6,250,000	12,414,450 5,202,187
Retuilding, Senior Series C, 5.00 %, 6/01/40	6,250,000	
		124,872,371
U.S. Virgin Islands 0.7%		
Virgin Islands PFAR,		
Gross Receipts Taxes Loan Note, Radian Insured, 5.00%, 10/01/33	5,000,000	4,733,100
senior lien, Refunding, Series B, 5.00%, 10/01/25	5,500,000	5,674,020
		10,407,120
Total U.S. Territories		135,279,491
Total Municipal Bonds before Short Term Investments		
(Cost \$1,431,172,852)		1,386,765,639
Short Term Investments (Cost \$3,200,000) 0.2% Municipal Bonds 0.2%		
Pennsylvania 0.2%		
^a Geisinger Authority Health System Revenue, Geisinger Health System, Series B, Daily VRDN and Put, 0.03%, 6/01/41	3,200,000	3 300 000
	3,200,000	3,200,000
Total Investments (Cost \$1,434,372,852) 97.7%		1,389,965,639
Other Assets, less Liabilities 2.3%		33,149,138
Net Assets 100.0%		\$1,423,114,777

See Abbreviations on page 175.

aVariable rate demand notes (VRDNs) are tax-exempt obligations which contain a floating or variable interest rate adjustment formula and an unconditional right of demand to receive payment of the principal balance plus accrued interest at specified dates. The coupon rate shown represents the rate at period end.

Financial Statements

Statements of Assets and Liabilities

	Franklin Arizona Tax-Free Income Fund	Franklin Colorado Tax-Free Income Fund	Franklin Connecticut Tax-Free Income Fund	Franklin Michigan Tax-Free Income Fund
Assets:				
Investments in securities:				
Cost	\$ 999,317,364	\$704,391,272	\$461,405,644	\$1,214,159,135
Value	\$ 969,547,596	\$688,593,107	\$442,605,800	\$1,175,774,390
Cash	13,502,479	8,043,754	195,602	11,093,834
Receivables:				
Investment securities sold	_	_	6,340,000	_
Capital shares sold	1,121,090	304,302	1,110,839	375,804
Interest	10,868,728	9,643,122	4,060,039	16,124,056
Other assets	223	165	110	287
Total assets	995,040,116	706,584,450	454,312,390	1,203,368,371
Liabilities:				
Payables:				
Investment securities purchased	_	4,532,740	_	_
Capital shares redeemed	4,793,077	4,790,237	2,533,619	3,658,754
Management fees	391,607	282,450	189,874	469,745
Distribution fees	138,528	116,376	81,260	181,699
Transfer agent fees	64,437	53,727	35,364	105,612
Distributions to shareholders	654,179	261,007	304,454	740,073
Accrued expenses and other liabilities	115,326	27,861	35,980	67,385
Total liabilities	6,157,154	10,064,398	3,180,551	5,223,268
Net assets, at value	\$ 988,882,962	\$696,520,052	\$451,131,839	\$1,198,145,103
Net assets consist of:				
Paid-in capital	\$1,028,270,643	\$725,090,615	\$474,591,160	\$1,244,511,279
Undistributed net investment income	327,016	806,360	611,740	2,030,840
Net unrealized appreciation (depreciation)	(29,769,768)	(15,798,165)	(18,799,844)	(38,384,745)
Accumulated net realized gain (loss)	(9,944,929)	(13,578,758)	(5,271,217)	(10,012,271)
Net assets, at value	\$ 988,882,962	\$696,520,052	\$451,131,839	\$1,198,145,103

Financial Statements (continued)

Statements of Assets and Liabilities (continued)

	Franklin Arizona	Franklin Colorado	Franklin Connecticut		Franklin Michigan
	Tax-Free	Tax-Free	Tax-Free		Tax-Free
	Income Fund	Income Fund	Income Fund		Income Fund
Class A:					
Net assets, at value	\$ 841,933,913	\$541,570,561	\$336,022,746	\$1	1,011,687,260
Shares outstanding	80,851,928	48,204,845	32,529,695		89,785,936
Net asset value per share ^a	\$10.41	\$11.23	\$10.33		\$11.27
Maximum offering price per share (net asset value per share ÷ 95.75%)	\$10.87	\$11.73	\$10.79		\$11.77
Class C:					
Net assets, at value	\$ 112,847,812	\$118,611,619	\$ 90,507,856	\$	162,927,058
Shares outstanding	 10,685,965	10,451,100	8,701,936		14,266,180
Net asset value and maximum offering price per share $^{\rm a}$	\$10.56	\$11.35	\$10.40		\$11.42
Advisor Class:					
Net assets, at value	\$ 34,101,237	\$ 36,337,872	\$ 24,601,237	\$	23,530,785
Shares outstanding	3,268,002	3,234,817	2,383,131		2,083,192
Net asset value and maximum offering price per share	\$10.43	\$11.23	\$10.32		\$11.30

^aRedemption price is equal to net asset value less contingent deferred sales charges, if applicable.

Financial Statements (continued)

Statements of Assets and Liabilities (continued)

	Franklin Minnesota Tax-Free Income Fund	Franklin Ohio Tax-Free Income Fund	Franklin Oregon Tax-Free Income Fund	Franklin Pennsylvania Tax-Free Income Fund
Assets:				
Investments in securities:				
Cost	\$1,023,524,184	\$1,581,517,039	\$1,234,894,220	\$1,434,372,852
Value	\$1,034,683,204	\$1,547,827,849	\$1,210,249,236	\$1,389,965,639
Cash	6,304,201	6,312,852	7,707,399	54,118
Receivables:				
Investment securities sold	_	_	_	20,001,431
Capital shares sold	946,462	1,749,867	389,036	1,569,041
Interest	9,931,889	18,178,436	14,084,064	19,418,640
Other assets	231	362	287	325
Total assets	1,051,865,987	1,574,069,366	1,232,430,022	1,431,009,194
Liabilities:				
Payables:				
Capital shares redeemed	3,851,184	7,369,168	6,944,479	6,187,944
Management fees	413,133	607,346	479,805	554,243
Distribution fees	193,569	292,793	205,844	259,079
Transfer agent fees	82,274	136,940	56,103	126,335
Distributions to shareholders	334,503	587,407	481,291	700,973
Accrued expenses and other liabilities	26,973	77,023	50,581	65,843
Total liabilities	4,901,636	9,070,677	8,218,103	7,894,417
Net assets, at value	\$1,046,964,351	\$1,564,998,689	\$1,224,211,919	\$1,423,114,777
Net assets consist of:				
Paid-in capital	\$1,043,957,959	\$1,616,527,888	\$1,260,944,039	\$1,478,965,548
Undistributed net investment income	299,828	3,949,627	1,816,540	1,499,896
Net unrealized appreciation (depreciation)	11,159,020	(33,689,190)	(24,644,984)	(44,407,213)
Accumulated net realized gain (loss)	(8,452,456)	(21,789,636)	(13,903,676)	(12,943,454)
Net assets, at value	\$1,046,964,351	\$1,564,998,689	\$1,224,211,919	\$1,423,114,777

Financial Statements (continued)

Statements of Assets and Liabilities (continued)

		Franklin Minnesota Tax-Free Income Fund		Franklin Ohio Tax-Free Income Fund	Franklin Oregon Tax-Free Income Fund		Franklin Pennsylvania Tax-Free Income Fund
Class A:							
Net assets, at value	\$	754,946,716	\$1	,196,760,263	\$ 974,066,511	\$.	1,088,541,215
Shares outstanding	_	63,063,631		100,565,857	86,193,794		110,696,436
Net asset value per share ^a		\$11.97		\$11.90	\$11.30		\$9.83
Maximum offering price per share (net asset value per share ÷ 95.75%)		\$12.50		\$12.43	\$11.80		\$10.27
Class C:							
Net assets, at value	\$	223,133,857	\$	330,918,158	\$ 209,306,112	\$	288,743,374
Shares outstanding		18,460,119		27,489,629	18,279,793		29,051,047
Net asset value and maximum offering price per share ^a		\$12.09		\$12.04	\$11.45		\$9.94
Advisor Class:							
Net assets, at value	\$	68,883,778	\$	37,320,268	\$ 40,839,296	\$	45,830,188
Shares outstanding		5,749,874		3,135,272	3,610,673		4,656,838
Net asset value and maximum offering price per share		\$11.98		\$11.90	\$11.31		\$9.84

^aRedemption price is equal to net asset value less contingent deferred sales charges, if applicable.

