

NUVEEN SELECT TAX FREE INCOME PORTFOLIO 3
Form N-Q
February 28, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-6693

Nuveen Select Tax-Free Income Portfolio 3

(Exact name of registrant as specified in charter)

333 West Wacker Drive, Chicago, Illinois 60606

(Address of principal executive offices) (Zip code)

Jessica R. Droeger Vice President and Secretary

333 West Wacker Drive, Chicago, Illinois 60606

(Name and address of agent for service)

Registrant's telephone number, including area code: 312-917-7700

Date of fiscal year end: 09/30

Date of reporting period: 12/31/04

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Schedule of Investments

Portfolio of Investments (Unaudited)
Nuveen Select Tax-Free Income Portfolio 3 (NXR)
December 31, 2004

Principal Description	Optional Call Provisions*	Ratings**	Market Value
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QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMP

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Principal Amount (000)		Optional Call	Market
Alabama - 0.3%			
\$ 500	Marshall County Healthcare Authority, Alabama, Revenue Bonds, Series 2002A, 6.250%, 1/01/22	1/12 at 101.00	A- \$ 548,920
California - 6.0%			
2,105	Azusa Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2002, 5.375%, 7/01/21 - FSA Insured	7/12 at 100.00	AAA 2,325,962
3,350	California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A, 6.000%, 5/01/14	5/12 at 101.00	A2 3,897,055
3,000	Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2003A-1, 6.750%, 6/01/39	6/13 at 100.00	BBB 3,004,530
2,000	Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2003B, 5.250%, 6/01/16	6/05 at 100.00	A- 2,018,620
Colorado - 5.8%			
2,265	Colorado Health Facilities Authority, Revenue Bonds, Catholic Health Initiatives, Series 2002A: 5.500%, 3/01/22	3/12 at 100.00	AA*** 2,549,778
1,735	5.500%, 3/01/22	3/12 at 100.00	AA 1,889,242
2,700	Denver City and County, Colorado, Airport System Revenue Bonds, Series 1991D, 7.750%, 11/15/13 (Alternative Minimum Tax)	No Opt. Call	A 3,274,560
3,000	Denver Convention Center Hotel Authority, Colorado, Senior Revenue Bonds, Convention Center Hotel, Series 2003A, 5.000%, 12/01/24 - XLCA Insured	12/13 at 100.00	AAA 3,128,100
Connecticut - 0.1%			
250	Connecticut Health and Educational Facilities Authority, Revenue Bonds, Bridgeport Hospital Issue, Series 1992A, 6.625%, 7/01/18 - MBIA Insured	1/05 at 100.00	AAA 250,843
District of Columbia - 0.2%			
235	District of Columbia, General Obligation Refunding Bonds, Series 1994A-1, 6.500%, 6/01/10 - MBIA Insured	No Opt. Call	AAA 275,281
15	District of Columbia, General Obligation Bonds, Series 1993E, 6.000%, 6/01/13 - MBIA Insured	6/05 at 100.00	AAA 15,204
Florida - 5.1%			
4,000	JEA, Florida, Subordinate Lien Electric System Revenue Bonds, Series 2002D, 4.625%, 10/01/22	10/07 at 100.00	Aa3 4,019,200
5,020	JEA St. John's River Power Park System, Florida, Revenue Refunding Bonds, Series 2002-17 Issue 2, 5.000%, 10/01/18	10/11 at 100.00	Aa2 5,376,018