Financial Statements (continued)

Statements of Operations

for the six months ended August 31, 2013 (unaudited)

	Franklin Arizona Tax-Free Income Fund	Franklin Colorado Tax-Free Income Fund	Franklin Connecticut Tax-Free Income Fund	Franklin Michigan Tax-Free Income Fund
Investment income:				
Interest	\$ 25,250,209	\$ 18,267,641	\$ 10,894,393	\$ 29,954,308
Expenses:				
Management fees (Note 3a)	2,598,529	1,926,473	1,277,545	3,205,665
Class A	473,833	315,654	192,441	590,091
Class C	453,606	482,413	361,143	646,355
Transfer agent fees: (Note 3e)				
Class A	144,853	128,647	75,247	281,265
Class C	21,331	30,249	21,730	47,395
Advisor Class	5,628	8,350	5,723	5,918
Custodian fees	6,328	4,751	2,971	7,255
Reports to shareholders	23,709	21,022	14,383	44,088
Registration and filing fees	18,216	10,472	8,123	21,701
Professional fees	21,495	19,475	18,762	21,418
Trustees' fees and expenses	2,642	1,893	1,299	3,549
Other	31,866	25,370	21,938	34,437
Total expenses	3,802,036	2,974,769	2,001,305	4,909,137
Net investment income	21,448,173	15,292,872	8,893,088	25,045,171
Realized and unrealized gains (losses):				·
Net realized gain (loss) from investments	(6,129,036)	(6,494,220)	(3,394,243)	(6,357,802)
investments	(104,583,192)	(74,569,411)	(48,609,047)	(119,490,279)
Net realized and unrealized gain (loss)	(110,712,228)	(81,063,631)	(52,003,290)	(125,848,081)
Net increase (decrease) in net assets resulting from				
operations	\$ (89,264,055)	\$(65,770,759)	\$(43,110,202)	\$(100,802,910)

Financial Statements (continued)

Statements of Operations (continued)

for the six months ended August 31, 2013 (unaudited)

	Franklin Minnesota Tax-Free	Franklin Ohio Tax-Free	Franklin Oregon Tax-Free	Franklin Pennsylvania Tax-Free
	Income Fund	Income Fund	Income Fund	Income Fund
Investment income:				
Interest	\$22,322,596	\$39,321,544	\$30,365,163	\$36,001,916
Expenses:				
Management fees (Note 3a)	2,731,074	4,114,981	3,260,116	3,743,224
Distribution fees: (Note 3c)				
Class A	432,387	687,453	564,967	616,435
Class C	844,327	1,282,875	813,499	1,096,739
Transfer agent fees: (Note 3e)				
Class A	212,357	313,912	199,305	281,304
Class C	63,801	90,139	44,156	75,742
Advisor Class	14,185	10,446	8,447	12,265
Custodian fees	6,692	10,888	8,155	9,288
Reports to shareholders	33,172	47,686	35,599	49,790
Registration and filing fees	16,209	22,997	10,017	13,113
Professional fees	20,775	22,865	21,628	22,362
Trustees' fees and expenses	2,715	4,258	3,403	3,810
Other	41,065	52,074	41,654	42,318
Total expenses	4,418,759	6,660,574	5,010,946	5,966,390
Net investment income	17,903,837	32,660,970	25,354,217	30,035,526
Realized and unrealized gains (losses):				
Net realized gain (loss) from investments	(4,365,167)	(11,431,310)	(13,418,150)	(7,680,324)
Net change in unrealized appreciation (depreciation) on				
investments	(89,571,794)	(163,689,454)	(136,066,569)	(162,627,812)
Net realized and unrealized gain (loss)	(93,936,961)	(175,120,764)	(149,484,719)	(170,308,136)
Net increase (decrease) in net assets resulting from				
operations	\$(76,033,124)	\$(142,459,794)	\$(124,130,502)	\$(140,272,610)

Financial Statements (continued)

Statements of Changes in Net Assets

	Franklin Tax-Free In		Franklin Colorado Tax-Free Income Fund		
	Six Months Ended August 31, 2013 (unaudited)	Year Ended February 28, 2013	Six Months Ended August 31, 2013 (unaudited)	Year Ended February 28, 2013	
Increase (decrease) in net assets:					
Operations: Net investment income	¢ 01.440.170	ф 42.20C ECC	¢ 15 000 070	¢ 20 ECO 200	
Net realized gain (loss) from investments	\$ 21,448,173 (6,129,036)	\$ 43,306,566 609,376	\$ 15,292,872 (6,494,220)	\$ 29,569,308 1,109,554	
Net change in unrealized appreciation	(0,129,030)	009,370	(0,494,220)	1,109,554	
(depreciation) on investments	(104,583,192)	21,659,215	(74,569,411)	10,179,612	
Net increase (decrease) in net assets	(== :,===,===,		(, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
resulting from operations	(89,264,055)	65,575,157	(65,770,759)	40,858,474	
Distributions to shareholders from:		, ,	. , , .	, ,	
Net investment income:					
Class A	(18,219,562)	(36,828,219)	(11,480,225)	(23,163,969)	
Class B	_	(27,549)	_	_	
Class C	(2,255,099)	(4,406,846)	(2,258,056)	(4,478,361)	
Advisor Class	(724,264)	(1,206,374)	(765,705)	(1,417,394)	
Total distributions to shareholders	(21,198,925)	(42,468,988)	(14,503,986)	(29,059,724)	
Capital share transactions: (Note 2)					
Class A	(47,496,387)	42,710,189	(56,915,430)	68,141,448	
Class B	(103,326)	(1,561,793)	_	_	
Class C	(24,387,830)	29,548,564	(27,966,979)	32,678,754	
Advisor Class	1,533,602	14,848,728	(1,601,651)	9,522,595	
Total capital share transactions	(70,453,941)	85,545,688	(86,484,060)	110,342,797	
Net increase (decrease) in net assets	(180,916,921)	108,651,857	(166,758,805)	122,141,547	
Net assets:					
Beginning of period	1,169,799,883	1,061,148,026	863,278,857	741,137,310	
End of period	\$ 988,882,962	\$1,169,799,883	\$696,520,052	\$863,278,857	
Undistributed net investment income included					
in net assets:					
End of period	\$ 327,016	\$ 77,768	\$ 806,360	\$ 17,474	

Financial Statements (continued)

Statements of Changes in Net Assets (continued)

		onnecticut come Fund	Franklin Michigan Tax-Free Income Fund		
	Six Months Ended August 31, 2013 (unaudited)	Year Ended February 28, 2013	Six Months Ended August 31, 2013 (unaudited)	Year Ended February 28, 2013	
Increase (decrease) in net assets:					
Operations:		* *******			
Net investment income	\$ 8,893,088	\$ 18,601,245	\$ 25,045,171	\$ 51,283,358	
Net realized gain (loss) from investments	(3,394,243)	969,628	(6,357,802)	1,588,480	
Net change in unrealized appreciation	(40,600,047)	0.500.001	(110 400 070)	10 700 040	
(depreciation) on investments	(48,609,047)	2,522,021	(119,490,279)	12,732,042	
Net increase (decrease) in net assets					
resulting from operations	(43,110,202)	22,092,894	(100,802,910)	65,603,880	
Distributions to shareholders from:					
Net investment income:					
Class A	(6,269,900)	(14,342,762)	(20,413,936)	(43,467,062)	
Class B	_	_	_	(35,036)	
Class C	(1,488,350)	(3,477,589)	(2,831,394)	(5,863,433)	
Advisor Class	(492,349)	(1,029,687)	(441,979)	(724,634)	
Total distributions to shareholders	(8,250,599)	(18,850,038)	(23,687,309)	(50,090,165)	
Capital share transactions: (Note 2)					
Class A	(30,901,665)	13,740,158	(140,901,718)	2,098,972	
Class B	_	_	(154,705)	(2,369,893)	
Class C	(20,985,813)	15,899,624	(31,933,335)	17,415,658	
Advisor Class	(3,539,820)	7,180,636	5,693,825	2,632,207	
Total capital share transactions	(55,427,298)	36,820,418	(167,295,933)	19,776,944	
Net increase (decrease) in net assets	(106,788,099)	40,063,274	(291,786,152)	35,290,659	
Net assets:	, ,	, ,	, ,	, ,	
Beginning of period	557,919,938	517,856,664	1,489,931,255	1,454,640,596	
End of period	\$ 451,131,839	\$557,919,938	\$1,198,145,103	\$1,489,931,255	
Undistributed net investment income (distributions in excess of net investment income) included in net assets:					
End of period	\$ 611,740	\$ (30,749)	\$ 2,030,840	\$ 672,978	

Financial Statements (continued)

Statements of Changes in Net Assets (continued)

	Franklin N Tax-Free In		Franklin Ohio Tax-Free Income Fund			
	Six Months Ended August 31, 2013 (unaudited)	Year Ended February 28, 2013	Six Months Ended August 31, 2013 (unaudited)	Year Ended February 28, 2013		
Increase (decrease) in net assets:						
Operations:						
Net investment income	\$ 17,903,837	\$ 36,514,341	\$ 32,660,970	\$ 64,549,875		
Net realized gain (loss) from investments	(4,365,167)	210,277	(11,431,310)	2,456,718		
Net change in unrealized appreciation						
(depreciation) on investments	(89,571,794)	15,396,550	(163,689,454)	17,708,714		
Net increase (decrease) in net assets						
resulting from operations	(76,033,124)	52,121,168	(142,459,794)	84,715,307		
Distributions to shareholders from: Net investment income:						
Class A	(13,331,364)	(28,291,653)	(23,264,287)	(49,939,124)		
Class B	· · · —	_	_	(39,110)		
Class C	(3,238,932)	(6,638,531)	(5,486,019)	(11,602,709)		
Advisor Class	(914,144)	(1,474,394)	(797,223)	(1,519,962)		
Total distributions to shareholders	(17,484,440)	(36,404,578)	(29,547,529)	(63,100,905)		
Capital share transactions: (Note 2)						
Class A	(81,683,532)	73,284,471	(118,450,595)	124,045,417		
Class B	· · · —	_	(105,490)	(2,591,693)		
Class C	(26,915,392)	42,667,366	(48,055,493)	65,464,514		
Advisor Class	24,300,313	10,371,102	(3,649,065)	8,767,707		
Total capital share transactions	(84,298,611)	126,322,939	(170,260,643)	195,685,945		
Net increase (decrease) in net assets	(177,816,175)	142,039,529	(342,267,966)	217,300,347		
Net assets:	, ,	, ,	, ,	, ,		
Beginning of period	1,224,780,526	1,082,740,997	1,907,266,655	1,689,966,308		
End of period	\$1,046,964,351	\$1,224,780,526	\$1,564,998,689	\$1,907,266,655		
Undistributed net investment income (distributions in excess of net investment income) included in net assets:						
End of period	\$ 299,828	\$ (119,569)	\$ 3,949,627	\$ 836,186		

Financial Statements (continued)

Statements of Changes in Net Assets (continued)

	Franklin Tax-Free In		Franklin Pennsylvania Tax-Free Income Fund		
	Six Months Ended August 31, 2013 (unaudited)	Year Ended February 28, 2013	Six Months Ended August 31, 2013 (unaudited)	Year Ended February 28, 2013	
Increase (decrease) in net assets: Operations: Net investment income	\$ 25,354,217 (13,418,150)	\$ 49,668,516 1,151,204	\$ 30,035,526 (7,680,324)	\$ 59,363,913 508,601	
(depreciation) on investments	(136,066,569)	13,554,523	(162,627,812)	19,781,177	
Net increase (decrease) in net assets resulting from operations	(124,130,502)	64,374,243	(140,272,610)	79,653,691	
Distributions to shareholders from: Net investment income:					
Class B	(19,531,390) —	(40,042,347)	(22,997,450) —	(46,212,088) (53,733)	
Class C	(3,563,016) (850,747)	(7,327,223) (1,568,729)	(5,195,917) (1,028,993)	(10,067,766) (1,830,966)	
Total distributions to shareholders	(23,945,153)	(48,938,299)	(29,222,360)	(58,164,553)	
Capital share transactions: (Note 2)					
Class A	(98,428,776)	94,750,742	(92,598,784) (213,542)	123,217,052 (3,249,453)	
Class C	(31,722,334)	33,593,027	(27,400,207)	58,182,722	
Advisor Class	(2,859,624)	8,823,590	(5,981,094)	16,165,604	
Total capital share transactions	(133,010,734)	137,167,359	(126,193,627)	194,315,925	
Net increase (decrease) in net assets Net assets:	(281,086,389)	152,603,303	(295,688,597)	215,805,063	
Beginning of period	1,505,298,308	1,352,695,005	1,718,803,374	1,502,998,311	
End of period	\$1,224,211,919	\$1,505,298,308	\$1,423,114,777	\$1,718,803,374	
Undistributed net investment income included in net assets:					
End of period	\$ 1,816,540	\$ 407,476	\$ 1,499,896	\$ 686,730	

Notes to Financial Statements (unaudited)

1. Organization and Significant Accounting Policies

Franklin Tax-Free Trust (Trust) is registered under the Investment Company Act of 1940, as amended, (1940 Act) as an open-end investment company, consisting of twenty-four separate funds, eight of which are included in this report (Funds). The financial statements of the remaining funds in the Trust are presented separately. The Funds offer three classes of shares: Class A, Class C, and Advisor Class. Effective March 1, 2013, all Class B shares were converted to Class A. Each class of shares differs by its initial sales load, contingent deferred sales charges, voting rights on matters affecting a single class, its exchange privilege and fees primarily due to differing arrangements for distribution and transfer agent fees.

The following summarizes the Funds' significant accounting policies.

a. Financial Instrument Valuation

The Funds' investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Under procedures approved by the Trust's Board of Trustees (the Board), the Funds' administrator, investment manager and other affiliates have formed the Valuation and Liquidity Oversight Committee (VLOC). The VLOC provides administration and oversight of the Funds' valuation policies and procedures, which are approved annually by the Board. Among other things, these procedures allow the Funds to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Debt securities generally trade in the over-the-counter market rather than on a securities exchange. The Funds' pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a marketbased approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value.

The Funds have procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the VLOC convenes on a regular basis to review such financial instruments and considers a number of factors, including significant unobservable valuation inputs, when arriving at fair value. The VLOC primarily employs a market-based approach which may use related or comparable assets or liabilities,

Notes to Financial Statements (unaudited) (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The VLOC employs various methods for calibrating these valuation approaches including a regular review of key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

b. Income Taxes

It is each fund's policy to qualify as a regulated investment company under the Internal Revenue Code. Each fund intends to distribute to shareholders substantially all of its income and net realized gains to relieve it from federal income and excise taxes. As a result, no provision for U.S. federal income taxes is required.

Each fund recognizes the tax benefits of uncertain tax positions only when the position is "more likely than not" to be sustained upon examination by the tax authorities based on the technical merits of the tax position. As of August 31, 2013, and for all open tax years, each fund has determined that no liability for unrecognized tax benefits is required in each fund's financial statements related to uncertain tax positions taken on a tax return (or expected to be taken on future tax returns). Open tax years are those that remain subject to examination and are based on each tax jurisdiction statute of limitation.

c. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Dividends from net investment income are normally declared daily; these dividends may be reinvested or paid monthly to shareholders. Distributions to shareholders are determined according to income tax regulations (tax basis). Distributable earnings determined on a tax basis may differ from earnings recorded in accordance with accounting principles generally accepted in the United States of America. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

Notes to Financial Statements (unaudited) (continued)

1. Organization and Significant Accounting Policies (continued)

c. Security Transactions, Investment Income, Expenses and Distributions (continued)

Common expenses incurred by the Trust are allocated among the funds based on the ratio of net assets of each fund to the combined net assets of the Trust. Fund specific expenses are charged directly to the fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, not including class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class. Differences in per share distributions, by class, are generally due to differences in class specific expenses.

d. Insurance

The scheduled payments of interest and principal for each insured municipal security in the Trust are insured by either a new issue insurance policy or a secondary insurance policy. Some municipal securities in the Funds are secured by collateral guaranteed by an agency of the U.S. government. Depending on the type of coverage, premiums for insurance are either added to the cost basis of the security or paid by a third party.

Insurance companies typically insure municipal bonds that tend to be of very high quality, with the majority of underlying municipal bonds rated A or better. However, an event involving an insurer could have an adverse effect on the value of the securities insured by that insurance company. There is no guarantee the insurer will be able to fulfill its obligations under the terms of the policy.

e. Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

f. Guarantees and Indemnifications

Under the Trust's organizational documents, its officers and trustees are indemnified by the Trust against certain liabilities arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust, on behalf of the Funds, enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Currently, the Trust expects the risk of loss to be remote.

Notes to Financial Statements (unaudited) (continued)

2. SHARES OF BENEFICIAL INTEREST

At August 31, 2013, there were an unlimited number of shares authorized (without par value). Transactions in the Funds' shares were as follows:

		n Arizona ncome Fund	Franklin Colorado Tax-Free Income Fund		
	Shares	Amount	Shares	Amount	
Class A Shares:					
Six Months ended August 31, 2013					
Shares sold	7,143,393	\$ 79,436,881	2,282,594	\$ 27,894,411	
Shares issued in reinvestment of	1 010 455	1 4 5 6 5 5 6 6 6	050 401	10 170 771	
distributions	1,319,455	14,565,538	853,431	10,178,771	
Shares redeemed	(12,894,071)	(141,498,806)	(8,040,207)	(94,988,612)	
Net increase (decrease)	(4,431,223)	\$ (47,496,387)	(4,904,182)	\$(56,915,430)	
Year ended February 28, 2013					
Shares sold	13,158,387	\$ 150,690,554	10,860,377	\$134,937,182	
Shares issued in reinvestment of	2 560 227	20 420 054	1 650 720	20 479 005	
distributions	2,569,237	29,430,954	1,650,720	20,478,095	
Shares redeemed	(12,018,402)	(137,411,319)	(7,031,036)	(87,273,829)	
Net increase (decrease)	3,709,222	\$ 42,710,189	5,480,061	\$ 68,141,448	
Class B Shares:					
Six Months ended August 31, 2013 ^a	(0.000)	ф (102.20C)			
Shares redeemed	(8,908)	\$ (103,326)			
Net increase (decrease)	(8,908)	\$ (103,326)			
Year ended February 28, 2013					
Shares sold	3,228	\$ 37,408			
Shares issued in reinvestment of distributions	1,825	20,950			
Shares redeemed	(140,935)	(1,620,151)			
Net increase (decrease)	(135,882)	\$ (1,561,793)			
Class C Shares:					
Six Months ended August 31, 2013	044 110	¢ 0.647.1E0	700 441	¢ 0.000.070	
Shares sold	844,110	\$ 9,647,150	729,441	\$ 8,926,072	
distributions	179,326	2,009,905	170,604	2,057,696	
Shares redeemed	(3,245,744)	(36,044,885)	(3,256,521)	(38,950,747)	
Net increase (decrease)	(2,222,308)	\$ (24,387,830)	(2,356,476)	\$(27,966,979)	
Year ended February 28, 2013	(2,222,000)	Ψ (Σ1,007,000)	(2,000,170)	Ψ(Σ7,300,373)	
Shares sold	4,001,817	\$ 46,478,246	3,712,623	\$ 46,556,699	
Shares issued in reinvestment of	4,001,017	Ψ +0,+70,2+0	3,712,023	Ψ 40,000,000	
distributions	337,803	3,923,869	327,126	4,098,015	
Shares redeemed	(1,795,068)	(20,853,551)	(1,434,656)	(17,975,960)	
Net increase (decrease)	2,544,552	\$ 29,548,564	2,605,093	\$ 32,678,754	

Notes to Financial Statements (unaudited) (continued)

	Franklin Arizona Tax-Free Income Fund				n Colorado Income Fund
	Shares		Amount	Shares	Amount
Advisor Class Shares:					
Six Months ended August 31, 2013					
Shares sold	706,767	\$	7,957,215	544,362	\$ 6,560,694
Shares issued in reinvestment of					
distributions	44,797		494,591	51,252	611,038
Shares redeemed	(627,486)		(6,918,204)	(737,874)	(8,773,383)
Net increase (decrease)	124,078	\$	1,533,602	(142,260)	\$ (1,601,651)
Year ended February 28, 2013					
Shares sold	1,868,237	\$	21,403,684	1,541,497	\$ 19,119,193
Shares issued in reinvestment of					
distributions	77,773		893,843	93,595	1,161,178
Shares redeemed	(648,014)		(7,448,799)	(868,481)	(10,757,776)
Net increase (decrease)	1,297,996	\$	14,848,728	766,611	\$ 9,522,595

^aEffective March 1, 2013, all Class B shares were converted to Class A.

	Franklin Connecticut Tax-Free Income Fund		Franklir Tax-Free I		
	Shares	Amount	Shares		Amount
Class A Shares:					
Six Months ended August 31, 2013					
Shares sold	2,787,691	\$ 30,628,818	2,612,664	\$	31,606,053
Shares issued in reinvestment of					
distributions	459,117	5,029,997	1,385,384		16,489,517
Shares redeemed	(6,123,558)	(66,560,480)	(15,948,140)	()	188,997,288)
Net increase (decrease)	(2,876,750)	\$(30,901,665)	(11,950,092)	\$(140,901,718)
Year ended February 28, 2013					
Shares sold	5,423,418	\$ 62,039,119	10,253,628	\$:	126,270,401
Shares issued in reinvestment of					
distributions	967,826	11,069,517	2,876,150		35,415,795
Shares redeemed	(5,190,238)	(59,368,478)	(12,944,825)	(159,587,224)
Net increase (decrease)	1,201,006	\$ 13,740,158	184,953	\$	2,098,972
Class B Shares:					
Six Months ended August 31, 2013 ^a					
Shares redeemed			(12,445)	\$	(154,705)
Net increase (decrease)			(12,445)	\$	(154,705)
Year ended February 28, 2013					
Shares sold			7	\$	104
Shares issued in reinvestment of					
distributions			2,694		33,215
Shares redeemed			(194,464)		(2,403,212)
Net increase (decrease)			(191,763)	\$	(2,369,893)

Notes to Financial Statements (unaudited) (continued)

		Franklin Connecticut Tax-Free Income Fund		Michigan ncome Fund
	Shares	Amount	Shares	Amount
Class C Shares:				
Six Months ended August 31, 2013				
Shares sold	444,197	\$ 5,012,196	863,206	\$ 10,611,274
Shares issued in reinvestment of	106 471	1 175 500	001 000	0.405.010
distributions	106,471	1,175,509	201,039	2,425,018
Shares redeemed	(2,470,499)	(27,173,518)	(3,758,364)	(44,969,627)
Net increase (decrease)	(1,919,831)	\$(20,985,813)	(2,694,119)	\$ (31,933,335)
Year ended February 28, 2013				
Shares sold	2,484,083	\$ 28,564,759	3,329,519	\$ 41,506,392
Shares issued in reinvestment of				
distributions	232,435	2,676,649	406,299	5,068,469
Shares redeemed	(1,333,285)	(15,341,784)	(2,335,324)	(29,159,203)
Net increase (decrease)	1,383,233	\$ 15,899,624	1,400,494	\$ 17,415,658
Advisor Class Shares:				
Six Months ended August 31, 2013				
Shares sold	281,053	\$ 3,112,890	1,054,347	\$ 12,973,834
Shares issued in reinvestment of				
distributions	23,097	253,165	31,997	380,321
Shares redeemed	(632,546)	(6,905,875)	(643,431)	(7,660,330)
Net increase (decrease)	(328,396)	\$ (3,539,820)	442,913	\$ 5,693,825
Year ended February 28, 2013				_
Shares sold	1,311,840	\$ 15,007,933	800,914	\$ 9,886,686
Shares issued in reinvestment of				
distributions	44,102	504,176	48,585	599,929
Shares redeemed	(729,196)	(8,331,473)	(633,191)	(7,854,408)
Net increase (decrease)	626,746	\$ 7,180,636	216,308	\$ 2,632,207

^aEffective March 1, 2013, all Class B shares were converted to Class A.

		n Minnesota Income Fund	Franklin Ohio Tax-Free Income Fund		
	Shares	Amount	Shares	Amount	
Class A Shares:					
Six Months ended August 31, 2013					
Shares sold	3,438,450	\$ 43,874,719	4,729,433	\$ 60,331,988	
Shares issued in reinvestment of					
distributions	931,635	11,683,791	1,617,989	20,365,272	
Shares redeemed	(11,007,491)	(137,242,042)	(15,972,658)	(199,147,855)	
Net increase (decrease)	(6,637,406)	\$ (81,683,532)	(9,625,236)	\$(118,450,595)	
Year ended February 28, 2013	•				
Shares sold	12,366,511	\$ 159,925,264	19,221,332	\$ 251,399,442	
Shares issued in reinvestment of					
distributions	1,929,970	24,946,581	3,362,363	43,963,592	
Shares redeemed	(8,629,739)	(111,587,374)	(13,108,710)	(171,317,617)	
Net increase (decrease)	5,666,742	\$ 73,284,471	9,474,985	\$ 124,045,417	

Notes to Financial Statements (unaudited) (continued)