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Principal		Optional Call		Market
Illinois - 20.0%				
1,175	Chicago Metropolitan Housing Development Corporation, Illinois, FHA-Insured Section 8 Housing Development Revenue Refunding Bonds, Series 1992, 6.850%, 7/01/22	1/05 at 100.00	AA	1,184,835
2,550	Chicago, Illinois, FHA-Insured Mortgage Revenue Bonds, Lakeview Towers Project, Series 1992, 6.600%, 12/01/20	6/05 at 100.00	AAA	2,553,953
700	Chicago, Illinois, Special Facility Revenue Refunding Bonds, O'Hare International Airport, United Air Lines Inc. Project, Series 2001C, 6.300%, 5/01/16#	No Opt. Call	N/R	147,000
1,930	Illinois Development Finance Authority, Revenue Bonds, Midwestern University, Series 2001B, 5.750%, 5/15/16	5/11 at 101.00	A-	2,092,969
1,500	Illinois Health Facilities Authority, Revenue Bonds, Evangelical Hospitals Corporation, Series 1992C, 6.250%, 4/15/22	No Opt. Call	N/R***	1,844,745
4,000	Illinois Health Facilities Authority, Revenue Bonds, Franciscan Sisters Healthcare Corporation, Series 1992B, 6.625%, 9/01/13 (Pre-refunded to 9/01/06) - MBIA Insured	9/06 at 100.00	AAA	4,286,040
4,465	Illinois Health Facilities Authority, Remarketed Revenue Bonds, University of Chicago Project, Series 1985A, 5.500%, 8/01/20	8/11 at 103.00	Aa1	4,931,682
2,225	Illinois Health Facilities Authority, Revenue Refunding Bonds, Elmhurst Memorial Healthcare, Series 2002, 6.250%, 1/01/17	1/13 at 100.00	A2	2,505,662
620	Illinois Housing Development Authority, Homeowner Mortgage Revenue Bonds, Series 2000D-3, 5.700%, 8/01/17	2/10 at 100.00	AA	663,846
5,700	Illinois, Sales Tax Revenue Bonds, First Series 2002, 5.000%, 6/15/22	6/13 at 100.00	AAA	6,007,116
2,000	Illinois, Sales Tax Revenue Bonds, Series 1997X, 5.600%, 6/15/17	6/07 at 101.00	AAA	2,161,520
6,000	Metropolitan Pier and Exposition Authority, Illinois, Revenue Refunding Bonds, McCormick Place Expansion Project, Series 2002B, 5.000%, 6/15/21 - MBIA Insured	6/12 at 101.00	AAA	6,349,500
1,300	Schaumburg, Illinois, General Obligation Bonds, Series 2004B, 5.250%, 12/01/34 - FGIC Insured	12/14 at 100.00	AAA	1,381,107
1,000	Yorkville, Illinois, General Obligation Debt Certificates, Series 2003, 5.000%, 12/15/22 - RAAI Insured	12/11 at 100.00	AA	1,025,950
Indiana - 3.7%				
1,000	Franklin Community Multi-School Building Corporation, Marion County, Indiana, First Mortgage Revenue Bonds, Series 2004, 5.000%, 7/15/22 - FGIC Insured	7/14 at 100.00	AAA	1,059,500
3,500	Indiana Health Facility Financing Authority, Hospital Revenue Bonds, Methodist Hospitals Inc., Series 2001, 5.375%, 9/15/22	9/11 at 100.00	A+	3,651,655
2,000	Indianapolis Local Public Improvement Bond Bank, Indiana, Waterworks Project, Series 2002A, 5.250%, 7/01/33 - MBIA Insured	7/12 at 100.00	AAA	2,106,300
Iowa - 3.0%				

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Principal		Optional Call		Market
	Iowa Tobacco Settlement Authority, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2001B:			
3,500	5.300%, 6/01/25	6/11 at 101.00	BBB	3,091,690
2,850	5.600%, 6/01/35	6/11 at 101.00	BBB	2,469,611
Massachusetts - 0.8%				
1,000	Massachusetts Development Finance Agency, Resource Recovery Revenue Bonds, Ogden Haverhill Project, Series 1998B, 5.200%, 12/01/13 (Alternative Minimum Tax)	12/08 at 102.00	BBB	990,120
500	Massachusetts Health and Educational Facilities Authority, Revenue Bonds, Partners HealthCare System Inc., Series 2001C, 6.000%, 7/01/17	7/11 at 101.00	AA-	566,435
Michigan - 4.9%				
4,000	Michigan Housing Development Authority, Single Family Mortgage Revenue Bonds, Series 1996C, 5.950%, 12/01/17	6/06 at 102.00	AA+	4,171,240
235	Michigan State Hospital Finance Authority, Revenue Refunding Bonds, Detroit Medical Center Obligated Group, Series 1993A, 6.500%, 8/15/18	2/05 at 101.00	Ba3	230,615
2,900	Michigan State Hospital Finance Authority, Revenue Refunding Bonds, Trinity Health Credit Group, Series 2002C, 5.375%, 12/01/30	12/12 at 100.00	AA-	3,003,791
1,600	Plymouth-Canton Community School District, Wayne and Washtenaw Counties, Michigan, Unlimited Tax General Obligation School Building and Site Bonds, Series 1999, 4.750%, 5/01/18	5/09 at 100.00	AA+	1,677,328
Mississippi - 0.4%				
725	Mississippi Hospital Equipment and Facilities Authority, Revenue Bonds, Baptist Memorial Healthcare, Series 2004B-1, 5.000%, 9/01/24	9/14 at 100.00	N/R	733,156
Nebraska - 1.9%				
3,500	Nebraska Public Power District, General Revenue Bonds, Series 2002B, 5.000%, 1/01/33 - AMBAC Insured	1/13 at 100.00	AAA	3,582,250
Nevada - 4.9%				
4,000	Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas Monorail Project, First Tier, Series 2000, 5.375%, 1/01/40 - AMBAC Insured	1/10 at 100.00	AAA	4,148,800
4,510	Reno, Nevada, Capital Improvement Revenue Bonds, Series 2002, 5.500%, 6/01/22 - FGIC Insured	6/12 at 100.00	AAA	5,004,431
New Hampshire - 0.5%				
930	New Hampshire Housing Finance Agency, Single Family Mortgage Acquisition Bonds, Series 2001A, 5.600%, 7/01/21 (Alternative Minimum Tax)	5/11 at 100.00	Aa2	941,300
New Mexico - 2.2%				
4,000	University of New Mexico, FHA-Insured Mortgage Hospital Revenue Bonds, Series 2004, 4.625%, 1/01/25 - FSA Insured	7/14 at 100.00	AAA	4,007,640