Class B Shares: Shares redeemed August 31, 2013** Search of the content of the content of the content of distributions and early and increase (decrease) Search of the content of distributions and early and increase (decrease) Search of the content of distributions and early		Franklin Minnesota Tax-Free Income Fund			Franklin (Tax-Free Inco		
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distributions 2,803 36,617 Shares redeemed (201,193) 36,617 Net increase (decrease) (197,748) 2,636,789 Class C Shares: Station of Months and August 31, 2013 1,466,417 \$18,913,725 1,939,264 \$25,242,684 Shares sold 1,466,417 \$18,913,725 1,939,264 \$25,242,684 Shares issued in reinvestment of distributions 220,027 2,786,096 390,638 4,976,397 Shares redeemed (3,873,145) (48,615,213) (6,216,784) (78,274,574) Net increase (decrease) 5,124,545 \$66,857,789 7,471,954 \$98,746,640 Shares issued in reinvestment of distributions 432,298 5,640,304 803,482 10,624,746 Shares redeemed (2,287,238) (29,830,727) (3,323,624) (43,906,872) Net increase (decrease) 2,474,853 30,937,579 669,027 \$8,556,006 Shares sold 2,474,853 30,937,579 669,027 \$8,556,006 Shares sold 2,474,853 30,937,579 669,027 \$8,556,006					642	\$	8,479
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Net increase (decrease) (197,748) \$(2,591,693) Class C Shares: Six Months ended August 31, 2013 \$(3,466,417) \$(1,8913,725) \$(1,939,264) \$(25,242,684) Shares sold 1,466,417 \$(1,8913,725) \$(1,939,264) \$(25,242,684) Shares issued in reinvestment of distributions 220,027 \$(2,786,096) 390,638 \$(4,976,397) Shares redeemed (3,873,145) (48,615,213) (6,216,784) (78,274,574) Net increase (decrease) (2,186,701) \$(26,915,392) 3(3,886,882) \$(48,055,493) Year ended February 28, 2013 \$(3,245,454) \$(3,874,640) \$(3,886,882) \$(48,055,493) Shares issued in reinvestment of distributions 432,298 \$(5,640,304) \$(3,323,624) \$(43,906,872) Net increase (decrease) (2,287,238) \$(29,830,727) 3(3,323,624) \$(43,906,872) Net increase (decrease) 2,474,853 \$(30,937,579) \$(50,027) \$(8,556,006) Shares issued in reinvestment of distributions 2,474,853 \$(30,937,579) \$(66,027) \$(8,556,006) Shares redeemed <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td>,</td></td<>							,
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distributions 220,027 2,786,096 390,638 4,976,397 Shares redeemed (3,873,145) (48,615,213) (6,216,784) (78,274,574) Net increase (decrease) (2,186,701) \$ (26,915,392) (3,886,882) \$ (48,055,493) Year ended February 28, 2013 Shares sold 5,124,545 \$ 66,857,789 7,471,954 \$ 98,746,640 Shares issued in reinvestment of distributions 432,298 5,640,304 803,482 10,624,746 Shares redeemed (2,287,238) (29,830,727) (3,323,624) (43,906,872) Net increase (decrease) 3,269,605 \$ 42,667,366 4,951,812 \$ 65,464,514 Advisor Class Shares: 2,474,853 \$ 30,937,579 669,027 \$ 8,556,006 Shares sold 2,474,853 \$ 30,937,579 669,027 \$ 8,556,006 Shares issued in reinvestment of distributions 62,991 784,833 41,189 518,331 Shares redeemed (590,899) (7,422,099) (1,032,045) (12,723,402) Year ended February 28, 2013 1,423,095 \$ 18,446,616 <t< td=""><td></td><td>1,400,417</td><td>φ</td><td>16,913,723</td><td>1,939,204</td><td>Φ</td><td>25,242,004</td></t<>		1,400,417	φ	16,913,723	1,939,204	Φ	25,242,004
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Net increase (decrease) (2,186,701) \$ (26,915,392) (3,886,882) \$ (48,055,493) Year ended February 28, 2013 5,124,545 \$ 66,857,789 7,471,954 \$ 98,746,640 Shares issued in reinvestment of distributions 432,298 5,640,304 803,482 10,624,746 Shares redeemed (2,287,238) (29,830,727) (3,323,624) (43,906,872) Net increase (decrease) 3,269,605 \$ 42,667,366 4,951,812 \$ 65,464,514 Advisor Class Shares: Six Months ended August 31, 2013 Shares sold 2,474,853 \$ 30,937,579 669,027 \$ 8,556,006 Shares issued in reinvestment of distributions 62,991 784,833 41,189 518,331 Shares redeemed (590,899) (7,422,099) (1,032,045) (12,723,402) Net increase (decrease) 1,946,945 24,300,313 (321,829) \$ (3,649,065) Year ended February 28, 2013 Shares sold 1,423,095 \$ 18,446,616 1,160,384 \$ 15,198,682 Shares issued in reinvestment of distributions 96,798 1,252,322 76,913 1,006,084	Shares redeemed	(3,873,145)		(48,615,213)	(6,216,784)		(78,274,574)
Shares sold 5,124,545 \$ 66,857,789 7,471,954 \$ 98,746,640 Shares issued in reinvestment of distributions 432,298 5,640,304 803,482 10,624,746 Shares redeemed (2,287,238) (29,830,727) (3,323,624) (43,906,872) Net increase (decrease) 3,269,605 \$ 42,667,366 4,951,812 \$ 65,464,514 Advisor Class Shares: Six Months ended August 31, 2013 \$ 30,937,579 669,027 \$ 8,556,006 Shares issued in reinvestment of distributions 62,991 784,833 41,189 518,331 Shares redeemed (590,899) (7,422,099) (1,032,045) (12,723,402) Net increase (decrease) 1,946,945 \$ 24,300,313 (321,829) \$ (3,649,065) Year ended February 28, 2013 3,423,095 \$ 18,446,616 1,160,384 \$ 15,198,682 Shares issued in reinvestment of distributions 96,798 1,252,322 76,913 1,006,084 Shares redeemed (719,496) (9,327,836) (567,532) (7,437,059)	Net increase (decrease)	(2,186,701)	\$	(26,915,392)	(3,886,882)	\$	(48,055,493)
Shares issued in reinvestment of distributions 432,298 5,640,304 803,482 10,624,746 Shares redeemed (2,287,238) (29,830,727) (3,323,624) (43,906,872) Net increase (decrease) 3,269,605 \$ 42,667,366 4,951,812 \$ 65,464,514 Advisor Class Shares: Six Months ended August 31, 2013 \$ 30,937,579 669,027 \$ 8,556,006 Shares sold 2,474,853 \$ 30,937,579 669,027 \$ 8,556,006 Shares issued in reinvestment of distributions 62,991 784,833 41,189 518,331 Shares redeemed (590,899) (7,422,099) (1,032,045) (12,723,402) Net increase (decrease) 1,946,945 \$ 24,300,313 (321,829) \$ (3,649,065) Year ended February 28, 2013 1,423,095 \$ 18,446,616 1,160,384 \$ 15,198,682 Shares issued in reinvestment of distributions 96,798 1,252,322 76,913 1,006,084 Shares redeemed (719,496) (9,327,836) (567,532) (7,437,059)	Year ended February 28, 2013						
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Shares redeemed (2,287,238) (29,830,727) (3,323,624) (43,906,872) Net increase (decrease) 3,269,605 \$ 42,667,366 4,951,812 \$ 65,464,514 Advisor Class Shares: Six Months ended August 31, 2013 Shares sold 2,474,853 \$ 30,937,579 669,027 \$ 8,556,006 Shares issued in reinvestment of distributions 62,991 784,833 41,189 518,331 Shares redeemed (590,899) (7,422,099) (1,032,045) (12,723,402) Net increase (decrease) 1,946,945 \$ 24,300,313 (321,829) \$ (3,649,065) Year ended February 28, 2013 3,423,095 \$ 18,446,616 1,160,384 \$ 15,198,682 Shares issued in reinvestment of distributions 96,798 1,252,322 76,913 1,006,084 Shares redeemed (719,496) (9,327,836) (567,532) (7,437,059)	Shares issued in reinvestment of						
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Six Months ended August 31, 2013 Shares sold 2,474,853 \$ 30,937,579 669,027 \$ 8,556,006 Shares issued in reinvestment of distributions 62,991 784,833 41,189 518,331 Shares redeemed (590,899) (7,422,099) (1,032,045) (12,723,402) Net increase (decrease) 1,946,945 \$ 24,300,313 (321,829) \$ (3,649,065) Year ended February 28, 2013 1,423,095 \$ 18,446,616 1,160,384 \$ 15,198,682 Shares issued in reinvestment of distributions 96,798 1,252,322 76,913 1,006,084 Shares redeemed (719,496) (9,327,836) (567,532) (7,437,059)	Net increase (decrease)	3,269,605	\$	42,667,366	4,951,812	\$	65,464,514
Shares sold 2,474,853 \$ 30,937,579 669,027 \$ 8,556,006 Shares issued in reinvestment of distributions 62,991 784,833 41,189 518,331 Shares redeemed (590,899) (7,422,099) (1,032,045) (12,723,402) Net increase (decrease) 1,946,945 \$ 24,300,313 (321,829) \$ (3,649,065) Year ended February 28, 2013 Shares sold 1,423,095 \$ 18,446,616 1,160,384 \$ 15,198,682 Shares issued in reinvestment of distributions 96,798 1,252,322 76,913 1,006,084 Shares redeemed (719,496) (9,327,836) (567,532) (7,437,059)							
Shares issued in reinvestment of distributions 62,991 784,833 41,189 518,331 Shares redeemed (590,899) (7,422,099) (1,032,045) (12,723,402) Net increase (decrease) 1,946,945 \$ 24,300,313 (321,829) \$ (3,649,065) Year ended February 28, 2013 Shares sold 1,423,095 \$ 18,446,616 1,160,384 \$ 15,198,682 Shares issued in reinvestment of distributions 96,798 1,252,322 76,913 1,006,084 Shares redeemed (719,496) (9,327,836) (567,532) (7,437,059)							
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Shares redeemed (590,899) (7,422,099) (1,032,045) (12,723,402) Net increase (decrease) 1,946,945 \$ 24,300,313 (321,829) \$ (3,649,065) Year ended February 28, 2013 Shares sold 1,423,095 \$ 18,446,616 1,160,384 \$ 15,198,682 Shares issued in reinvestment of distributions 96,798 1,252,322 76,913 1,006,084 Shares redeemed (719,496) (9,327,836) (567,532) (7,437,059)		62 001		79/1 922	/1 19Q		510 221
Net increase (decrease) 1,946,945 \$ 24,300,313 (321,829) \$ (3,649,065) Year ended February 28, 2013 1,423,095 \$ 18,446,616 1,160,384 \$ 15,198,682 Shares issued in reinvestment of distributions 96,798 1,252,322 76,913 1,006,084 Shares redeemed (719,496) (9,327,836) (567,532) (7,437,059)		,		,	,		,
Year ended February 28, 2013 1,423,095 \$ 18,446,616 1,160,384 \$ 15,198,682 Shares issued in reinvestment of distributions 96,798 1,252,322 76,913 1,006,084 Shares redeemed (719,496) (9,327,836) (567,532) (7,437,059)			\$			\$	
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Shares issued in reinvestment of distributions 96,798 1,252,322 76,913 1,006,084 Shares redeemed (719,496) (9,327,836) (567,532) (7,437,059)		1 423 095	\$	18 446 616	1 160 384	\$	15 198 682
distributions 96,798 1,252,322 76,913 1,006,084 Shares redeemed (719,496) (9,327,836) (567,532) (7,437,059)		1,120,030	Ψ	10,110,010	1,100,001	Ψ	10,130,002
		96,798		1,252,322	76,913		1,006,084
Net increase (decrease)	Shares redeemed	(719,496)		(9,327,836)	(567,532)		(7,437,059)
	Net increase (decrease)	800,397	\$	10,371,102	669,765	\$	8,767,707

^aEffective March 1, 2013, all Class B shares were converted to Class A.

Notes to Financial Statements (unaudited) (continued)

	Franklin Oregon Tax-Free Income Fund			Pennsylvania ncome Fund
	Shares	Amount	Shares	Amount
Class A Shares:				
Six Months ended August 31, 2013				
Shares sold	4,957,102	\$ 60,622,322	6,121,209	\$ 65,363,658
Shares issued in reinvestment of distributions	1,413,280	16,998,427	1,869,495	19,581,064
Shares redeemed	(14,741,181)	(176,049,525)	(17,044,445)	(177,543,506)
Net increase (decrease)	(8,370,799)	\$ (98,428,776)	(9,053,741)	\$ (92,598,784)
Year ended February 28, 2013	(0,0,0,1,33)	Ψ (30,120,770)	(3,000,711)	Ψ (32,030,701)
Shares sold	15,554,287	\$ 195,217,017	21,234,994	\$ 231,654,733
Shares issued in reinvestment of	10,00 .,207	Ψ 133,217,017	21,20 .,55 .	Ψ 201,00 .,700
distributions	2,756,547	34,604,992	3,651,987	39,823,306
Shares redeemed	(10,757,261)	(135,071,267)	(13,588,754)	(148,260,987)
Net increase (decrease)	7,553,573	\$ 94,750,742	11,298,227	\$ 123,217,052
Class B Shares:				
Six Months ended August 31, 2013 ^a				
Shares redeemed			(19,441)	\$ (213,542)
Net increase (decrease)			(19,441)	\$ (213,542)
Year ended February 28, 2013				
Shares sold			7,836	\$ 84,890
Shares issued in reinvestment of			4.01.6	45.001
distributions			4,216	45,891
Shares redeemed			(310,021)	(3,380,234)
Net increase (decrease)			(297,969)	\$ (3,249,453)
Class C Shares:				
Six Months ended August 31, 2013	1 050 102	ф 12.104.000	0 147 104	¢ 02 10C 204
Shares sold	1,059,183	\$ 13,194,980	2,147,134	\$ 23,126,384
distributions	263,236	3,208,624	416,606	4,408,962
Shares redeemed	(3,979,165)	(48,125,938)	(5,252,349)	(54,935,553)
Net increase (decrease)	(2,656,746)	\$ (31,722,334)	(2,688,609)	\$ (27,400,207)
Year ended February 28, 2013		, , , .	. , , , .	
Shares sold	4,571,020	\$ 58,040,662	8,308,662	\$ 91,464,060
Shares issued in reinvestment of	•	•	•	
distributions	513,463	6,529,514	782,960	8,627,998
Shares redeemed	(2,433,856)	(30,977,149)	(3,801,196)	(41,909,336)
Net increase (decrease)	2,650,627	\$ 33,593,027	5,290,426	\$ 58,182,722

Notes to Financial Statements (unaudited) (continued)

2. SHARES OF BENEFICIAL INTEREST (continued)

	Franklin Oregon Tax-Free Income Fund		Franklin Pe Tax-Free Inc	*
	Shares Amount		Shares	Amount
Advisor Class Shares:				
Six Months ended August 31, 2013				
Shares sold	610,871	\$ 7,495,816	643,122	\$ 6,819,411
Shares issued in reinvestment of				
distributions	57,659	694,159	79,289	831,336
Shares redeemed	(923,527)	(11,049,599)	(1,310,278)	(13,631,841)
Net increase (decrease)	(254,997)	\$ (2,859,624)	(587,867)	\$ (5,981,094)
Year ended February 28, 2013				
Shares sold	1,403,301	\$ 17,670,751	2,047,781	\$ 22,372,512
Shares issued in reinvestment of				
distributions	100,046	1,257,454	138,045	1,507,415
Shares redeemed	(803,703)	(10,104,615)	(706,545)	(7,714,323)
Net increase (decrease)	699,644	\$ 8,823,590	1,479,281	\$ 16,165,604

^aEffective March 1, 2013, all Class B shares were converted to Class A.

3. Transactions with Affiliates

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton Investments. Certain officers and trustees of the Trust are also officers and/or directors of the following subsidiaries:

Subsidiary	Affiliation
Franklin Advisers, Inc. (Advisers)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Templeton Distributors, Inc. (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

The Funds pay an investment management fee to Advisers based on the month-end net assets of each of the Funds as follows:

Annualized Fee Rate	Net Assets
0.625%	Up to and including \$100 million
0.500%	Over \$100 million, up to and including \$250 million
0.450%	Over \$250 million, up to and including \$7.5 billion
0.440%	Over \$7.5 billion, up to and including \$10 billion
0.430%	Over \$10 billion, up to and including \$12.5 billion
0.420%	Over \$12.5 billion, up to and including \$15 billion
0.400%	Over \$15 billion, up to and including \$17.5 billion
0.380%	Over \$17.5 billion, up to and including \$20 billion
0.360%	In excess of \$20 billion

Notes to Financial Statements (unaudited) (continued)

3. Transactions with Affiliates (continued)

b. Administrative Fees

Under an agreement with Advisers, FT Services provides administrative services to the Funds. The fee is paid by Advisers based on the Funds' average daily net assets, and is not an additional expense of the Funds.

c. Distribution Fees

The Board has adopted distribution plans for each share class, with the exception of Advisor Class shares, pursuant to Rule 12b-1 under the 1940 Act. Distribution fees are not charged on shares held by affiliates. Under the Funds' Class A reimbursement distribution plans, the Funds reimburse Distributors for costs incurred in connection with the servicing, sale and distribution of the Funds' shares up to the maximum annual plan rate. Under the Class A reimbursement distribution plans, costs exceeding the maximum for the current plan year cannot be reimbursed in subsequent periods. In addition, under the Funds' Class C compensation distribution plan, the Funds pay Distributors for costs incurred in connection with the servicing, sale and distribution of each fund's shares up to the maximum annual plan rate. The plan year, for purposes of monitoring compliance with the maximum annual plan rates, is February 1 through January 31 for each fund.

The maximum annual plan rates, based on the average daily net assets, for each class, are as follows:

	Franklin	Franklin	Franklin	Franklin
	Arizona	Colorado	Connecticut	Michigan
	Tax-Free	Tax-Free	Tax-Free	Tax-Free
	Income Fund	Income Fund	Income Fund	Income Fund
Reimbursement Plans:	0.100/	0.100/	0.100/	0.100/
Class A	0.10%	0.10%	0.10%	0.10%
Compensation Plans: Class C	0.65%	0.65%	0.65%	0.65%
	Franklin	Franklin	Franklin	Franklin
	Minnesota	Ohio	Oregon	Pennsylvania
	Tax-Free	Tax-Free	Tax-Free	Tax-Free
	Income Fund	Income Fund	Income Fund	Income Fund
Reimbursement Plans:	Minnesota	Ohio	Oregon	Pennsylvania
	Tax-Free	Tax-Free	Tax-Free	Tax-Free
	Income Fund	Income Fund	Income Fund	Income Fund
Reimbursement Plans: Class A	Minnesota	Ohio	Oregon	Pennsylvania
	Tax-Free	Tax-Free	Tax-Free	Tax-Free

Notes to Financial Statements (unaudited) (continued)

3. Transactions with Affiliates (continued)

d. Sales Charges/Underwriting Agreements

Front-end sales charges and contingent deferred sales charges (CDSC) do not represent expenses of the Funds. These charges are deducted from the proceeds of sales of fund shares prior to investment or from redemption proceeds prior to remittance, as applicable. Distributors has advised the Funds of the following commission transactions related to the sales and redemptions of the Funds' shares for the period:

	Franklin	Franklin	Franklin	Franklin
	Arizona	Colorado	Connecticut	Michigan
	Tax-Free	Tax-Free	Tax-Free	Tax-Free
	Income Fund	Income Fund	Income Fund	Income Fund
Sales charges retained net of commissions paid to unaffiliated broker/dealers	\$112,284	\$ 68,512	\$ 35,512	\$ 75,320
	\$ 44,010	\$ 38,846	\$ 25,352	\$ 23,634
	Franklin	Franklin	Franklin	Franklin
	Minnesota	Ohio	Oregon	Pennsylvania
	Tax-Free	Tax-Free	Tax-Free	Tax-Free
	Income Fund	Income Fund	Income Fund	Income Fund

e. Transfer Agent Fees

Each class of shares pays transfer agent fees to Investor Services for its performance of shareholder servicing obligations and reimburses Investor Services for out of pocket expenses incurred, including shareholding servicing fees paid to third parties. These fees are allocated daily based upon their relative proportion of such classes' aggregate net assets.