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Principal		Optional Call		Market
New York - 3.8%				
2,335	Long Island Power Authority, New York, Electric System General Revenue Bonds, Series 2001A, 5.375%, 9/01/21	9/11 at 100.00	A-	2,538,916
35	New York City, New York, General Obligation Bonds, Series 1991B, 7.000%, 2/01/18	2/05 at 100.00	A	35,119
2,130	Dormitory Authority of the State of New York, Second General Resolution Consolidated Revenue Bonds, City University System, Series 1990C, 7.500%, 7/01/10	No Opt. Call	A2	2,425,282
1,850	New York State Tobacco Settlement Financing Corporation, Tobacco Settlement Asset-Backed and State Contingency Contract-Backed Bonds, Series 2003B-1C, 5.500%, 6/01/15	6/10 at 100.00	AA-	2,024,862
North Carolina - 4.3%				
5,000	North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.250%, 1/01/18 - MBIA Insured	1/13 at 100.00	AAA	5,492,150
2,345	Piedmont Triad Airport Authority, North Carolina, Airport Revenue Bonds, Series 2001A, 5.250%, 7/01/16 - FSA Insured	7/11 at 101.00	AAA	2,575,045
Oklahoma - 1.7%				
3,000	Oklahoma Development Finance Authority, Revenue Bonds, St. John Health System, Series 2004, 5.000%, 2/15/24	2/14 at 100.00	AA	3,085,050
Pennsylvania - 2.5%				
2,435	Dauphin County Industrial Development Authority, Pennsylvania, Water Development Revenue Refunding Bonds, Dauphin Consolidated Water Supply Company, Series 1992B, 6.700%, 6/01/17	No Opt. Call	A-	3,026,462
500	Pennsylvania Higher Educational Facilities Authority, Revenue Bonds, Widner University, Series 2003, 5.250%, 7/15/24	7/13 at 100.00	BBB+	520,755
1,000	Philadelphia Authority for Industrial Development, Pennsylvania, Airport Revenue Bonds, Philadelphia Airport System Project, Series 2001A, 5.500%, 7/01/17 (Alternative Minimum Tax) - FGIC Insured	7/11 at 101.00	AAA	1,098,320
South Carolina - 3.2%				
1,500	Lexington County Health Service District, South Carolina, Hospital Revenue Refunding and Improvement Bonds, Series 2003, 6.000%, 11/01/18	11/13 at 100.00	A	1,679,460
1,500	Medical University Hospital Authority, South Carolina, FHA-Insured Mortgage Revenue Bonds, Series 2004A, 5.250%, 8/15/20 (DD, settling 1/03/05) - MBIA Insured	8/14 at 100.00	AAA	1,627,245
2,500	South Carolina JOBS Economic Development Authority, Economic Development Revenue Bonds, Bon Secours Health System Inc., Series 2002A, 5.625%, 11/15/30	11/12 at 100.00	A-	2,585,375
South Dakota - 0.5%				

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Principal		Optional Call		Market
1,000	South Dakota Health and Educational Facilities Authority, Revenue Bonds, Sioux Valley Hospital and Health System, Series 2004A, 5.250%, 11/01/34	11/14 at 100.00	A+	1,013,110
Tennessee - 1.1%				
2,000	Knox County Health, Educational and Housing Facilities Board, Tennessee, Hospital Revenue Bonds, Baptist Health System of East Tennessee Inc., Series 2002, 6.375%, 4/15/22	4/12 at 101.00	Baa3	2,053,320
Texas - 14.4%				
3,755	Grand Prairie Industrial Development Authority, Texas, Industrial Development Revenue Refunding Bonds, Baxter International Inc. Project, Series 1992, 6.550%, 12/01/12	No Opt. Call	A-	3,767,241
2,500	Harris County Health Facilities Development Corporation, Texas, Thermal Utility Revenue Bonds, TECO Project, Series 2003, 5.000%, 11/15/30 - MBIA Insured	11/13 at 100.00	AAA	2,548,300
3,000	Houston, Texas, Airport System Subordinate Lien Revenue Bonds, Series 2002B, 5.500%, 7/01/18	7/12 at 100.00	AAA	3,343,800
3,125	Katy Independent School District, Harris, Fort Bend and Waller Counties, Texas, General Obligation Bonds, Series 2002A, 5.000%, 2/15/32	2/12 at 100.00	AAA	3,175,719
1,825	Killeen Independent School District, Bell County, Texas, General Obligation Bonds, Series 1998, 5.000%, 2/15/14	2/08 at 100.00	AAA	1,948,133
5,000	North Central Texas Health Facilities Development Corporation, Hospital Revenue Refunding Bonds, Baylor Healthcare System, Series 1995, 5.250%, 5/15/16	5/06 at 102.00	AA-	5,166,900
4,750	Sam Rayburn Municipal Power Agency, Texas, Power Supply System Revenue Refunding Bonds, Series 2002A, 5.500%, 10/01/17 - RAAI Insured	10/12 at 100.00	AA	5,170,945
1,750	Texas, General Obligation Bonds, Water Financial Assistance Program, Series 2003A, 5.125%, 8/01/42 (Alternative Minimum Tax)	8/13 at 100.00	Aa1	1,766,258
Utah - 0.9%				
1,710	Intermountain Power Agency, Utah, Power Supply Revenue Refunding Bonds, Series 1996D, 5.000%, 7/01/21	7/06 at 102.00	A+	1,754,101
Washington - 2.1%				
3,880	Washington, General Obligation Bonds, Series 1993A, 4.500%, 10/01/18	4/05 at 100.00	Aa1	3,881,009
West Virginia - 1.2%				
2,150	Berkeley County Building Commission, West Virginia, Hospital Revenue Bonds, City Hospital, Series 1992, 6.500%, 11/01/09	5/05 at 100.00	BBB-	2,152,791
Wisconsin - 1.4%				
2,500	Wisconsin, General Obligation Refunding Bonds, Series 2003-3, 5.000%, 11/01/26	11/13 at 100.00	AA-	2,600,300
\$ 171,165	Total Long-Term Investments (cost \$172,541,508) - 96.9%			180,201,068

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Principal	Optional Call	Market
Short-Term Investments - 2.2%		
2,000	New York City, New York, General Obligation Bonds, Variable Rate Demand Obligations, Fiscal Series 2002A-7, 2,160%, 11/01/24 - AMBAC Insured	A-1+ 2,000,000
2,000	New York City Municipal Water Finance Authority, New York, Water and Sewerage System Revenue Bonds, Variable Rate Demand Obligations, Fiscal Series 1993C, 2.100%, 6/15/22 - FGIC Insured	A-1+ 2,000,000
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\$ 4,000	Total Short-Term Investments (cost \$4,000,000)	4,000,000
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	Total Investments (cost \$176,541,508) - 99.1%	184,201,068
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	Other Assets Less Liabilities - 0.9%	1,699,957
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	Net Assets - 100%	\$185,901,025

* Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There

may be other call provisions at varying prices at later dates.

** Ratings: Using the higher of Standard & Poor's or Moody's rating.

*** Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Such securities are normally considered to be equivalent to AAA rated securities.

On December 9, 2002, UAL Corporation, the holding company of United Air Lines, Inc. filed for federal

bankruptcy protection. The Adviser determined that it was likely United would not remain current on their interest payment obligations with respect to these bonds and thus has stopped accruing interest.

N/R Investment is not rated.

(DD) Security purchased on a delayed delivery basis.

Security has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term security. The rate disclosed is that currently in effect. This rate changes periodically based on market conditions or a specified market index.

Income Tax Information

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to timing differences in recognizing income on taxable market discount securities and timing differences in recognizing certain gains and losses on security transactions.

At December 31, 2004, the cost of investments was \$176,500,730.

Gross unrealized appreciation and gross unrealized depreciation of investments at December 31, 2004, were as follows:

Gross unrealized:	
Appreciation	\$8,547,379
Depreciation	(847,041)
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Net unrealized appreciation of investments	\$7,700,338

Item 2. Controls and Procedures.

- a. The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the

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Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c)) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (17 CFR 240.13a-15(b) or 240.15d-15(b)).

- b. There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

File as exhibits as part of this Form a separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)), exactly as set forth below: EX-99 CERT Attached hereto.

SIGNATURES

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

(Registrant) Nuveen Select Tax-Free Income Portfolio 3

By (Signature and Title)* /s/ Jessica R. Droeger--Vice President and Secretary

Date 02/28/05

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

By (Signature and Title)* /s/ Gifford R. Zimmerman--Chief Administrative Officer (principal executive officer)

Date 02/28/05

By (Signature and Title)* /s/ Stephen D. Foy--Vice President and Controller (principal financial officer)

Date 02/28/05

* Print the name and title of each signing officer under his or her signature.