For the period ended August 31, 2013, the Funds paid transfer agent fees as noted in the Statements of Operations of which the following amounts were retained by Investor Services:

	Franklin	Franklin	Franklin	Franklin
	Arizona	Colorado	Connecticut	Michigan
	Tax-Free	Tax-Free	Tax-Free	Tax-Free
	Income Fund	Income Fund	Income Fund	Income Fund
Transfer agent fees	\$ 70,069	\$ 61,924	\$ 42,567	\$157,899
	Franklin	Franklin	Franklin	Franklin
	Minnesota	Ohio	Oregon	Pennsylvania
	Tax-Free	Tax-Free	Tax-Free	Tax-Free
	Income Fund	Income Fund	Income Fund	Income Fund
Transfer agent fees	\$115,564	\$163,003	\$103,889	\$167,550

Notes to Financial Statements (unaudited) (continued)

4. INCOME TAXES

For tax purposes, capital losses may be carried over to offset future capital gains. Capital loss carryforwards with no expiration, if any, must be fully utilized before those losses with expiration dates.

At February 28, 2013, the capital loss carryforwards were as follows:

	Franklin Arizona Tax-Free Income Fund	Franklin Colorado Tax-Free Income Fund	Franklin Connecticut Tax-Free Income Fund	Franklin Michigan Tax-Free Income Fund
Capital loss carryforwards subject to expiration:				
2014 2015	\$2,638,564 659,023	\$ —	\$ —	\$ —
2018	059,025	2,700,288	_	_
2019	_	1,448,482	_	_
Capital loss carryforwards not subject to expiration:				
Short term	367,691	2,935,768	1,389,693	3,569,301
Long term	6,704		444,764	
Total capital loss carryforwards	\$3,671,982	\$7,084,538	\$1,834,457	\$3,569,301
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	Franklin Minnesota Tax-Free Income Fund	Franklin Ohio Tax-Free Income Fund	Franklin Oregon Tax-Free Income Fund	Franklin Pennsylvania Tax-Free Income Fund
Capital loss carryforwards subject to expiration:	Minnesota Tax-Free	Ohio Tax-Free	Oregon Tax-Free	Pennsylvania Tax-Free
2015	Minnesota Tax-Free	Ohio Tax-Free	Oregon Tax-Free Income Fund	Pennsylvania Tax-Free
2015	Minnesota Tax-Free Income Fund \$ 502,103	Ohio Tax-Free Income Fund \$ —	Oregon Tax-Free Income Fund	Pennsylvania Tax-Free Income Fund
2015	Minnesota Tax-Free Income Fund \$ 502,103 — 1,004,796	Ohio Tax-Free Income Fund	Oregon Tax-Free Income Fund	Pennsylvania Tax-Free Income Fund \$ —
2015	Minnesota Tax-Free Income Fund \$ 502,103	Ohio Tax-Free Income Fund \$ —	Oregon Tax-Free Income Fund	Pennsylvania Tax-Free Income Fund
2015	Minnesota Tax-Free Income Fund \$ 502,103 — 1,004,796	Ohio Tax-Free Income Fund \$ —	Oregon Tax-Free Income Fund	Pennsylvania Tax-Free Income Fund \$ —

At August 31, 2013, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

	Franklin Arizona Tax-Free Income Fund	Franklin Colorado Tax-Free Income Fund	Franklin Connecticut Tax-Free Income Fund	,	Franklin Michigan Tax-Free ncome Fund
Cost of investments	\$ 999,343,445	\$ 704,267,434	\$ 461,426,010	\$1	,213,907,306
Unrealized appreciation Unrealized depreciation	\$ 19,220,399 (49,016,248)	\$ 18,562,569 (34,236,896)	\$ 5,084,472 (23,904,682)	\$	22,070,094 (60,203,010)
Net unrealized appreciation (depreciation)	\$ (29,795,849)	\$ (15,674,327)	\$ (18,820,210)	\$	(38,132,916)

Notes to Financial Statements (unaudited) (continued)

4. INCOME TAXES (continued)

	,	Franklin Minnesota Tax-Free ncome Fund		Franklin Ohio Tax-Free ncome Fund		Franklin Oregon Tax-Free ncome Fund		Franklin Pennsylvania Tax-Free ncome Fund
Cost of investments	\$1	,024,380,267	\$1	,587,317,093	\$1	,234,819,124	\$1	,434,926,121
Unrealized appreciation Unrealized depreciation	\$	35,826,854 (25,523,917)	\$	30,758,644 (70,247,888)	\$	33,555,621 (58,125,509)	\$	26,356,344 (71,316,826)
Net unrealized appreciation (depreciation)	\$	10,302,937	\$	(39,489,244)	\$	(24,569,888)	\$	(44,960,482)

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of bond discounts and wash sales.

5. INVESTMENT TRANSACTIONS

Purchases and sales of investments (excluding short term securities) for the period ended August 31, 2013, were as follows:

	Franklin Arizona Tax-Free Income Fund	Franklin Colorado Tax-Free Income Fund	Franklin Connecticut Tax-Free Income Fund	Franklin Michigan Tax-Free Income Fund
Purchases	\$133,677,737	\$ 39,479,802	\$ 19,423,757	\$114,253,718
Sales	\$196,185,015	\$110,082,071	\$ 59,819,166	\$151,395,766
	Franklin	Franklin	Franklin	Franklin
	Minnesota	Ohio	Oregon	Pennsylvania
	Tax-Free	Tax-Free	Tax-Free	Tax-Free
	Income Fund	Income Fund	Income Fund	Income Fund
Purchases	Income Fund \$ 35,722,336	Income Fund \$105,758,355	Income Fund \$ 94,490,424	Income Fund \$ 90,099,256

6. CONCENTRATION OF RISK

Each of the Funds invests a large percentage of its total assets in obligations of issuers within its respective state and U.S. territories. Such concentration may subject the Funds to risks associated with industrial or regional matters, and economic, political or legal developments occurring within those states and U.S. territories. In addition, investments in these securities are sensitive to interest rate changes and credit risk of the issuer and may subject the funds to increased market volatility. The market for these investments may be limited, which may make them difficult to buy or sell.

Notes to Financial Statements (unaudited) (continued)

7. CREDIT FACILITY

The Funds, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton Investments, are borrowers in a joint syndicated senior unsecured credit facility totaling \$1.5 billion (Global Credit Facility) which matures on January 17, 2014. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Funds shall, in addition to interest charged on any borrowings made by the Funds and other costs incurred by the Funds, pay their share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon their relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.07% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses on the Statements of Operations. During the period ended August 31, 2013, the Funds did not use the Global Credit Facility.

8. FAIR VALUE MEASUREMENTS

The Funds follow a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Funds' own market assumptions (unobservable inputs). These inputs are used in determining the value of the Funds' financial instruments and are summarized in the following fair value hierarchy:

- Level 1 quoted prices in active markets for identical financial instruments
- Level 2 other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)
- Level 3 significant unobservable inputs (including the Funds' own assumptions in determining the fair value of financial instruments)

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

For movements between the levels within the fair value hierarchy, the Funds have adopted a policy of recognizing the transfers as of the date of the underlying event which caused the movement.

At August 31, 2013, all of the Funds' investments in financial instruments carried at fair value were valued using Level 2 inputs.

Notes to Financial Statements (unaudited) (continued)

9. New Accounting Pronouncements

In June 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2013-08, Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements. The ASU modifies the criteria used in defining an investment company under U.S. Generally Accepted Accounting Principles and also sets forth certain measurement and disclosure requirements. Under the ASU, an entity that is registered under the 1940 Act automatically qualifies as an investment company. The ASU is effective for interim and annual reporting periods beginning after December 15, 2013. The Funds are currently reviewing the requirements and believe the adoption of this ASU will not have a material impact on their financial statements.

10. Subsequent Events

The Funds have evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

ABBREVIATIONS

Selected Portfolio

AGMC	- Assured Guaranty Municipal Corp.	ID	- Improvement District
AMBAC	- American Municipal Bond Assurance Corp.	IDA	- Industrial Development Authority/Agency
BHAC	- Berkshire Hathaway Assurance Corp.	IDAR	- Industrial Development Authority Revenue
CDA	- Community Development Authority/Agency	IDR	- Industrial Development Revenue
CIFG	- CDC IXIS Financial Guaranty	ISD	- Independent School District
COP	- Certificate of Participation	MBS	- Mortgage-Backed Security
EDA	- Economic Development Authority	MFHR	- Multi-Family Housing Revenue
EDR	- Economic Development Revenue	MFR	- Multi-Family Revenue
ETM	- Escrow to Maturity	NATL	- National Public Financial Guarantee Corp.
FGIC	- Financial Guaranty Insurance Co.	NATL RE	- National Public Financial Guarantee Corp.
FHA	- Federal Housing Authority/Agency		Reinsured
FICO	- Financing Corp.	PBA	- Public Building Authority
GNMA	- Government National Mortgage Association	PCC	- Pollution Control Corp.
GO	- General Obligation	PCR	- Pollution Control Revenue
HDA	- Housing Development Authority/Agency	PFAR	- Public Financing Authority Revenue
HDC	- Housing Development Corp.	RDA	- Redevelopment Agency/Authority
HFA	- Housing Finance Authority/Agency	RDAR	- Redevelopment Agency Revenue
HFAR	- Housing Finance Authority Revenue	SFM	- Single Family Mortgage
HMR	- Home Mortgage Revenue	SFMR	- Single Family Mortgage Revenue
		USD	- Unified/Union School District
		XLCA	- XL Capital Assurance

Shareholder Information

Proxy Voting Policies and Procedures

The Trust's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Trust uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Trust's complete Policies online at franklintempleton.com. Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Trust's proxy voting records are also made available online at franklintempleton.com and posted on the U.S. Securities and Exchange Commission's website at sec.gov and reflect the most recent 12-month period ended June 30.

Quarterly Statement of Investments

The Trust files a complete statement of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year on Form N-Q. Shareholders may view the filed Form N-Q by visiting the Commission's website at sec.gov. The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

Franklin Templeton Funds

Literature Request. To receive a summary prospectus and/or prospectus, please call us at (800) DIAL BEN/342-5236 or visit franklintempleton.com. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. The prospectus contains this and other information. Please carefully read a prospectus before investing. To ensure the highest quality of service, we may monitor, record and access telephone calls to or from our service departments. These calls can be identified by the presence of a regular beeping tone.

VALUE

Franklin All Cap Value Fund
Franklin Balance Sheet Investment Fund
Franklin Large Cap Value Fund
Franklin MicroCap Value Fund
Franklin MidCap Value Fund
Franklin Small Cap Value Fund
Mutual Beacon Fund
Mutual Quest Fund
Mutual Recovery Fund²
Mutual Shares Fund

BLEND

Franklin Focused Core Equity Fund Franklin Large Cap Equity Fund Franklin Rising Dividends Fund

GROWTH

Franklin DynaTech Fund
Franklin Flex Cap Growth Fund
Franklin Growth Fund
Franklin Growth Opportunities Fund
Franklin Small Cap Growth Fund
Franklin Small-Mid Cap Growth Fund

SECTOR

Franklin Biotechnology Discovery Fund
Franklin Global Listed Infrastructure Fund
Franklin Global Real Estate Fund
Franklin Gold & Precious Metals Fund
Franklin Natural Resources Fund
Franklin Real Estate Securities Fund
Franklin Utilities Fund
Mutual Financial Services Fund

GLOBAL

Franklin World Perspectives Fund Mutual Global Discovery Fund Templeton Global Opportunities Trust Templeton Global Smaller Companies Fund Templeton Growth Fund Templeton World Fund

INTERNATIONAL

Franklin India Growth Fund
Franklin International Growth Fund
Franklin International Small Cap Growth Fund
Mutual European Fund
Mutual International Fund
Templeton Asian Growth Fund
Templeton BRIC Fund
Templeton China World Fund
Templeton Developing Markets Trust
Templeton Emerging Markets Small Cap Fund
Templeton Foreign Fund
Templeton Foreign Smaller Companies Fund
Templeton Frontier Markets Fund

HYBRID

Franklin Balanced Fund
Franklin Convertible Securities Fund
Franklin Equity Income Fund
Franklin Income Fund
Templeton Emerging Markets Balanced Fund
Templeton Global Balanced Fund

ASSET ALLOCATION

Franklin LifeSmart™ Retirement Target Funds (2015-2050)⁵

Franklin Templeton Corefolio® Allocation Fund
Franklin Templeton Founding Funds Allocation Fund
Franklin Templeton Conservative Allocation Fund
Franklin Templeton Growth Allocation Fund
Franklin Templeton Moderate Allocation Fund
Franklin Templeton Global Allocation Fund
Franklin Templeton Multi-Asset Real Return Fund

FIXED INCOME

Franklin Adjustable U.S. Government Securities Fund⁶
Franklin Floating Rate Daily Access Fund
Franklin Global Government Bond Fund
Franklin High Income Fund
Franklin Limited Maturity U.S. Government
Securities Fund⁶

Franklin Low Duration Total Return Fund Franklin Real Return Fund

Franklin Short Duration U.S. Government ETF

Franklin Strategic Income Fund Franklin Strategic Mortgage Portfolio

Franklin Templeton Hard Currency Fund

Franklin Total Return Fund

Franklin U.S. Government Securities Fund⁶ Templeton Constrained Bond Fund

Templeton Emerging Markets Bond Fund

Templeton Global Bond Fund Templeton Global Total Return Fund

Templeton International Bond Fund

TAX-FREE INCOME⁷

National

Double Tax-Free Income Fund⁸ Federal Tax-Free Income Fund High Yield Tax-Free Income Fund Insured Tax-Free Income Fund^{9,10}

Limited-/Intermediate-Term

California Intermediate-Term Tax-Free Income Fund Federal Intermediate-Term Tax-Free Income Fund Federal Limited-Term Tax-Free Income Fund New York Intermediate-Term Tax-Free Income Fund

State-Specific

Alabama	Kentucky	New York
Arizona	Louisiana	(2 funds)
California	Maryland	North Carolina
(4 funds)10	Massachusetts	Ohio
Colorado	Michigan	Oregon
Connecticut	Minnesota	Pennsylvania
Florida	Missouri	Tennessee
Georgia	New Jersey	Virginia

INSURANCE FUNDS

Franklin Templeton Variable Insurance Products Trust¹¹

- 1. The fund is closed to new investors. Existing shareholders and select retirement plans may add to their accounts.
- 2. The fund is a continuously offered, closed-end fund. Shares may be purchased daily; there is no daily redemption. However, each quarter, pending board approval, the fund will authorize the repurchase of 5%–25% of the outstanding number of shares. Investors may tender all or a portion of their shares during the tender period.
- 3. Effective 6/3/13, the fund closed to new investors, with limited exceptions.
- 4. Effective 6/28/13, the fund closed to new investors. Existing shareholders and select retirement plans may add to their accounts.
- 5. Effective 5/1/13, the Franklin Templeton Retirement Target Funds changed their names to Franklin LifeSmart Retirement Target Funds. The funds' investment goals and principal investment strategies remained unchanged. These funds' target dates are in five-year increments.
- 6. An investment in the fund is neither insured nor guaranteed by the U.S. government or by any other entity or institution.
- 7. For investors subject to the alternative minimum tax, a small portion of fund dividends may be taxable. Distributions of capital gains are generally taxable.
- 8. The fund is closed to all new investments (other than reinvestment of dividends and capital gains distributions).
- 9. The fund invests primarily in insured municipal securities.
- 10. Effective at the close of market 3/1/13, Franklin Insured Tax-Free Income Fund and Franklin California Insured Tax-Free Income Fund closed to all new investments (other than reinvestment of dividends and capital gains distributions).
- 11. The funds of the Franklin Templeton Variable Insurance Products Trust are generally available only through insurance company variable contracts.

VALUE | BLEND | GROWTH | SECTOR | GLOBAL | INTERNATIONAL | HYBRID | ASSET ALLOCATION | FIXED INCOME | TAX-FREE INCOME



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DistributorFranklin Templeton Distributors, Inc. (800) DIAL BEN®/342-5236
franklintempleton.com

Shareholder Services (800) 632-2301

Authorized for distribution only when accompanied or preceded by a summary prospectus and/or prospectus. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. A prospectus contains this and other information; please read it carefully before investing.

To ensure the highest quality of service, telephone calls to or from our service departments may be monitored, recorded and accessed. These calls can be identified by the presence of a regular beeping tone.